Northern Ireland Assembly

Committee for Infrastructure

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Draft Budget 2025-26

Dear Matthew,

At its meeting on 5 February 2025, the Committee for Infrastructure noted correspondence from the Committee for Finance of its intention to co-ordinate responses from Assembly committees seeking views on their respective department's 2025-26 Budget to inform a proposal for a take note debate prior to the Easter recess.

Following the publication of the Draft Budget on 19 December 2024, the Committee has received oral evidence from the Department for Infrastructure (DfI), Translink and Northern Ireland Water to consider their assessment of the required funding for the incoming financial year.

In all cases, each organisation's assessment of the resource requirements for the incoming financial year vary significantly when compared to the indicative allocations within the Draft Budget.

The Committee fully recognises the constrained financial position being faced by the Executive but, also considers that all necessary measures should be fully explored and deployed to enable key infrastructure projects to be commenced to provide for the much-needed infrastructure to support the wider priorities within the draft Programme for Government (PfG).

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As your committee will be aware, the recent changes by the UK Government on employer contributions rates for National Insurance has resulted in additional and unforeseen demands on resource spending.

Forecast of increased National Insurance Contributions	
Translink	**£5.5 million**
Northern Ireland Water	**£3.0 million**
Department for Infrastructure	**£3.0 million**
Driver and Vehicle Agency	**£0.7 million**
Waterways Ireland	**£0.1 million**
Total	**£12.3 million**

In the course of the oral evidence, the Committee has sought to understand how each organisation will manage and prioritise its capital and resource spend to ensure that they will be able to remain within their approved totals.

Having noted that the Draft Budget highlights Reinvestment and Reform Initiative (RRI) borrowing of £105.7 million earmarked for Northern Ireland Water, the Committee questioned officials to understand whether this will provide additional capital to Northern Ireland Water or be used to offset a lower capital allocation to enable the Department to provide increase capital allocations across other business areas. In response, officials stated that no decisions have been taken by the Minister on this, or other aspects at this stage.

In the absence of the final budget allocation and resulting decisions by the Minister, it has been difficult for the Committee to ascertain the day to day impact on the responsibilities falling to DfI or its arm's length bodies (ALBs).

Furthermore, the Committee notes that many of the Department's programmes for improvement require significant capital investment which, as recently acknowledged during the debate on the Budget Bill, requires a multi-capital budget to provide the certainty of funding for projects that can take years to be fully progressed from their design to final delivery.

Key Issues

Department for Infrastructure

In exercising its scrutiny, the Committee was hindered in its preparation for the oral evidence session due to the late receipt of papers which, as a consequence, provided less than 24 hours for members to consider the content of the Department's submission in detail. Following the oral evidence, the Committee agreed to write to the Minister to remind her of the agreed timescales for interaction between committees and departments.

The Committee noted that the Department's assessment of its opening draft resource allocation was 8% less than what it considers is required to deliver on its identified programmes of work however, given the absence of a final agreed budget allocation and subsequent decisions by the Minister, the Committee does not have a clear indication of the extent by which this work will be impacted or may need to be paused.

With responsibility for maintaining our road network, the Committee has been concerned by the historic underfunding, which has resulted in a limited service being adopted by the Department that prioritises upgrades based on the extent of their condition, often at the detriment to less significant but necessary works on other roads.

Whilst the Committee recognises the budgetary constraints underpinning the need for the Department to adopt a limited service, it considers this to be counterproductive over the longer term, given that temporary repairs are not a cost-effective option.

In addition, given the increasing effects and occurrences of adverse weather, maintenance of our roads will continue to present challenges to ensure that sufficient resource is available to the Department to effectively respond.

Following the recent Stowm Éowyn, the Committee was keen to explore the financial impact of the Department's response. However, in the course of the oral evidence at its meeting on 5 February, departmental officials advised that these costs were not yet fully known.

Following the written statement by the Minister of Finance on 6 February, the Committee was disappointed to note that, the Department for Infrastructure had identified funding pressures of £9.2 million resource and £8 million capital as a result of the storm.

Whilst the Committee recognises that the final costs would not have been fully known, it considers that these costs, whilst indicative, should have been highlighted during the oral evidence by DfI officials.

