
From: Kathy O'Hanlon, Clerk to the Committee for Justice
Date: 28 February 2025
To: Peter Hall, Clerk to the Committee for Finance
Subject: Budget 2025-26

Dear Peter

At its meeting of 27 February 2025, the Committee for Justice agreed its response to the Budget 2025-26. The Committee agreed to forward the response to the Committee for Finance as requested in your letter of 23 January 2025.

Please find the Committee response attached,

Regards,

Kathy O'Hanlon
Clerk to the Justice Committee

Enc – Committee for Justice response – Budget 2025-26

COMMITTEE FOR JUSTICE RESPONSE TO THE COMMITTEE FOR FINANCE DEPARTMENT OF JUSTICE 2025-26 BUDGET

Introduction

1. The Committee for Justice received oral evidence from Department of Justice officials on the 2025-26 budget information gathering exercise and the Department's financial position on [26 September 2024](#) and [12 December 2024](#), prior to the Executive's agreement of the Draft Budget on 19 December 2024.
2. The Committee subsequently considered correspondence from the Department providing its departmental return to the Department of Finance (DoF) in preparation for the Draft Budget at the meeting on 16 January 2025 and agreed to schedule an oral evidence session with Departmental officials on its Draft Budget position on [6 February 2025](#).
3. To help inform its consideration of the Draft Budget, the Committee also invited the eight Justice non-departmental public bodies (NDPBs) to outline the likely implications and pressures for their organisation arising from the indicative budget allocation for 2025-26. The responses received were noted at the meeting on 13 February and the key messages are included below.
4. The Committee noted that, in its response to DoF on the potential equality impacts of the Draft Budget 2025-26, the Department advised that, based on its initial assessment, it was screened out and an equality impact assessment was not considered necessary. DoF's Cumulative Equality Impact Assessment for the Draft Budget 2025-26 budget noted that

“Although funding availability may impact on the pace of delivery of policies and reforms and there are indicators that some Departmental policies may impact on particular sections of the population more than others, no major detrimental impacts have been identified as a result of

the 2025-26 proposed Budget allocations.”¹

Department of Justice Budget 2025-26

Resource DEL

5. The Draft Budget announced by the Minister of Finance on 19 December 2024 provided the Department of Justice with a resource DEL allocation for 2025-26 of £1,406 m. This includes earmarked funding of £37.8m Additional Security Funding (ASF) and £16m for the Executive Programme for tackling Paramilitary activity and Organised Crime (EPPOC), of which £6.8m is due to be allocated to other departments. The non-ringfenced resource DEL allocation is therefore £1,350.7m, an increase of £132.3m, on the previous year. This increase was 10.5% of the additional funding available to the Executive for allocation after existing baselines had been met.
6. Analysis by the Department has shown that, whilst the Northern Ireland block grant has increased by just over 66% since the devolution of policing and justice in 2012, the Department budget has increased by only 25% in the same period. The Department's share of the block grant has fallen from just under 11% in 2011-12 to 8% in 2025-26.²
7. The Department had identified inescapable stabilisation pressures of £206.8m for 2025-26, which was reduced by £37.8m with the ASF allocation. The Department considered a range of options for allocation of the additional funding of £132.3m, before deciding on a pro-rata allocation across business areas based on their inescapable stabilisation pressures.
8. The majority of the additional allocation went to the Police Service of Northern Ireland (PSNI) which was allocated £86m, with £18m allocated to the Legal Services Agency Northern Ireland (LSANI), £13.1m allocated to the Northern Ireland Prison Service (NIPS), £4.8m allocated to the Northern Ireland Courts

¹ [Draft Budget 2025-26 EQIA](#)

² [Department of Justice oral evidence, 6 February 2025](#)

and Tribunals Service (NICTS) and the remainder allocated across eleven other business areas.

