



**Northern Ireland  
Assembly**

**Committee for the Economy**

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**From: Peter McCallion, Clerk to the Committee for the Economy**  
**To: Peter Hall, Clerk to the Committee for Finance**  
**Committee.Finance@niassembly.gov.uk**  
**Date: 17 April 2026**  
**Our Ref: EC2026:784**  
**Subject: Budget 2026-27**

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At the Committee meeting of 10 March 2026, the Committee received oral and written evidence from Departmental officials providing an update on the Department for the Economy's draft budget for 2026-29/30.

Officials advised on anticipated pressures but could give no details in respect of allocations as Ministerial decisions had not been taken. The Committee understands that at present no financial allocation decisions for 2026-27 or beyond have yet been taken.

The Committee agreed to respond to the Committee for Finance call for views, providing relevant papers and referring to the absence of budget allocation decisions.

Please find enclosed official report from the Committee meeting of 10 March 2026 and a copy of the Departmental presentation.

If you require further information or clarification in respect of the above, please do not hesitate to contact me.

**Peter McCallion**  
Clerk to the Committee for the Economy  
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Department for the

**Economy**

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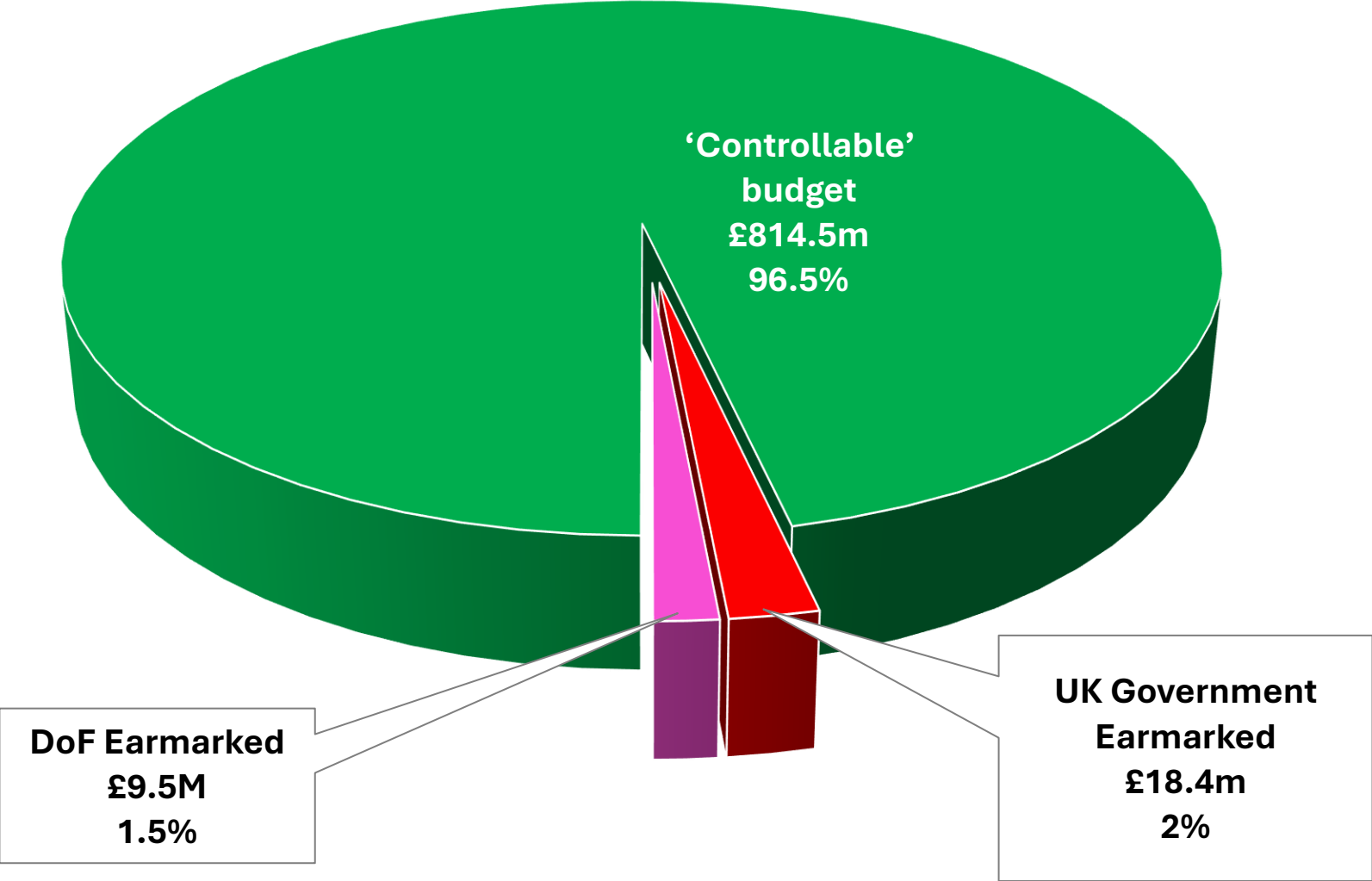
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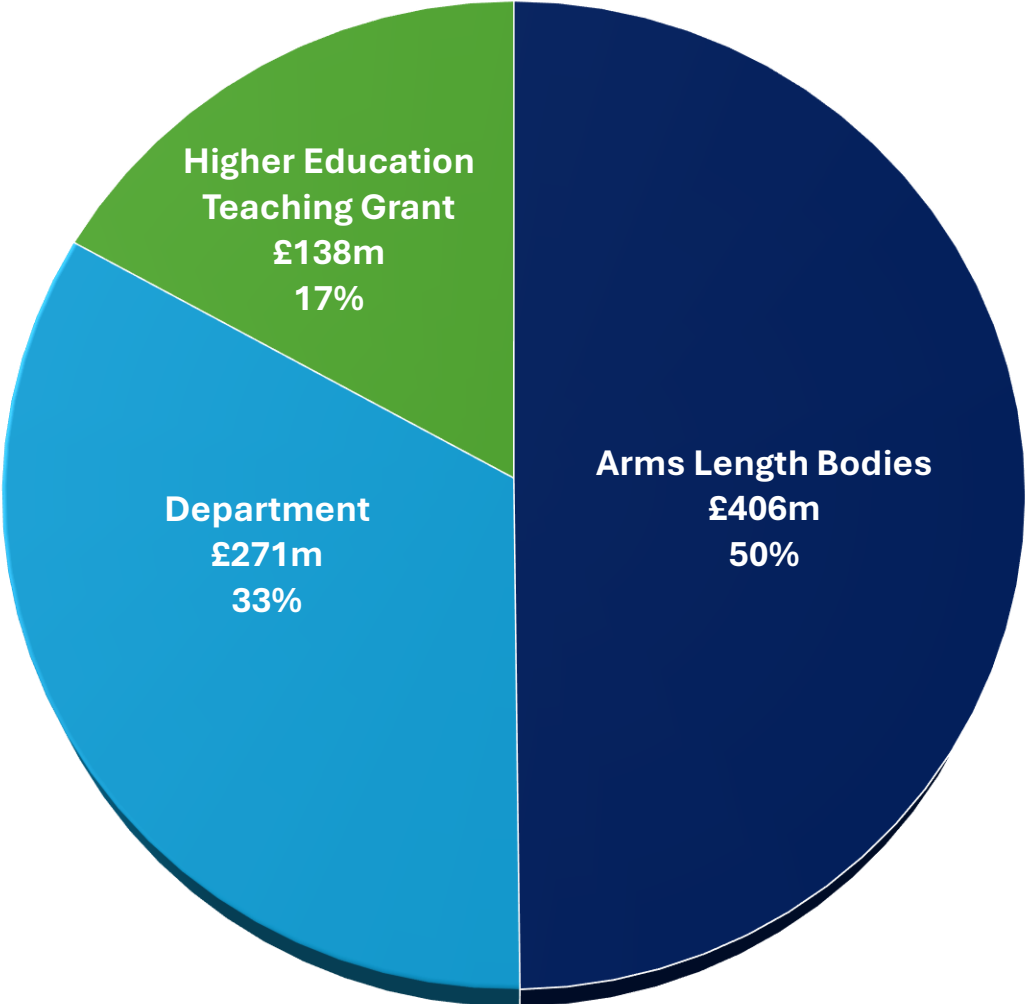
[www.economy-ni.gov.uk](http://www.economy-ni.gov.uk)