Furthermore, the Committee noted that having received a resource only allocation of £8 million, the Department appears to have a remaining unfunded pressure of £1.2 million resource and £8 million capital. As a result, the Committee has corresponded with the Department to establish how these will be managed and is currently awaiting a response however, there is a concern that the required repairs and maintenance will be subject to delay until sufficient funding becomes available.

The Committee considers that funding for road maintenance should be ring-fenced to provide the certainty of available resource to undertake this programme of works that is balanced to provide sufficient improvements in our rural roads.

In the wider context of road safety, the Committee has identified this as one of its strategic priorities and is of the view that roads and the structural maintenance of our road network must be prioritised to ensure that the numbers of those killed or seriously injured across Northern Ireland is reduced significantly.

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Whilst the Committee acknowledges that our roads are just once element of road safety, the impact of an underfunded road improvement programme leaves motorists and pedestrians at risk.

The Committee also recognises that driver behaviour is a key underlying cause and will continue to engage with the Road Safety Partnership to explore how it will increase its presence in reaching at risk groups and how it will seek to influence changes to the laws governing our roads.

As you will be aware, commitments contained within the Climate Change Act (Northern Ireland) 2022 (the Act) requires the Department for Infrastructure to spend a minimum 10% of its transport spending on active travel.

The Committee has been engaging with a range of stakeholder groups to consider initiatives that could support this area of spending. Whilst some progress has been made in partnership with local government, more needs to be done to develop the active transport network to encourage greater participation.

Furthermore, delivering the targets set out in the Act will require a greater uptake of public transport and for motorists in Northern Ireland to switch to greener forms of travel such as zero emission or electric vehicles to reduce the amounts of harmful greenhouse gases in our environment.

This will necessitate an upscaling of services across our public transport system and an increased network of electric vehicle charging points. Furthermore, following Northern Ireland's inclusion in the Vehicle Emissions Trading Scheme which introduces graduated targets on the number of zero emission vehicles sold by car manufacturers, the future demand of consumers will require dedicated investment from the public and private sector.

In noting that Financial Transactions Capital (FTC) has traditionally been a source of funding that has not always been fully utilised, the Committee has questioned the Department to understand the extent of its engagement with private sector operators to accelerate the growth of the charging network.

Translink

At its meeting on 12 February, the Committee received oral evidence from representatives from Translink where it noted that, in the absence of an agreed allocation, the evidence focussed on the funding allocations received in the current and 2023-24 financial years.

The Committee noted that, in 2023-24, Translink received £168 million resource and £275 million capital and, in 2024-25, £153 million resource and £248 million capital. This amounts to an approximate reduction of 9% in resource funding and 10% in capital funding, not accounting for inflation.

In the course of this evidence, Translink highlighted that the uncertainty of funding presents an ongoing significant challenge in planning for future years and is insufficient to meeting the requirements under the Public Service Contract. This will lead to a substantial loss and leave its cash reserves at an unsustainable level.

When questioning Translink representatives, the Committee noted that the day-to-day cash reserves under its Treasury management policy should not be below £30 million however, it was expected that by the end of this financial year, the reserves will be at a level of approximately £23 million.

The Committee further noted that public transport spending in Northern Ireland is lowest at approximately 35% of the UK average and that equivalent spending in the Republic of Ireland was increasing to approximately €1.6 billion.

The Committee welcomes Translink's goals to increase service provision to provide a viable alternative for those reliant on cars however, it also recognises that for this to be a long term and sustainable option, there needs to be a long-term plan to develop routes and feeder routes that provide the certainty of services for users.

The Committee considers this to be essential across urban areas but even more so across rural communities. Whilst this needs to be fully costed and balanced to ensure that routes are commercially viable, there also needs to be flexibility in the service provision to respond to the future needs of travellers.

As you will be aware, the congestion in and around Belfast and mitigation measures introduced to alleviate them will continue to be a challenge until such time that reliable alternative options are available.

Having noted the historical reduction to Translink's resource allocation over recent years, the Committee is concerned over the impact of future reductions on users and particularly those falling under Section 75 of the Northern Ireland Act 1998.

Through its previous engagement with the Inclusive Mobility Transport Advisory Committee (IMTAC) there is a legitimate concern that the future impact upon those living with a disability would be worsened particularly due to the reduced numbers of wheelchair accessible taxis operating across Northern Ireland.