9. The additional allocation therefore left the Department facing remaining stabilisation pressures of £33.9m. However, this figure has increased due to anticipated additional costs from increased Employer National Insurance Contributions (NICs) of £15m and revised pay award assumptions of £4.3m. The Department has also estimated that an additional £6.55m will be required for legal aid funding following recommendations made in the Burgess report³ on the Fundamental Review of Criminal Legal Aid in Northern Ireland, which has recommended a 16% uplift in the legal aid fees on all criminal cases which should be paid “as soon as possible”. As a result of these additional factors, the Department is facing revised pressures of £59.8m going into 2025-26.
10. The Department anticipates that some additional funding will be made received towards the Employer NICs, the Windsor Framework/NI Protocol and technical transfers during the 2025-26 year. While these amounts have not yet been confirmed, they are unlikely to cover full costs.
11. There are competing pressures in all areas of the justice sector, and Departmental officials have reported that there is minimal, if any, scope to reduce or divert resources from one critical area to another. Additional funding will still be needed to sustain current services and meet the increasing demands in areas such as policing, legal aid and prisons. However, the Committee is aware from correspondence from the Committee for Finance and from evidence from officials that it is unlikely that any significant funding will be made available in-year via monitoring rounds. The officials advised that

“The Department's business areas are therefore currently considering what actions are required in order to live within the resource budget allocation, as it falls short of what is needed and...that difficult decisions will still be required to be taken... As a result, all Department

³ [Fundamental Review of Criminal Legal Aid - Final Copy with Appendices.pdf](#)

of Justice business areas will be required to implement cost reductions and efficiencies in order to reduce the level of remaining pressures.”

12. In addition to the stabilisation pressures, the Department also faces exceptional pressures of £227m in relation to holiday pay, the McCloud injury to feelings remedy and the PSNI data breach, though it is not clear when these costs will crystallise. The Committee has been advised that these exceptional pressures cannot be managed within the Department’s budget allocation, and that the then-Finance Minister, Minister Archibald, had indicated her intention to explore the potential for making a Reserve Claim from HM Treasury in respect of these pressures.

Capital DEL Draft budget allocations

13. The Department initially submitted capital bids of £146.3m for 2025-26 which it revised downwards to £135.3m. The Department’s capital allocation in the Draft Budget is £100m.
14. The Department will allocate funding to meet all inescapable capital bids and provide NIPS with an allocation equal to its average capital expenditure over the last four financial years. The remaining funding was allocated against some high priority bids; however, £34m of high priority bids remain unfunded and no funding was allocated to desirable bids, which totalled £1.3m. Capital allocations therefore include £61.9m for the PSNI, £13.9m for NICTS, and £13.6m for NIPS.
15. The Committee understands that pressures exist across various sectors of the justice system will require substantial capital investment. Prison Service officials had previously informed the Committee of the need for urgent investment into the prison infrastructure, with capacity at an all-time high. The Committee welcomes the recognition of the difficulties faced and the approach to capital funding for NIPS in 2025-26.
16. NICTS is planning for an ambitious estate modernisation programme with anticipated cost of £75.3m. A business transformation programme is also underway which will replace IT systems and transform services for staff, the

judiciary and stakeholders. Significant capital funds will be required and multi-year budgeting will be essential to planning.

Arm's Length Bodies

Police Service of Northern Ireland (PSNI)

17. The PSNI welcomed the overall rise in the Department's allocation, though advised of doubts that it will be sufficient to meet pressures faced by the Department in particular and with policing in particular.
18. The PSNI expressed disappointment in general terms that the budget would only be for one year, as this would restrict its "ability to plan and could lead to sub-optimal decision making." The PSNI was also disappointed that there was no specific mention or prioritisation of policing within the Minister of Finance's Budget announcement.
19. The Committee is aware that police officer numbers have fallen to 6,300, which the Chief Constable described in evidence to the Committee as "extremely concerning" and "unacceptable". The Committee concurs with this view. The Committee was pleased to note that a business case to restore officer numbers to 7,000 and staff numbers to 2,572 over a three-year period has recently been approved by the Department of Justice and submitted to Minister of Finance. It is expected that this recovery plan will cost in the region of £206m over five years, and the Department has advised that recurrent funding will be required from the Executive as this cannot be met from within existing or future PSNI or DoJ budgets. It is important that the recovery plan is fully funded if the benefits are to be realised in communities.
20. The PSNI indicated that it will still face a significant funding gap of almost £100m against their advised planning budget, which it describes as "simply unsustainable". The cost of the increase in Employer NICs is expected to be £38m, though the PSNI notes that DoF is to revert to HMT on this matter. In its view, opening the financial year with a deficit is a distraction and the uncertainty created is an unwelcome distraction from its aim of keeping people safe.