**Budget 2026**

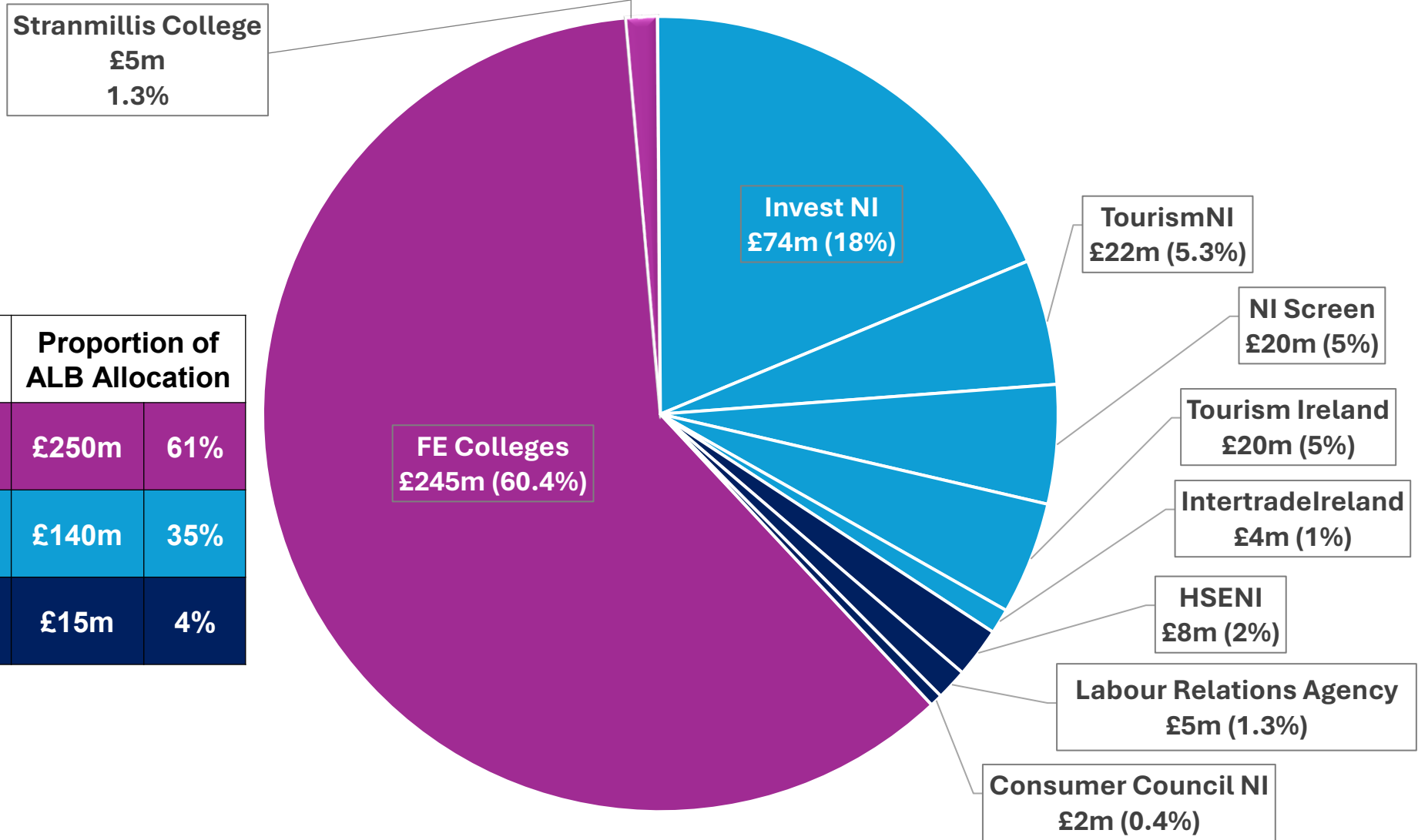
# OVERVIEW OF DFE 2025/26 RESOURCE DEL BUDGET



# WHERE THE MONEY IS SPENT 2025/26



# ALLOCATIONS TO ARMS LENGTH BODIES 2025/26



Policy area	Proportion of ALB Allocation	
Skills and Education	£250m	61%
Economic Policy	£140m	35%
Business and Employment Regulation	£15m	4%

## Funding to DfE's large ALBs & HE since 2016/17

Financial Year	FE Colleges Grant-in-Aid & Skills Funding*	Invest NI Grant-in-Aid	Tourism NI Grant-in-Aid	NI Screen** Grant-in-Aid	HE Institutes Teaching Grant and R&D***
	£m	£m	£m	£m	£m
2016/17	200.0	107.0	20.0	0.3	196.4
2017/18	196.8	102.9	20.6	1.0	192.5
2018/19	203.2	91.6	21.7	14.2	196.4
2019/20	215.5	317.4	21.0	14.7	192.6
2020/21	239.0	404.8	27.1	15.5	218.8
2021/22	237.9	142.6	38.4	13.6	205.6
2022/23	244.2	75.8	26.5	19.8	212.2
2023/24	270.2	77.2	22.5	20.2	211.8
2024/25	247.6	82.7	22.1	20.4	211.3
2025/26 estimated ^	280.1	75.8	23.5	20.4	230.1

Additional Covid related allocations

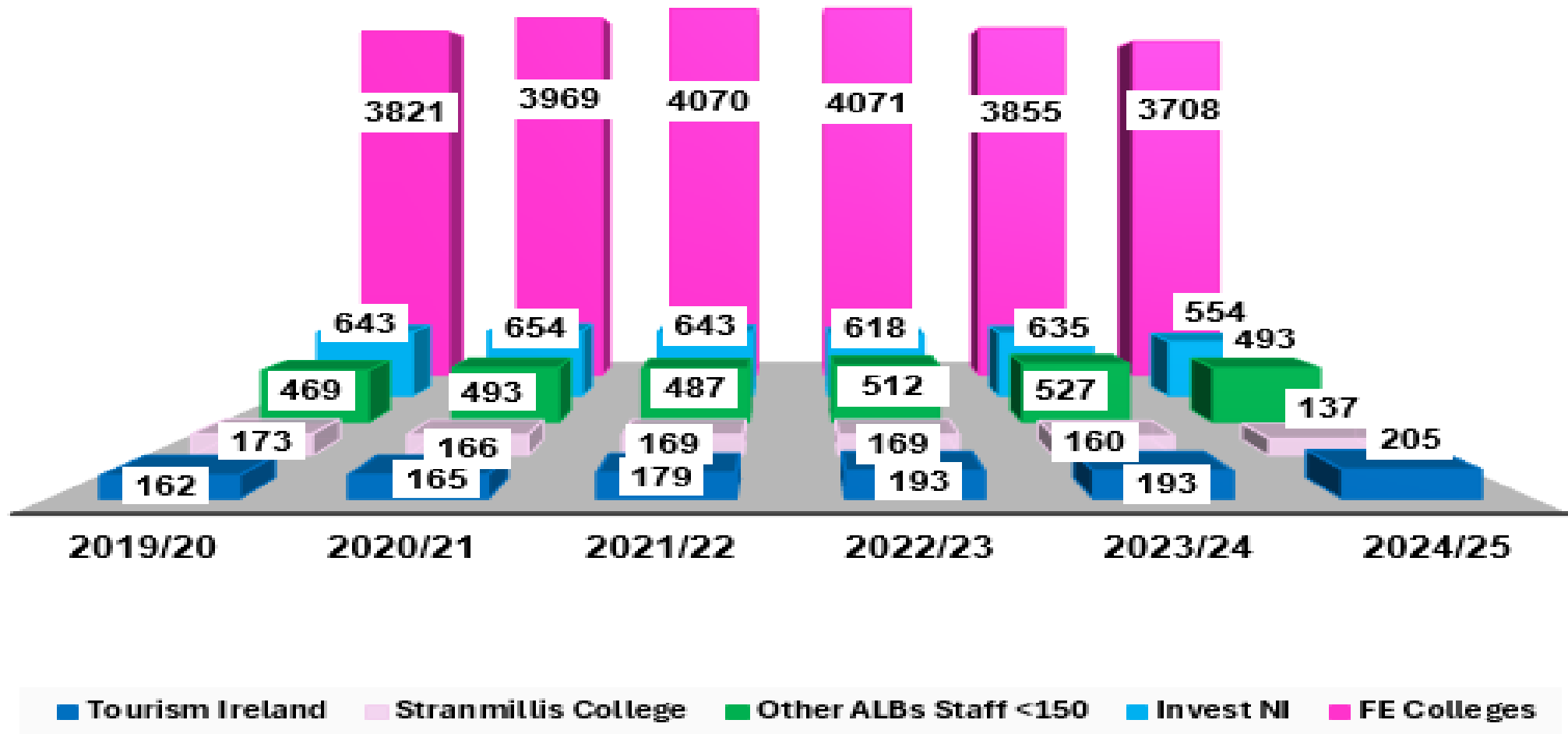
\* Includes Apprenticeship funding which has increased from £19.1 million in 2016/17 to £ 39.7 million 2025/26 (a 107% increase), and Higher Level Apprenticeship funding which has increased from £6.7 million in 2016/17 to £12.6 million in 2025/26 (an 88% increase).

