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Dear Peter,

## CHANCELLOR'S SPRING STATEMENT – IMPACT ON EXECUTIVE FUNDING

### Introduction

The purpose of this note is to provide you with a brief summary of the Chancellor of the Exchequer's Spring Statement.

### Spring Statement Outcome

The Executive's headline Resource Budget additions are set out in the table below.

Measure	2025-26 (£m)
Local Government Finance Settlement Reserve allocation	8.049
Additional funding for construction skills package	1.610
Work Capability Assessment: Restart assessments from April 2026	1.575
PIP: increase capacity for processing award reviews from April 2026	0.382
Welfare Fraud and Error: Recruitment	0.875
<b>Total</b>	<b>12.490</b>

Total may not add due to rounding

The Executive's headline Capital Budget additions are set out in the table below.

Measure	2025-26 (£m)
Additional funding for construction skills package	1.610
<b>Total</b>	<b>1.610</b>

Barnett consequentials are unhypothecated meaning they are available to use in line with the Executive's needs and priorities.

The Chancellor also confirmed the creation of a £3.25 billion Transformation Fund to support the reform of public services in England and Wales.

Barnett consequentials for this fund will be confirmed at Whitehall Main Estimates in June.

### **Other Key Issues**

In addition to the public expenditure funding implications there were other measures announced, which have a wider impact:

- **Inflation** – The Office of Budget Responsibility (OBR) has forecast that inflation will peak at 3.8% in July 2025, falling to 2.1% by 2026 and remain at the Bank of England target of 2% into future years.
- **Welfare** – The DWP Pathways to Work Green Paper has been costed by OBR and is estimated to reduce welfare spending by £4.8 billion in 2029-30 with welfare spend as a share of GDP being forecast to fall.

There are no tax implications related to the Spring Statement.

### **Office of Budget Responsibility Projections**

The OBR provided updated projections for the immediate period from 2025-26.

Growth is estimated to be 1% in 2025, 1.9% in 2026, 1.8% in 2027, 1.7% in 2028 and 1.8% in 2029

Borrowing as a percentage of GDP will be 4.8% in 2025-26, falling to 2.1% in 2029-30

Debt as a percentage of GDP will be 82.9% in 2025-26 falling to 82.7% in 2029-30.

I trust you find this helpful.

Yours sincerely

**DEPARTMENTAL ASSEMBLY LIAISON OFFICER**