Probation Board for Northern Ireland

21. The Probation Board also welcomed its increased allocation, though advised that it will still be operating in a challenging landscape, with an increase in caseload, users presenting with more complex needs and legislative changes and requirements, particularly work specific to domestic abuse.
22. PBNi advised that the increased Employer NICs will account for £350k of its remaining pressures of just over £850k for 2025-26. PBNi is considering options to identify further potential savings whilst minimising impact on service delivery. It also is committed to maintaining overall funding to the voluntary and community sector, which it recognised are facing similar budgetary pressures.
23. The Board also noted that many factors to reducing reoffending are outside the scope of the justice system, and that achieving good outcomes in this regard requires “increased cross-government working, stable accommodation and having the right support services in the community for drugs, alcohol and mental health,” and that it will therefore be important to review the impact of the decisions taken and response to the budget by other Executive departments. The Committee has sought information from the Department on work it is doing to support cross-departmental working in an effort to reduce the levels of reoffending.

Criminal Justice Inspection Northern Ireland (CJINI)

24. The CJINI allocation of £1,317m includes £136k from the additional funds allocated to the Department. However, CJINI advised that this opening budget represented a reduction of £44k on its 2024-25 final budget position. CJINI welcomed the additional funding but expressed overall concern that pressures of £55k have already been identified. CJINI also received a small capital budget allocation of £1,000, which is earmarked for essential business expenditure.
25. CJINI pointed out that salaries account for 72% of its resource budget. These are expected to increase by £32k in the 2025-26 year due to the pay award. Additional costs in the region of £80k are expected as His Majesty's

Inspectorate of Prisons in England and Wales (HMIP), whose services and expertise CJINI draws on, moves to a full cost recover model for all inspection support outside their jurisdiction.

26. Additional costs may also arise from a number of other initiatives. These included the third annual review of the implementation of part one of the Domestic Abuse and Civil Proceedings Act (Northern Ireland) and the review of the Multi Agency Review Arrangements (MARA) for Terrorist Risk Offenders, both of which are being taken forward at the Minister's request.
27. CJINI notes that it has taken opportunities in previous years to reduce its staff compliment. Any further reduction to achieve savings in 2025-26 would significantly impact on the delivery of Inspections and Reviews that are already focused on key priority areas and would undermine the ability to undertake future Ministerial requests.

Office of the Police Ombudsman for Northern Ireland (OPONI)

28. OPONI expressed concern that its Draft budget allocation will not allow for "the delivery of a contemporary police oversight body as outlined in the Office's strategic objectives to support legislative requirements".
29. OPONI noted that it will receive £245k above last year's baseline. However, it received an additional £431k in-year in respect of Legacy Inquests in 2024-24 and expressed concern that, if not allocated in 2025-26, it would have a significant impact on the Office's ability to carry out its work.
30. OPONI also raised concerns about the availability of funds to pay Employer NICs increases and the revised civil service pay awards. Increasing costs will make it more difficult to fill existing vacancies and will, in its view, cause significant issues for the resilience of policing oversight in the context of PSNI recruitment and an anticipated increase in the number of police officers and staff.
31. OPONI also now has a legal requirement to provide information to the Independent Commission for Reconciliation and Information Recovery and

the Omagh Bombing Inquiry. These additional costs are unfunded and are expected to be in the region of £500k.

32. OPONI highlighted that it has not been provided with a capital allocation for 2025-26. It is unable to move forward with a new Case Handling System, for which the business case was approved previously, without a significant impact on frontline services. The Office had also intended to proceed with a new finance system and expects other capital requirements may emerge within the year. It also expects that capital expenditure associated with a move to alternative office accommodation in June 2026 will be required.