\*\*NI Screen funding was mainly funded via Invest NI in 2016/17 & 2017/18

\*\*\* HE Institutes Resource DEL *and* Capital DEL for Research & Development

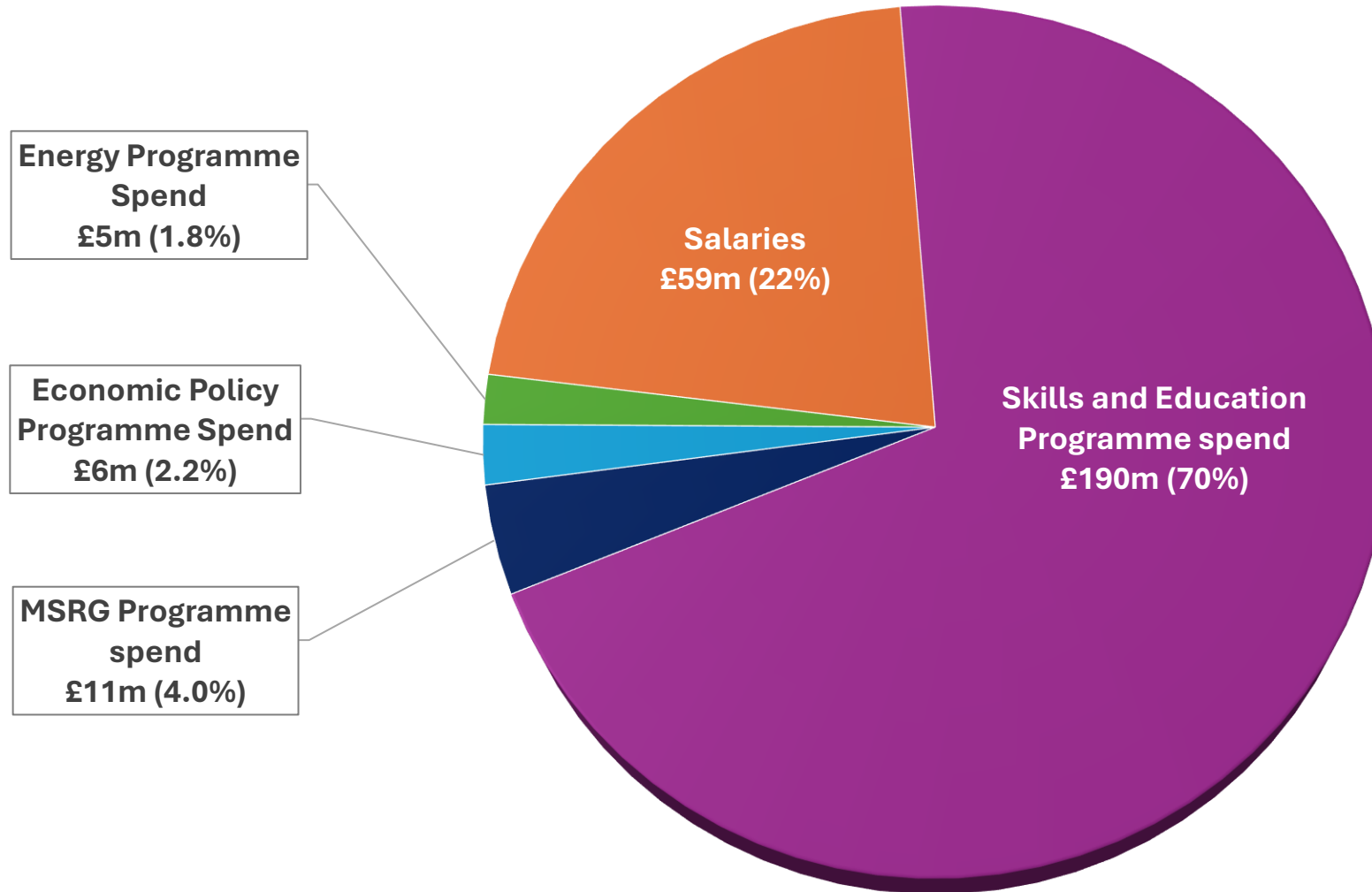
^25/26 figures for FE and HE include earmarked funding and some items not issued in Block Grant funding in previous years, so are not directly comparable.

## DfE ALBs Average Annual Staff Numbers

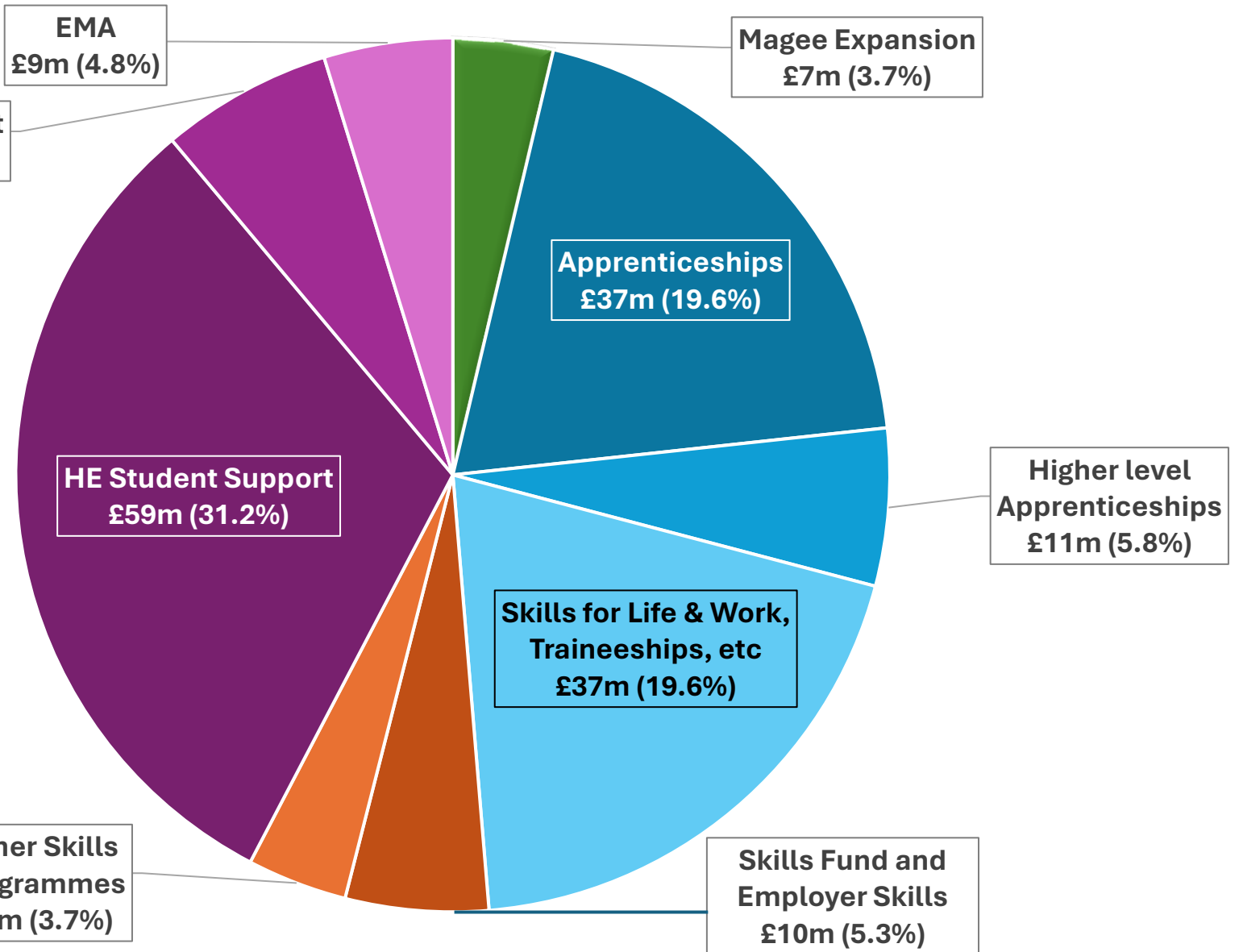


2024/25 based on DfE group accounts all other years based on ALBs individual accounts

# HOW THE £271M CORE DEPARTMENT ALLOCATION IS SPENT 2025/26

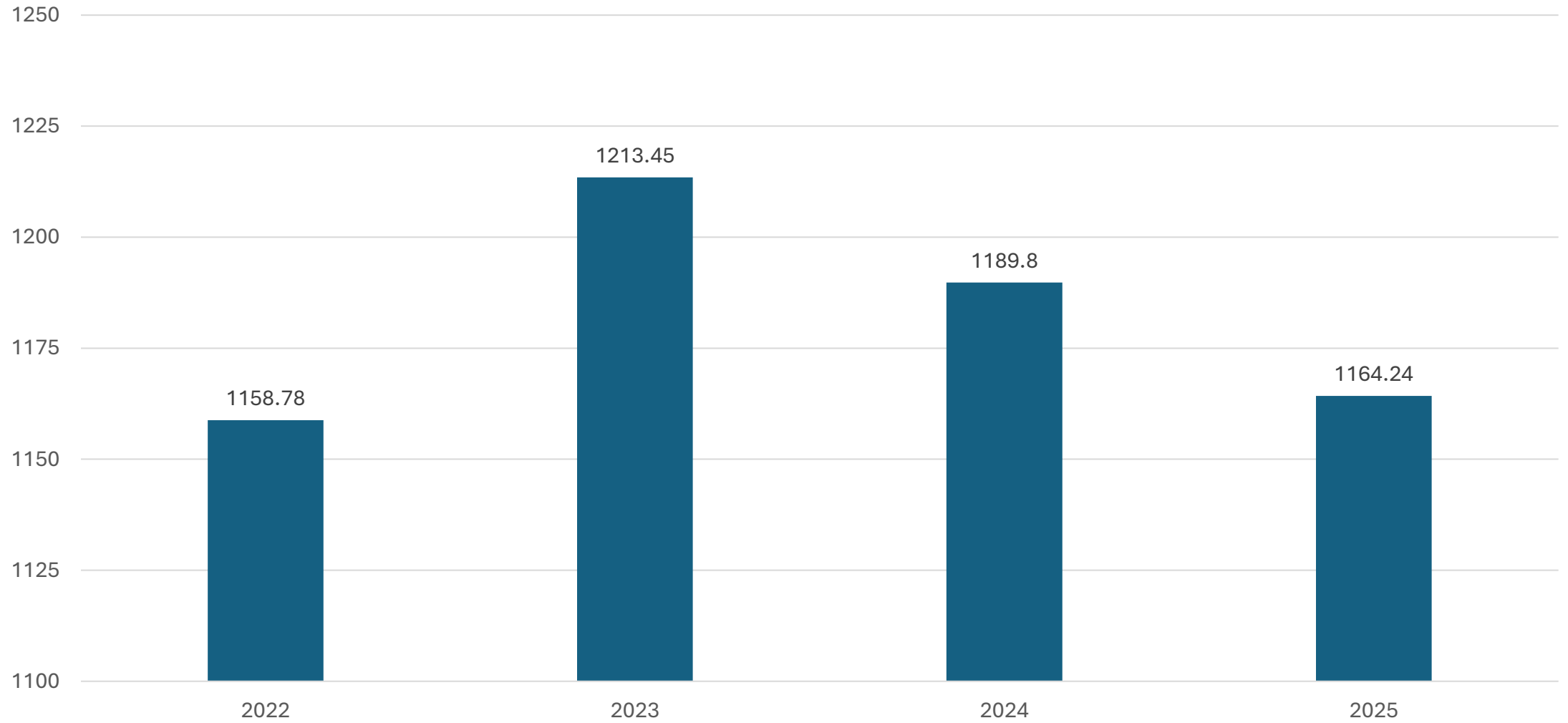


# SKILLS AND EDUCATION PROGRAMME SPEND 2025/26



Type of activity	Proportion of Spend	
	Amount (£m)	Percentage (%)
Student Support	£80m	42.3%
Apprenticeships, SfLW and Traineeships	£85m	45.0%
Targeted Skills Schemes	£17m	9.0%
Magee Expansion	£7m	3.7%