In the course of previous oral evidence with the Licenced Taxi Operators Association (LTOA), the Committee noted that there were just approximately 350 wheelchair accessible taxis operating in Northern Ireland.

Therefore, the Committee will be particularly keen to consider the associated Equality Impact Assessment on this group once the final budget allocation is known.

When considering the legal requirements under the Climate Change Act, the Committee recognises that heavy vehicles are the highest contributors of greenhouse gases and therefore, Translink will have a need for a sustained capital budget to upgrade its fleet to zero emission vehicles.

The Committee noted that Translink has, over recent years, been able to purchase in the region of 100 zero emission buses each year however, given its fleet size of approximately 1500 vehicles, a considerable investment is still required to ensure that it can play its part in reducing its impact on our environment.

Whilst this investment is significant, the Committee noted that the equivalent cost per mile of a battery electric vehicle is approximately 50% lower compared to the equivalent cost for a conventional diesel-powered bus which has enabled Translink to deal with inflationary pressures arising from the savings.

In addition, increasing locations for park and ride services with will also be an effective means of supporting the modal shift of road users onto public transports however, the Committee considers that all new park and rides sites are developed on the basis of the needs of motorists and should have sufficient capacity for rapid electric vehicle charge points in the locality of any sites under consideration.

Northern Ireland Water

The Committee received oral evidence from Northern Ireland Water at is meeting on 12 February where it noted the historical funding allocations it has received has aligned within the determination by the Utility Regulator for Northern Ireland (the Utility Regulator) under the Price Control process.

Price Control aims to provide an assessment and determination by the Utility Regulator which sets out the expenditure that Northern Ireland Water can undertake for the relevant period.

In the course of the evidence since the resumption of Assembly business, it has been acknowledged by the Department, Northern Ireland Water and the Utility Regulator that the funding required under the current price control (PC21) is not sufficient to meet need to achieve the policy objectives set out by the Department.

The Committee has had particular concern about the impact this is having on Northern Ireland Water's ability to perform essential capital upgrades to our water network and in particular, for improving waste water capacity.

This historic and continued underinvestment is a significant constraint on the wider economy due to limitations for building new homes and other key components across Northern Ireland.

The Committee notes that the Draft Budget for 2025-26 sets out earmarked RRI borrowing of £105.7 million for Northern Ireland Water however, the Committee has not been able to establish whether this borrowing will provide additional capital.

Having explored this point with Northern Ireland Water, it was evident that they were unclear on whether this funding would be used to provide the much-needed boost to its capital allocation or if this would be used to offset what it would typically receive.

Given Northern Ireland Water's capital need, the Committee has written to the Department to seek clarity on whether this borrowing will be in addition to what it would typically expect to receive.

Throughout all of the evidence over the last 12 months, the Committee has noted that many of the planned capital projects have need to be paused or stopped due to an inadequate capital allocation. The Committee considers that, when adopting such an approach, this will increase the future costs for their completion and delay the much the needed improvements to an already aging system.

On a separate but related point, the Committee has noted that there have been instances of written consequential agreements between the Department and the Utility Regulator which, according the evidence received would appear to provide an undertaking for additional allocations being made to Northern Ireland Water in the event of the additional resource becoming available to the Department.

The Committee further noted that such agreements have been produced for a number of Price Controls (PC10, PC13, and PC15 & PC21) although this undertaking does not seem to appear to provide any surety of this funding.

The Committee will continue to seek further detail to understand the purpose of and the circumstances of when such agreements are developed and the impact these have had on providing additional resource to Northern Ireland Water.

Having noted that the Department is actively exploring the possibilities of introducing contributions which aims to enable developers to contribute through funding, design or construction of alternative solutions to the waste water system, the Committee questioned representatives from Northern Ireland Water on their views of the potential impact this initiative might have.

In response, the Committee noted that Northern Ireland Water had not engaged formally on this issue with the Department but highlight that there were imminent plans to have a substantive discussion. It was further noted that Northern Ireland Water did not consider that the impact would be notable given the extent of the upgrades required to the waste water system.

In conclusion, the evidence received by the Committee indicates that significant fiscal challenges exist and, although the budget for 2025-26 has yet to be finalised, developing, maintaining and improving our infrastructure is a fundamental backbone in supporting not only our economy but the daily lives of each and every one of us, now and in the future.

Yours sincerely,

Deborah Erskine
Chairperson, Committee for Infrastructure