Police Rehabilitation and Retraining Trust (PRRT)

33. The Police Rehabilitation and Retraining Trust advised that an additional £200k would be needed on top of the existing budget to recruit an additional 2.5 FTE staff for psychology and 1 FTE for the psychological therapies department and administration costs in order to meet predicted demand for services.
34. The PRRT indicated that it has already delivered significant efficiency savings over the last 10 years, including absorbing over £400k in pay remits in the last six years. As with a number of other NDPB's that responded to the Committee, the PRRT reported concerns about covering the increased employers' NICs costs as part of their 2025-26 Budget allocation, which they estimated would cost an additional £40k.

Transformation bids

35. The Department advised that the Department submitted bids on four areas to the interim Public Sector Transformation Board, valued at £68.73m over a five-year period, and a fifth bid under EPPOC which was cross-departmental.
36. The officials indicated that three bids of the four bids are still under consideration by the interim public-sector transformation board: speeding up and transforming the criminal justice system (£40.44m); the modernisation of electronic monitoring and tagging (£2.19m); and reducing reoffending prison population transformation initiatives (£9.7m).

Conclusion

37. In evidence from across the sector, the Committee has repeatedly heard of the need for greater investment across a wide range of justice services. While there has been some positivity with regard to the additional funding provided above the baseline for 2025-26, the overall budget allocation is still regarded as challenging by the Department of Justice.
38. The Committee sought information from the Department on the likely impact of the increase in Employer NICs, not only for the Department and its NDPBs, but also on the community and voluntary sector, which plays a vital role in the delivery of services with or on behalf of partners across the justice system. In response, the Committee was advised that the costs were expected to be £4.4m for the Core Department and Agencies and £10.6m for NDPBs; however, no information was held on the estimated costs for the community and voluntary sector. The Committee welcomed the assurance provided in oral evidence from officials that individual business areas are alert to this issue and will engage directly with community and voluntary organisations to deal with pressures on a case-by-case basis.
39. In recent years, the delaying of legal aid payments has been used as a budget management tool by the Department, a practice that the Committee does not consider acceptable. In oral evidence to the Committee, officials advised that they consider legal aid to be a “good news story” of this Draft Budget, as the baseline has increased by £43m or 55% from 2019-20. The payment delay of 11-12 weeks at the end of 2023-24 is expected to reduce to six to eight weeks by the end of the current financial year and, though it will be dependent on demand, officials are hopeful it could be reduced further to four or five weeks in 2025-26, which is to be welcomed.
40. The implementation of the interim uplift of 16% for certain legal aid fees as recommended in the Burgess review is expected to cost £6.55m and the Committee acknowledges that this is an additional pressure for the Department. However, the Committee is also conscious that criminal barristers have currently withdrawn services and the Law Society’s Immigration Practitioners’ Group has also voted to take action due to issues in

respect of fees. It is therefore imperative that all efforts are made to resolve the issues and implement the changes to fees at the earliest opportunity to prevent any further action, which can impact on the ability of some of the most vulnerable people to access justice.

41. The previous Justice Committee had highlighted the need for collaborative working with other departments and organisations beyond the justice system. This theme has again arisen in the written and oral evidence received and the Committee would once more highlight the need for a joined-up, cross-departmental approach to health and social care issues that could prevent individuals from entering the justice system in the first place, or will provide better outcomes for those that do.
42. The Committee welcomes projects and initiatives that will modernise and transform services across various parts of the justice system. These will, however, require significant investment in the coming years in order to achieve their aims and objectives but will, in the longer term, achieve efficiencies and provide better services for all stakeholders. The Committee would welcome a move to a multi-year budget which would assist with planning for larger capital projects in particular, and also with wider planning and delivery across the sector.
43. The Committee recognises that, despite the increased allocation for 2025-26, this remains a challenging position for the Department of Justice. The indications are that the pressures faced are unlikely to be eased through funding being made available in-year, as may have been the case in previous years. The Department has advised that difficult decisions on prioritisation and service provision will be required across the Department and its NDPBs. The Committee expects to be kept fully informed to help ensure that the Department's budget is maximised and key priority areas funded adequately to deliver effective outcomes.