# DfE Staff in Post (Full-Time Equivalents)



## DRAFT BUDGET RDEL ALLOCATIONS FOR DFE

Year	2025/26	2026/27	2027/28	2028/29
Allocation (£m)	814.5	798.4	813.9	811.5
Difference vs 2025/26		<b>-16.1</b>	<b>-0.6</b>	<b>-3.0</b>

The allocations in the three previous years were:

2022/23            £781.7m

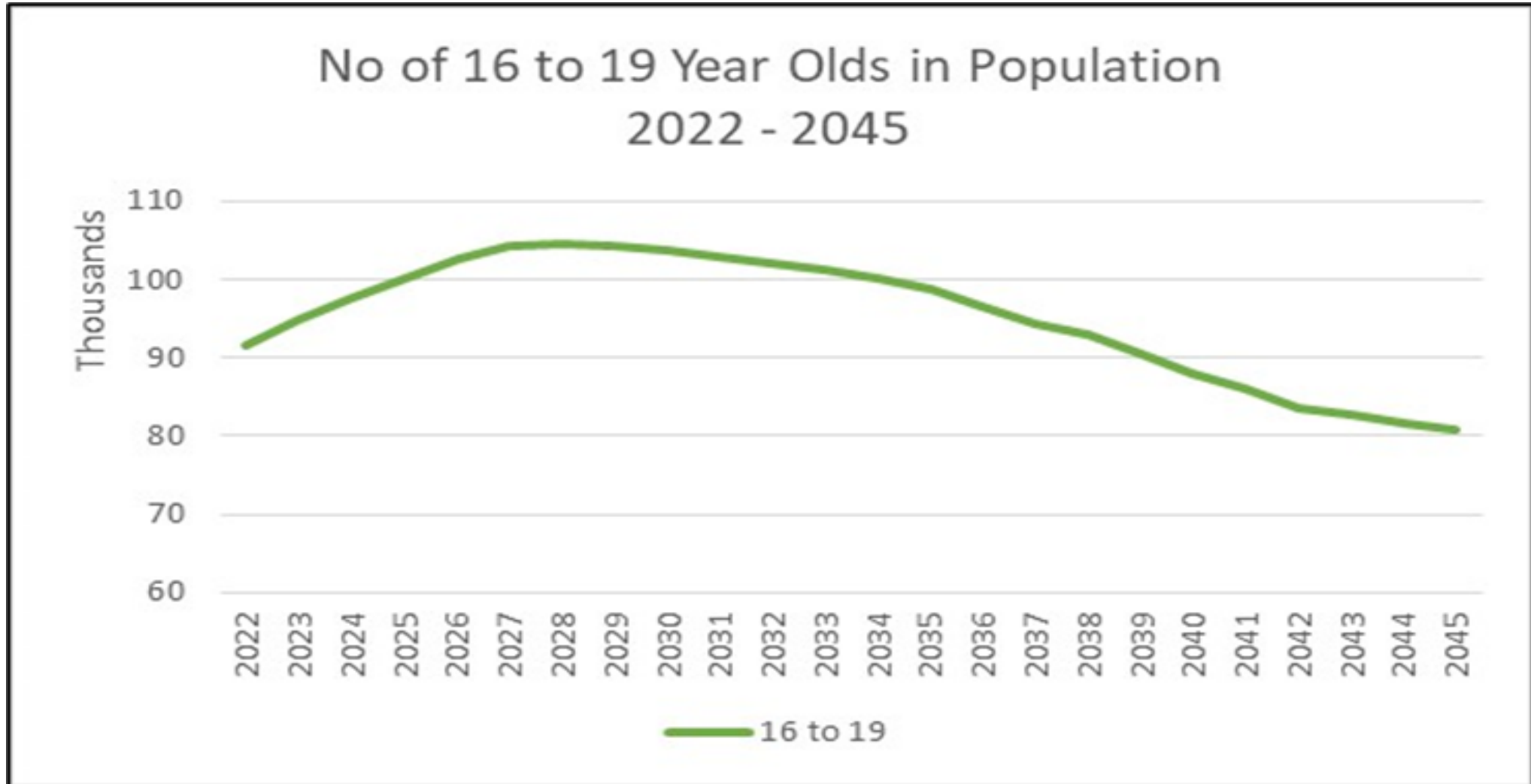
2023/24            £796.3m

2024/25            £799.0m

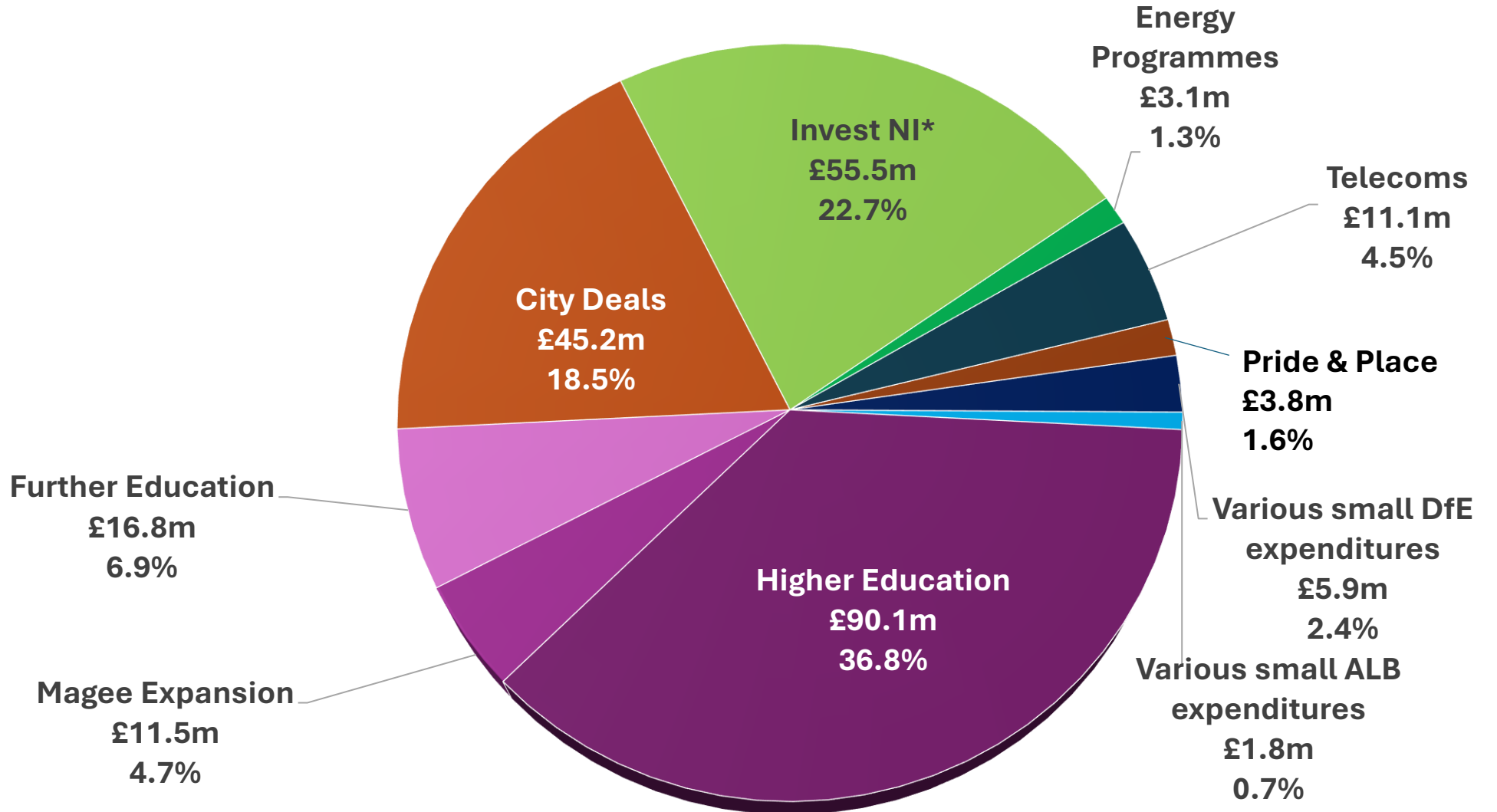
## PRESSURES ALREADY IN TRAIN GOING INTO 2026/27

	£m
Reduction in starting baseline	16.1
Pre-agreed pay awards & ENIC increases	29.4
Other inflationary pressures	20.3
Apprenticeships and other demand led skills schemes	27.8
Structural deficit in Higher Education funding	8.0
Magee Allied Health and Nursing places	6.2
Energy Intensive Industries, REPG, RHI Closure etc	14.8
Other Ministerial and PfG commitments	11.5
<b>Total Pressures in train</b>	<b>134.1</b>

