

**COMMITTEE FOR THE EXECUTIVE OFFICE**

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FROM: Roisin Kelly, Clerk to the Committee for the Executive Office

DATE: 2 April 2025

TO: Peter Hall, Clerk to the Committee for Finance

Executive's Budget 2025-26 – response from the Committee for the Executive Office

Dear Peter,

On 23 January the Finance Committee commissioned a round robin written exercise to all statutory Committees and the Assembly's Audit Committee to seek views on their respective department's 2025-26 Budget. The Committee for the Executive Office received written briefing from the Executive Office on 12 March and, at its meeting of 26 March 2025, received an oral briefing from Departmental officials on the TEO Budget for 2025-2026.

The Committee, at its meeting of 2 April, agreed the following response to the round robin exercise, and Members appreciate the flexibility shown in relation to accepting input after the response date.

General Budgetary Outlook 2025-26

Members noted that the Executive Budget for 2025-26 is challenging. Although much of the 2024-25 Barnett consequentials were base-lined into 2025-26 Budgets, it does not meet the bids made by the Executive Office (TEO) or any of the departments, as per round robin commissioning note. This will be problematic in itself, and will be compounded if, as is expected, there will not be the same opportunities in-year to access additional funding through monitoring rounds and consequentials. In the past, TEO has been reliant on in-year allocations to fund and continue key programmes. Taken together, Members are concerned that the progress made in previous years can be lost if programmes are scaled back or delayed because of reduced funding.

Members also noted that pressures arising from pay awards in the coming financial year will be an issue that departments will be required largely to manage themselves, specifically the

management of the rise in Employer's National Insurance contributions and other wage and inflationary pressures will be a significant issue faced by TEO and its Arm's Length Bodies.

Members noted that the UK Government's Comprehensive Spending Review announcement expected in mid-June will provide for multi-year Budgets (three years of Resource budgeting – 2026-27, 2027-28 and 2028-29 and Capital budgeting for four years – including 2029-30). Members welcome any move towards multi-year budgets and the increased certainty in terms of programme funding that brings for TEO and for its delivery partners.

Finally, the Committee noted the development of 5-year business plans, indicatively to be available in the Autumn, and looks forward to the mainstreaming of a more strategic approach to budget-setting, transformation initiatives, efficiencies and effectiveness, and greater alignment between the Programme for Government and budgets.

Issues of Specific interest or concern for the Committee for the Executive Office

The Committee noted briefing that the allocations for TEO agreed by the Executive in the Budget for 2025-26 are considerably lower than TEO's bids and this means that many of the TEO pressures cannot be met.

TEO Draft Budget 2025-26	Bids £'000	Allocation £'000	Shortfall £'000
RDEL* - amounts above the roll forward 2024-25 opening position	14,718	4,600	(10,118)
RDEL Earmarked **	168,667	150,000	(18,667)
RDEL Peace***	-	2,541	2,541
CAPITAL	16,311	14,000	(2,311)
FTC	2,323	-	(2,323)

* RDEL allocation includes £2m earmarked for Ending Violence Against Women and Girls (EVAWG)

** RDEL earmarked – reflects ringfenced pool for Victims / HIA & Truth Recovery

*** Peace bids informed by SEUPB

Members noted that allocations in **RDEL**, when taken with the baseline, will enable the current commitments to be taken forward in line with spending plans for EVAWG; and that the funding for Good relations will ensure delivery continues to be maintained at current levels.

This is, as noted by Members, disappointing given the importance of programmes such as EVAWG and Good Relations to communities across Northern Ireland. This leaves no room for emerging needs or expanding provision.

Members were also concerned to note that the funding available to NDPBs only partially meets pay and inflationary pressures over and above the baselines that were brought forward. Given that many of TEO's NDPBs undertake statutory functions, Members wondered at what point continued reductions in funding would lead to a diminution of the NDPBs ability to discharge its functions fully, efficiently and effectively.

Members noted that the allocation above baseline for staff costs will allow business critical posts to be filled and current levels of delivery to continue, however they remain concerned that pay pressures are to be subsumed within the baselines and that the implications of increases in National Insurance were not yet known.

In terms of **Earmarked RDEL**, the Departments states that for 2025-26 an allocation of £150m has been provided in response to requirements of £168m. The increase is mainly due to increases in victim payments in line with the level of forecast determinations, the potential in-year cost (dependent on legislation) for the Truth Recovery redress payments, and costs for the establishment and implementation of a statutory Public Inquiry. TEO states that it considers this to be a reasonable starting point and it will closely monitor the demand led requirements during the year.

Capital allocations will allow inescapable pressures to be met, and briefing from TEO states this would primarily provide funding for infrastructure projects within Urban Villages and Ebrington and health and safety works at MLK; Civil Contingencies infrastructure and the COSICA lease.

Members note that it is anticipated that legislation to pass the legal capacity to administer **Financial Transactions Capital** (FTC) to the relevant lead departments is anticipated to be in place for 2025-26, however for this year the net requirement included is £2.3m.

The Committee is seeking further information on a number of areas within the TEO budget, for example the North West Development Fund, costs of the overseas bureaus, and is exploring the good use of public money in relation to accommodation and establishment costs. It will maintain a watching brief on the impact of reduced opportunities for in-year allocations on delivery of key areas of the Departments work including Good Relations and EVAWG.

Please let me know if you require any further details.

Regards,

Roisin Kelly
Clerk to the Committee for the Executive Office
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