# The Demographic Challenge



# WHERE THE CAPITAL BUDGET IS SPENT 2025/26



\*Includes FTC

**DRAFT BUDGET CDEL ALLOCATIONS FOR DFE  
(EXCLUDING FTC, CITY DEALS AND OTHER EARMARKED AMOUNTS)**

<b>Year</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>
Allocation (£m)	165.0	160.5	146.6	129.0	125.3
Difference vs 2025/26		<b>-4.5</b>	<b>-18.4</b>	<b>-36.0</b>	<b>-39.7</b>

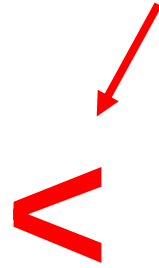
Note: The 2025/26 figure includes capital receipts from sale of Invest NI assets

## KEY TAKE AWAY POINTS

- In 2028/29, DfE will have the same RDEL budget as this year.
- In effect, three years of flat cash = real terms cut of up to 10%.
- In the CDEL budget, by 2030 we will have £50m less to spend than this year = real terms cut of almost 60%
- Most of our pressures are being driven by pay and other inflationary pressures and increased demand for services.
- Other than in skills, the amounts spent on individual programmes tend to be quite small.

# THE TASK

The amount of money we have



The things we have to / want to do

X

The cost of doing the things that we do

Can we increase this?

- Revenue raising
- Get money from other sources of funding

Can we change these?

- Stop doing some things
- Do less of some things
- Cap or ration access to services

Can we reduce this?

- Efficiencies in delivery
- Different delivery models

## **ACTIONS TAKEN ALREADY**

To increase the amount we have available to spend

- Secured funding from the Shared Island Fund for entrepreneurship and research projects
- Applied to PEACE Plus programme for skills interventions
- Secured NIO funding for Skill Up and other skills programmes
- Greater use of Financial Transactions Capital

## **ACTIONS TAKEN ALREADY**

To change or control what the department spends:

- Maximum Student Number cap on HE students
- Frozen thresholds for eligibility for schemes
- Paused the Public Sector Energy Efficiency grants scheme
- Scaled back Small Business Research Initiative

## **ACTIONS TAKEN ALREADY**

To reduce the costs of delivery

- Consolidated all staff from four offices into one building
- Ran a Voluntary Exit Scheme for FE staff in 2024
- Increased delegated authority limits to streamline approval processes
- Reduced the number of staff and the size of the DfE Senior Civil Service cohort

## **FURTHER ACTION WILL BE REQUIRED**

- We cannot assume any extra money will be provided to reduce the scale of the challenge in DfE.
- All parts of the DfE and our Partner Organisations will have to work together to find ways to allow us to live within our budget.
- There are no easy options – everything could be done to address the pressure would have an impact on what we can deliver.

## **ADDITIONAL ADMINSTRATIVE ACTIONS WE WILL TAKE**

- Rationalise office accommodation and share back office functions in Partner Organisations
- Continue the systematic process of stripping out inefficiencies in all our activities and processes
- Identify any decisions on potential commitments that can be deferred until later in the year
- Continue to develop strategic bids for funding from external sources across the DfE family



Northern Ireland  
Assembly

Committee for the Economy

# OFFICIAL REPORT (Hansard)

Draft Budget 2026-29/2030: Department for  
the Economy

10 March 2026

# NORTHERN IRELAND ASSEMBLY

## Committee for the Economy

Draft Budget 2026-29/2030: Department for the Economy

10 March 2026

**Members present for all or part of the proceedings:**

Mr Phillip Brett (Chairperson)  
Ms Diane Forsythe (Deputy Chairperson)  
Mr Jonathan Buckley  
Mr Pádraig Delargy  
Mr David Honeyford  
Mr Declan Kearney  
Ms Sinéad McLaughlin

**Witnesses:**

Ms Sharon Hetherington	Department for the Economy
Mr Mark Lee	Department for the Economy
Mr Ian Snowden	Department for the Economy
Ms Louise Watson	Department for the Economy

**The Chairperson (Mr Brett):** On behalf of the Committee, I warmly welcome the following officials from the Department for the Economy: Ian Snowden, permanent secretary; Mark Lee, acting deputy secretary for economic policy; Louise Watson, acting deputy secretary for skills, innovation and education; and Sharon Hetherington, director of finance, who is well known to the Committee. Members are delighted to welcome you here. I am happy to hand over to you.

**Mr Ian Snowden (Department for the Economy):** OK, Chair. We sent through a presentation on the Budget in slides. Rather than make an opening statement, I will just go straight into that.

**The Chairperson (Mr Brett):** OK.

**Mr Snowden:** How would you like to do this? Would you like to ask questions as I go through, or will I run through all the slides first?

**The Chairperson (Mr Brett):** Do you want to run through all the slides first?

**Mr Snowden:** OK. Grand.

**The Chairperson (Mr Brett):** Thank you very much.

**Mr Snowden:** The context for this is the draft Budget that the Finance Minister issued on 7 January. The consultation ended on Tuesday of last week. While there are no final decisions yet, and the Executive are still to discuss and agree a Budget for the next three years, our assumption is that the

draft allocations will broadly indicate what the Department can expect to receive over the next three-year period. This is our analysis or assessment of the implications of that Budget.

To start, I will go through what the Department currently spends its funding on. In the 2025-26 financial year, the controllable portion of the resource budget was £815.5 million. On the slide, "Controllable" is in inverted commas because there are lots of things that the Department cannot not do. There are legal obligations on us, although it is not specified exactly how those should be undertaken. For example, we must provide careers advice, we need to have the Trading Standards Service (TSS), and we need to have the Health and Safety Executive (HSE). There is also a youth guarantee for training that guarantees a place in full-time education or training for any young person who wishes to have it. Therefore, within that controllable budget, there are a number of things that we cannot escape. However, it is, at least in theory, completely within the discretionary control of the Minister to decide how that allocation is used.

A small proportion of our funding is earmarked by the Executive — the Department of Finance — for specific purposes. In the current financial year, for example, we received funding to hold the Open Championship at Portrush in July. Other small items are included in that. We also have UK Government-earmarked funding, the largest portion of which is money that we have been allocated to deliver the Northern Ireland protocol/Windsor framework. There is work for the Department in doing that, so we receive funding to cover the additional costs. However, if that work stops, the money stops, so there is no impact on the Department's overall budget; it is a net issue.

The third slide shows where the money goes or, rather, who within the big DFE family spends it. In the current financial year, half the money — £406 million — goes to our arm's-length bodies. One sixth goes to the higher education institutions — the universities. In the current financial year, they receive £138 million. That looks like a large chunk of money, but the slide does not give the historical context. In 2006, that sum was £128 million; it has not increased significantly in cash terms over a 20-year period. The Department itself spends a third of the budget. You will see on slide 4 that the further education (FE) colleges are, by far, the biggest single recipient of the funding that goes to arm's-length bodies: 60% of the allocations to arm's-length bodies goes to those colleges. That means that 30% of the total departmental budget is spent through the FE colleges.

The blue segments in the chart represent the arm's-length bodies that operate in the area of economic policy, the largest of which is Invest Northern Ireland. Its allocation in the current financial year is £74 million. Again, the historical context — later slides will go into that — is that Invest NI received more money in previous years. Its allocation has progressively declined. Tourism NI was allocated £22 million this year. Broadly speaking, its allocation has been flat for the past decade. Tourism Ireland's allocation of about £20 million is linked to a funding ratio set in the Good Friday Agreement and has to be agreed by the North/South Ministerial Council each year. That budget has increased slightly over time. Northern Ireland Screen, which receives £20 million, is one of the arm's-length bodies that has seen its budget increase over a period. It has been a successful organisation and achieves a high return on investment. The navy blue segments represent small regulatory organisations: the Labour Relations Agency, the Health and Safety Executive and the Consumer Council. Quite a small sum is involved in each of those.

The table on slide 5 is not comprehensive but gives an indication of how the funding for the larger ALBs and the universities has progressed over time. As I mentioned, the FE colleges are, of the arm's-length bodies, the biggest recipient of our funding. That is one sector for which funding has increased a little over the past decade, whereas, for Invest NI, it has declined. There are a couple of things to be aware of about Invest NI's funding. Invest NI previously provided funding for research and development by companies, which had been paid for from resource budgets but has since been capitalised. Some of the changes in the numbers reflect that switch from resource to capital, but it is fair to say that Invest NI's budget has been constrained over the past decade. People who have been around the Department a lot longer than I have say that, in the early 2010s, for example, Invest NI's budget was in the region of £130 million per year. As I mentioned, Tourism NI's budget has remained broadly flat over the past decade. NI Screen's budget has gone up. Our funding for universities is a combination of the teaching grant and other funding for research and development that we provide. The table shows that there has been a little bit of an increase since 2016-17. However, again, the universities received £210 million in 2010-11, so, in cash terms, the funding is not really any different from what it was 15 years ago.

I am sure that pay pressures will come up during our conversation. Slide 6 is messy and probably quite difficult to follow, but it shows that staff numbers in most of the larger ALBs have remained flat or declined. The pink bars at the back of the chart represent further education colleges' staff numbers.

You can see that there was a significant decline in their workforce between 2022-23 and 2023-24. That was because of the voluntary exit scheme in FE colleges a couple of years ago, which was an effort to control pay pressures in that sector.

Slide 7 shows how the Department spends the £271 million that it controls. The orange segment shows the departmental salary bill, which takes up 22% of our budget. It is quite a large Department with over 1,250 staff. The Department delivers a significant level of service directly to the public. Our functions do not get a tremendous amount of attention, but, as I mentioned, we have, for example, the Trading Standards Service and the Careers Service, which are large public-facing, service-delivery organisations. A sizable chunk of the spend goes on salaries in those areas; it does not all go on policy-related activity. The purple-coloured segment indicates that the biggest chunk of the expenditure goes on skills and education programmes, which I will move on to in a wee bit. Other programmes include economic policy; energy; and the management services and regulation group (MSRG). If you would like, I can go into the detail of those costs, but that expenditure is made up of a large number of quite small expenditures across a number of programmes, including some historical liabilities and legacies that the Department has to deal with.

Slide 8 shows the biggest chunk of the programme expenditure, which is on the skills and education programme. I hope that the colour coding is clear. I have attempted to show that the two biggest parts of that expenditure are made on student support. That is not a particularly visible part of the Department's work, but the £80 million spend per year on support for students — mainly disabled students and other people who need special support at university or FE colleges — is 10% of the Department's overall expenditure. The educational maintenance allowance (EMA) is a programme that was introduced in the early 2010s and provides £30 a week — it is means-tested — for anybody aged between 16 and 18 years who remains in full-time education and training. The blue segments show the main employment-driven training schemes: apprenticeships; higher-level apprenticeships; traineeships; and skills for life and work. The orange segments at the bottom show the targeted skills schemes such as the Assured Skills academies and Skill Up. The little green slice at the top shows the spend on the Magee College expansion in the current year, and it is £7 million.

As I said, salaries take up 22% of our budget. Slide 9 shows the trajectory of staffing numbers in the Department. Staffing numbers went up after the Windsor framework was introduced, and they have been coming back down over the past couple of years. There are 80 fewer staff working in the Department now than there were when I joined two years ago.

Those first nine slides have given the background to how the Department is spending its money in the current financial year. I will now move on to what the draft Budget will mean for us looking ahead. Slide 10 shows the draft resource departmental expenditure limit (DEL) allocations to the Department for the Economy for the three years of the draft Budget. In each of the three years, we will have less money for resource, in cash terms, than we have in the current financial year. For historical context, the position is quite flat over the seven years: the three previous years, the current year and the three years ahead. There is a £16 million reduction next year in comparison with this year, which is a 2% cash cut. That is a challenge in itself, and we will come on to the pressures. In the two years after that, the amount comes back up: it will be close to where we are currently but still slightly less.

There is that cash cut of 2%. Slide 11 shows the pressures that we already have in train, going into the next financial year. I will talk through those in a lot more detail now. We have the £16 million reduction in the starting baseline. There are pre-agreed and anticipated pay awards coming through, as well as employer National Insurance contribution (ENIC) increases, which amount to just under £30 million. Those are pay awards, which have been agreed by the Executive, for some staff in the Department and the arm's-length bodies. There are anticipated increases for staff who are on National Joint Council (NJC) scales. We have not yet had sight of what those increases are likely to be, but we can anticipate their scale. There are expectations that the pay award for FE lecturers will match that for teachers. There is an ongoing discussion about pay parity for FE lecturers. When you add all those things together, and if we have the same number of staff as is currently anticipated, you get to about £29 million: that will be the full size of the pay pressure.

There are inflationary pressures. There are index-linked contracts. A couple of FE colleges have index-linked private finance initiative (PFI) contracts for their buildings. IT contracts tend to be index-linked. Energy costs are increasing, as we are all aware. Other consumables are going up in price, and the rates for most of our properties have gone up. That is a top-end estimate of inflationary pressures. We expect that to be brought down a wee bit, but that is the rate of inflation that people see coming through in all parts of the Department and its arm's-length bodies.

The pressure relating to apprenticeships and other demand-led skills schemes is estimated at £27·8 million. We will not know what that figure is until we get to September. The expectation is, however, that there will be an increase in the number of young people coming out of school, which, in turn, will lead to an increase in demand for services — more people will be interested in apprenticeships and the other training schemes that we offer. The current school-leaving cohort has a higher proportion of people with special support requirements, which will add cost to the delivery of systems. When you add those two things together, the estimated increase is £27·8 million. Of course, we will have to wait until September to determine the number of those young people, what the cohort looks like and what the requirements for those skills programmes will be, but that is our estimate of where we sit on that.

There is what we call a structural deficit in higher education funding: while the number of university places has been increased and the maximum student number (MaSN) cap has gone up, the teaching grant has not kept pace with that increase. If Ulster University's vice chancellor was here, he would tell you that, compared with 10 years ago, he now has 1,200 more students but £3 million less in funding from the Department. That is what we mean by a structural deficit, and we need to try to catch up. Over the past few years, that was disguised a little bit, because we had additional COVID-related funding. Sharon and her team were also able to take advantage of the difference between the academic year and the financial year in order to help manage those pressures from one year to the next. Essentially, however, we have run out of scope to do any more of that. That £8 million needs to be addressed for the financial health of the two institutions. We have an agreement with the Department of Health to share the costs of the allied health and nursing places at Magee College. That is the only place in Northern Ireland where some of those courses are run. If the courses were not run there, any student who wished to study them would have to go to England. The Department of Health is supposed to pick up the bulk of the costs. However, over the past couple of years, the Department of Health has faced its own pressures. There has been a constant push-and-pull over the proportion of funding that each Department provides, and this is the provision that we are making for that.

There are a number of pressures coming through on energy schemes. Until this year, the UK Government's energy-intensive industries support scheme was paid for through bills paid by other consumers. That arrangement changed after the most recent Budget. The consequence is that the cost moves on to the Department's resource DEL budget. That amounts to £7·5 million, which we need to find in the next financial year. We have not received any additional funding for that. We have work to do to prepare for the renewable electricity price guarantee scheme. That will be a technical, detailed and complex piece of work, and a lot of legal work will have to be done in preparation for it. There is a one-off cost with Ofgem for closing down the RHI scheme, and there are a couple of small things that the Department would like to do to move the energy strategy forward. The Committee had a briefing on that last week. There are a number of other ministerial and Programme for Government (PFG) commitments, the costs of which, altogether, total £11·5 million. Those include the regional economic fund and the Executive's decision on parental bereavement leave. The latter represents £4 million. When those are added together, that produces a total cost of about £134 million, which is in the region of — my maths may let me down — 15% to 16% of the Department's current budget.

I turn to slide 12. I mentioned apprenticeships and other demand-led schemes. The Department faces a demographic challenge. In 2022, there were just over 90,000 people in the 16-to-19 age group. In the current year, there are about 101,000. I think that the number will increase to 102,000 by 2028. That means an extra 10,000 young people leaving school who might be interested in taking up some of the courses that we offer, apprenticeships in particular. We have seen quite a growth in the number of people taking up apprenticeships over the past three or four years: there has been an increase in uptake of about 37%. That is a good thing, of course, because that is the kind of programme that we want to see people taking up, but it has a cost implication. That is the resource position.

Slide 13 shows where the capital budget is currently spent. About half of the capital budget is spent in the skills and education space. The biggest chunk of that spend is made in higher education, on research funding for the two universities. A little bit of that goes to Stranmillis and St Mary's, but most of it goes to Queen's University and Ulster University. Provision is made for the expansion of Magee College and the capital works there. We have had a quite successful programme of investment in further education colleges over the past decade or so, and there is an allocation for that.

The next big chunk is £55 million in capital funding for Invest NI, which is shown in green. That is capital support for new inward investment but also for research and development in existing companies. The orange segment shows city deals funding, which is earmarked and not within the Department's control. If the projects do not proceed, that money cannot be used elsewhere in the Department — it is essentially ring-fenced. We have a sizeable expenditure on that in the current year.

There is very small expenditure on energy programmes, as shown by the smaller segments of the pie chart. The "Telecoms" segment refers to Project Stratum and Project Gigabit. Telecoms and Pride in Place, which is a UK Government initiative, are both earmarked by the UK Government, so we would not be able to spend that money on other things. Pride in Place is a towns initiative, under which Coleraine and Derry/Londonderry were provided with funding. "Various small DfE expenditures" refers mostly to upgrades of IT, premises and the like in arm's-length bodies and the Department. They do not represent a large proportion of the overall expenditure.

What does that look like? Slide 14 compares the current year with future years. The capital position is a great deal more challenging than even the resource position. In the current year, we have £181 million of capital that is controllable, leaving out those earmarked UK Government schemes. The allocations in the draft Budget would be £160 million next year, £146 million in the year after, £129 million in the third year and £125 million in the fourth year. There is a four-year capital allocation, not a three-year allocation like in resource. The numbers show a significant cash reduction in the capital allocation to the Department by comparison with the current year. By the time we get to 2029-2030, we will really be talking about a 40% reduction in spending power, I think, given capital construction inflation. That will mean a substantial reduction in our ability to spend. Fundamentally, managing that scale of a cut will come down to a choice between research and development expenditure and the capital investment that we can put into existing companies here to grow or for other companies to invest in Northern Ireland. Those are really the only options available to deal with that kind of reduction.

I will outline some takeaway points. In the third year of the draft Budget period, the Department will have basically the same amount of cash for resource expenditure as we do in the current financial year. In effect, that is three years of flat cash, which, if you allow for inflation, is a 10% reduction. In the capital budget, by 2030, we will have £50 million less to spend, which, in real terms, is a cut of about 60%. Most of our pressures are driven by pay and other inflationary costs, as well as demand for some of our services, over which we have limited control. Other than the spend on skills-related programmes, the amount spent on individual items of expenditure is quite small. I have been having this discussion with a lot of our partner organisations. With pressures of £134 million, if we want to protect all of the skills and education expenditure but save the amounts of money that we require to meet the pressures, that would mean abolishing Invest NI, Tourism NI and NI Screen and, then, cutting quite a lot of the activity that the Department does on energy and other economic policy interventions. That is the scale of the challenge. It means that we will have to look at cutting those skills interventions as part of the development of options for how we will live within budget.

Slide 16 shows my task. The amount of money that we have is less than what is needed to cover the cost of doing the things that we have to do and the things that we aspire to do. My job, as the accounting officer, is to turn that less-than sign into an equal sign, because, by law, we have to live within this budget. It is a requirement — it has to be achieved; that is basically where I am starting from. Our assessment is that, to balance the equation, we need to look at all three components of it. On "The amount of money we have" side of things, we need to consider the potential for revenue-raising options. We have to look at whether we can get money from other sources. You will have seen from the previous pie charts that some money comes in from the UK Government from various sources. We have been relatively successful, especially in the capital expenditure field, in getting additional sums of money into the Department to spend on economic infrastructure. We have been quite effective in that, and we can continue to do more of it, because there are other UK funds that we can look at. There is also the Shared Island Fund, which has €1.5 billion. It is, obviously, looking for partnership-related projects, so we will ask this: are there issues that we need to tackle in Northern Ireland that are common to both parts of the island and on which we could do something jointly? That would allow us to move that agenda forward without the need to use our own budget to do it, if we have to meet other pressures as a priority.

The central section of that slide — "The things we have to / want to do" — shows what will have to be adjusted or changed in that regard. We will have to stop doing some things. We will have to do less of some things, and we will have to think about rationing or capping access to some of the services that we provide. We already have the maximum student number cap. That is a version of that that is already in place — it is, essentially, a cost-control measure. The right-hand side of the slide shows "The cost of doing the things that we do". That is about more efficiencies in delivery and different ways of doing things. We need to make sure that everything that we do is being delivered as cheaply as possible with maximum value for money.

We can get into a discussion about what we are already doing about this. To increase the amount of money that we have available to spend, we have secured funding from the Shared Island Fund for an

entrepreneurship programme delivered by InterTradeIreland. We are taking on research projects under the Shared Island Fund. We can provide the Committee with a full list of those, if it is interested in seeing the detail. We have applied to the PEACE PLUS programme for skills interventions. In fact, at the end of last week, I cleared a submission for another application to that fund for skills interventions. We secured funding from the NIO for Skill Up and other skills programmes in previous years. We have made greater use of financial transactions capital (FTC), which can replace traditional capital expenditure, although it does need to be paid back. Universities, for example, are able to access that.

I move now to the central part of the equation, which is to change or control what the Department spends. As I mentioned, we have the maximum student number cap on higher education students. We have frozen eligibility for some schemes, but we have not raised thresholds in line with inflation for a number of years — in some of the student support schemes, for example. We have frozen the amounts of money that are available. The educational maintenance allowance, which I mentioned, has been £30 per week since it was launched — it has not been increased. We have paused the public-sector energy-efficiency grant scheme. We had £25 million a year to give to other Departments and arm's-length bodies to help them to, for example, put solar panels on properties or take other energy-efficient measures. That has a payback period of less than seven years. The investments that we have made have already achieved substantial carbon savings. Obviously, we would like that to continue, but we are not able to continue it because we do not have the capital budget for it. We have also had to scale back the small business research initiative, which, again, we would have preferred not to have had to do.

To reduce the costs of delivery, we have consolidated all of the Department's staff from four offices into one building, on Adelaide Street. That has reduced our premises costs. We have also run a voluntary exit scheme for FE staff, as I mentioned. That produces annual savings in the FE salary bill of in the region of £11 million. We have increased delegated authority limits to streamline approval processes for our arm's-length bodies, which reduce the amount of bureaucracy required. We have also reduced the number of staff in the Department and, over the past couple of years, the size of the senior civil servant cohort. We have attempted to take actions to be more efficient.

As slide 20 shows, however, further action will be required. We are making the assumption that no additional money will be provided over the Budget period. The Committee will be fully aware of the pressures in other Departments — there is commentary around the real pressures in the education and justice systems — which the Executive need to address. We are not making the assumption that the Department for the Economy will be high on the list of priorities for additional allocations, if more money becomes available to the Executive. It is clear that the UK Government's fiscal position is also tight, so we do not anticipate that significant additional Barnett consequential will be provided. The allocation in the draft Budget might change marginally, but, fundamentally, it looks like that is what it will be. That means that all of us — all parts of the Department and its arm's-length bodies — will have to work together to find ways that allow us to live within the budget. I am obliged to make my budget balance, and the accounting officers who are in charge of the arm's-length bodies have a similar obligation. The two universities, as autonomous organisations, have their own councils that will hold them to that. We know that there are no easy options; there is no point in denying that. The Minister will have options presented to her, and she will have to decide on those. Everything that we will present will have some kind of impact on delivery. That is the reality; there is no question about that.

The final slide covers things that are outside the sphere of what the Minister might be asked to take decisions on. They are actions that we can take, as administrators. We have asked all of our partner organisations to look seriously at rationalising office accommodation and sharing their back-office functions. The leases of two arm's-length bodies will run out in this calendar year, and there is spare space in the Invest NI building. There are active discussions about that. The further education colleges already have a little bit of shared-service back-office function. For instance, Belfast Met provides payroll services for a number of colleges. We could probably do more of that in the FE sector. If some of the arm's-length bodies shared accommodation, they could share IT, finance and HR back-office functions. That would release some money: it would not be a huge sum in the context of what we have, but it is the proper thing to do in all circumstances. We have had a process of stripping out inefficiencies in our activities and processes, but I will be starting a really systematic process of going through everything that we do internally — the Department and our partner organisations — to make sure that there is nothing that could be done more efficiently in order to release staff time and allow us to reduce staff numbers. A number of information-gathering processes and other processing could be automated, now that we have access to better AI. We will look systematically at those, and that will be a continuous process over the three years of the Budget period and beyond.

We have identified a number of decisions on potential commitments that could be deferred until later in the year. For example, I mentioned the skills programmes. We will not know what they are until September. We should therefore wait until we see the Budget position before we decide on the allocation for those programmes.

We can adjust the teaching grant for higher education at any point in the financial year up until March. That will allow us to make a decision on what the final sum will be, in light of where slippage or expenditure in other programmes has occurred. We can therefore finalise that quite late in the financial year, although universities will want to know as soon as possible what that is likely to look like.

We will continue to develop strategic bids for funding from external sources such as the UK Government and the Shared Island Fund in order to supplement and enhance the amount of money that we have available through the Budget allocations.

I am now happy to take any questions that Committee members have on any aspect of the presentation.

**The Chairperson (Mr Brett):** Ian and colleagues, thank you very much for the quality of the presentation. It usefully sets everything out. Does the Minister for the Economy support the current allocations in the draft Budget to her Department?

**Mr Snowden:** She has said that the allocations are what they are and that she will live within them. That is the position that she has adopted.

**The Chairperson (Mr Brett):** She therefore does support them.

**Mr Snowden:** Those are the allocations that are in there, and when the discussion at the Executive happens, she will no doubt argue for additional funding for the Department. Whatever the allocation is, however, she has said that she will live within it.

**The Chairperson (Mr Brett):** Slide 11 shows the £134 million of pressures that are already in train. How are we going to close that £134 million gap?

**Mr Snowden:** Those pressures are based on the assumption that everything remains exactly the same: the provision; the number of staff; and the number of premises that we occupy. We will have to look at all aspects of the Department's activity to see what we can do to drive down those costs.

The pay pressures arise largely because of pay awards. We will therefore have to look at whether we can reduce the number of staff. There is some discourse taking place in the public arena at the minute on whether pay parity should be maintained between public servants here and those in Great Britain. What the pay policy in Northern Ireland should be is a political decision for the Executive to take. The pay bill is the problem, not the rate of pay. That is made up of the number of staff and what they are paid.

**The Chairperson (Mr Brett):** The slide refers to "Pre-agreed pay awards". That decision has already been made, so you will not save on that in-year.

**Mr Snowden:** No. There will be no savings from the pay awards, but the number of staff can be controlled to a degree. That means that there will have to be fewer people working in the Department and its partner organisations as a whole at the end of the Budget period than there are now.

**The Chairperson (Mr Brett):** Do you think that you can make redundancies in the financial year?

**Mr Snowden:** We lose about 6% of staff a year through natural leavers. There are mechanisms in place that we can use to control vacancies. That will, however, have an impact on the pace at which we can deliver some of the stuff. There was concern expressed at last week's Committee about the pace at which we are making progress on the energy strategy. We need people to deliver those actions. If we cannot afford the people, we cannot proceed at the pace that we would like.

**The Chairperson (Mr Brett):** Your pressures total £134 million for next year. How are you going to save that £134 million?

**Mr Snowden:** Fundamentally, as I said during the presentation, we will have to look at what services we deliver. Part of that will involve looking at services in the education and skills sector. We will therefore have to look at what training courses we have available to us, at what we will make available to young people who are leaving school and at how services are targeted and prioritised. There may be limits to and caps on the number that we can provide. I mentioned the youth guarantee for training, however. If we reduce provision for one programme, it will be moved to something else, because if young people want to have some provision, they will ask for it, and some of the alternatives are less effective.

**The Chairperson (Mr Brett):** Given what you have said, Ian, my difficulty is that the Minister for the Economy will settle for whatever allocation she is given by the Minister of Finance. MLAs are going to be asked to vote for the Budget in the Assembly if it gets through the Executive. We have tried to have a discussion a number of times about how we will save £134 million and the impact that doing that will have on the Department that the Committee scrutinises. We have not heard any tangible examples of how we will save that £134 million, so how can we, in all good conscience, troop through the Lobbies to vote for an allocation from a Budget when we have no idea of what its repercussions will be?

**Mr Snowden:** When the Minister returns from America, she will want to set a budget allocation for the Department, which will then be subject to a consultation. As I have signalled, there will have to be reductions made in the training provision that the Department is able to fund. There will be a differential impact on young people, because they are the primary beneficiaries of training programmes, so an equality impact assessment (EQIA) will have to be published and consulted on. There will therefore be quite a lot of detail on what that means to be issued, and that will happen when the Minister has made her decisions. At this point, I am not able to tell the Committee what the impacts will be, because the Minister has not made her final decision.

**The Chairperson (Mr Brett):** Will the impact be on the skills for life and work budget of £37 million or on the apprenticeships budget —?

**Mr Snowden:** The skills for life and work budget is the backstop, by and large.

**The Chairperson (Mr Brett):** It will be on the apprenticeships budget, then.

**Mr Snowden:** There may have to be a cap on that.

**The Chairperson (Mr Brett):** On which part of the budget?

**Mr Snowden:** Options will have to include capping the number of apprenticeships, including higher-level apprenticeships, that we are able to fund and offer. We may have to deliver a reduction in the funding of targeted skills schemes. There may be a reduction in the funding that is provided to the universities.

**The Chairperson (Mr Brett):** The universities?

**Mr Snowden:** Yes.

**The Chairperson (Mr Brett):** OK.

Even if you were to cut funding for every apprenticeship model, which totals £37 million, and every bit of funding for skills, which is another £37 million, you still would not be even halfway to meeting the figure of £134 million.

**Mr Snowden:** We would then have to start to push down as many of the other cost pressures as we can. I mentioned some of the inflationary pressures. Those have to be pushed down as far as we can manage. We may not be able to meet the structural deficit for higher education, for example. There are some things that we may not be able to deliver within the time frame that we had hoped to. Some of the pressures may be time-dependent and thus may slip out.

**The Chairperson (Mr Brett):** Do you have any examples?

**Mr Snowden:** There are pressures on things such as the energy strategy implementation, but the sums of money involved are quite small.

**The Chairperson (Mr Brett):** They are very small.

**Mr Snowden:** One of the options that will have to be considered seriously is whether we can afford the energy-intensive industries support scheme, but that is support that those companies have been —.

**The Chairperson (Mr Brett):** What is that? Is it £7 million?

**Mr Snowden:** It is £7.5 million.

**The Chairperson (Mr Brett):** That gets you nowhere near the £134 million.

**Mr Snowden:** Exactly. We therefore have to look at every aspect of the budget. I will have to present options for achieving the numbers. The arithmetic is unforgiving.

**The Chairperson (Mr Brett):** At a time when we need to reduce funding to higher education providers, will that mean pausing or paring expansion? We cannot afford to fund our current higher education provision. We have a situation in which student numbers are going to decrease, rather than increase, given population changes. Does that not mean that you, as accounting officer, will have to say to the Minister, "This idea of having 10,000 students at Magee is neither affordable nor attainable"?

**Mr Snowden:** That depends to a very large degree on what the university thinks that it can deliver sustainably from within its financial provision, what the cost of delivering those courses is at Magee compared with what it may be at other locations and how the university can live within its budget. I suspect that it will have a serious conversation with us quite soon about what the situation means for the trajectory of its student numbers. It has not indicated at this stage to me or anybody else in the Department that it is talking about a retrenchment or a reduction in its current numbers, but, for affordability reasons, the funding of the expansion will have to be considered very seriously.

**The Chairperson (Mr Brett):** The only reason that I say that is because you said that we will have to reduce higher education providers' funding. How can we try to grow provision in one place if we cannot afford to meet the current provision?

**Mr Snowden:** The universities are autonomous institutions. They decide on which courses to run and how they operate them.

**The Chairperson (Mr Brett):** You also fund them to do particular things. You support them with capital to enable them to expand.

**Mr Snowden:** Yes. What courses they offer and how they deliver them remain decisions for the universities, however. It would be completely unheard of for a Department to determine which courses a university should teach.

**The Chairperson (Mr Brett):** I know, but a Department could reduce its capital support. The Department could say, "We will not continue to expand the university if you are not able to do this". It could also say, "We cannot run a multi-campus university without structural deficit support in place". To be fair, Ian, you recognise that, because you included that in previous budget documents and in the budget document that you have provided to me today. It is therefore a bit disingenuous to say that the Department cannot facilitate growth of institutions in one place or another.

**Mr Snowden:** We can facilitate growth if we have the money to do it.

**The Chairperson (Mr Brett):** Correct.

**Mr Snowden:** The question then is this: how does the Minister choose to allocate the budget to that. That having been said, the university's response to its overall budgetary position is what matters,

rather than the individual allocations. The university will want to discuss that with the Minister before final decisions are taken.

**The Chairperson (Mr Brett):** Did you say that your rates bill has gone up?

**Mr Snowden:** Yes. Rates revaluations for offices have seen an increase, and then there is general —.

**The Chairperson (Mr Brett):** When I last checked, the rates revaluation had been stopped by the Finance Minister.

**Mr Snowden:** There are also annual poundage increases. The regional rate poundage for business premises has gone up by 3%, and most of the councils have put up theirs by somewhere between 3.5% and 4.5%.

**The Chairperson (Mr Brett):** The rates revaluation will have no impact on that, however.

**Mr Snowden:** The revaluation will not at the minute, but there are annual rates increases.

**The Chairperson (Mr Brett):** Since Minister Archibald has taken office, what proactive decisions has she taken to decrease the gap between allocations and committed expenditure? The Minister is entitled to do this because she holds the post, but I have seen her continually make funding decisions and make allocations, and her overspend continue to rise and rise, as does the funding gap. We are now in a situation in which —.

**Mr Snowden:** Chair, to clarify, there is no overspend in the Department.

**The Chairperson (Mr Brett):** There is a projected overspend of £134 million. We have now had a —.

**Mr Snowden:** No. Sorry, Chair, but I have to be quite precise about this, Chair. =

**The Chairperson (Mr Brett):** We have had a 20-minute —.

**Mr Snowden:** Chair, I am going to have to —.

**The Chairperson (Mr Brett):** I will finish, and then I will bring you back in. We have had a 20-minute conversation, and I have tried to ascertain how you will find £134 million of savings. To date, we have not heard any tangible examples of how you will do that.

**Mr Snowden:** I need to be very precise about this.

**The Chairperson (Mr Brett):** Please do.

**Mr Snowden:** I am not projecting an overspend of £134 million.

**The Chairperson (Mr Brett):** Do you want to tell me how you —?

**Mr Snowden:** I have to be precise about this. There is no overspend in the current financial year. That is not happening in the Department for the Economy. We are on track to live within our budget allocation for 2025-26.

**The Chairperson (Mr Brett):** If you are on track to live within it, please tell me how you will find £134 million.

**Mr Snowden:** That is for the next financial year. I am saying, and you will remember this from one of the slides, that my task is to turn that less-than sign into an equals sign. =

**The Chairperson (Mr Brett):** Tell the Committee how you will do that.

**Mr Snowden:** We will have to find ways in which to do that. I have to be very careful not to suggest that I am telling you that we are going to overspend next year. It is my job to make sure that that does not happen.

**The Chairperson (Mr Brett):** Tell me how you will save £134 million next year, because I have been asking for 20 minutes.

**Mr Snowden:** The Minister will take those decisions. I cannot communicate them to you until she has made them.

**The Chairperson (Mr Brett):** When is she going to take those decisions?

**Mr Snowden:** As I said previously, when she returns from America.

**The Chairperson (Mr Brett):** She is going to make the decisions on Thursday, then.

**Mr Snowden:** Next week.

**The Chairperson (Mr Brett):** The decisions will be made by the Minister next week.

**Mr Snowden:** We will be talking to her about decisions next week.

**The Chairperson (Mr Brett):** Ian, you just said that she will make the decisions when she returns, so when is she going to make them?

**Mr Snowden:** Precisely. That is —.

**The Chairperson (Mr Brett):** You said that I need to be careful with my language, so you need to be careful with yours.

**Mr Snowden:** She will return from America on Sunday, and we will have discussions with her next week. At this precise time, I cannot control or determine for you when she will make the decisions.

**The Chairperson (Mr Brett):** Is it therefore correct that you do not know when she will take the decisions?

**Mr Snowden:** I do not know when she will take those decisions.

**The Chairperson (Mr Brett):** I will bring in colleagues shortly, but I have one further point to make, Ian, and it concerns annually managed expenditure (AME) funding allocations. As a result of a decision that the Chancellor made in the Budget — this relates to the renewables obligation scheme — according to the Department of Finance, £81 million in resource is being made available to the Department for the Economy from 2026-27 to 2028-29 for support with energy costs.

**Mr Snowden:** No.

**The Chairperson (Mr Brett):** The Department of Finance is therefore incorrect.

**Mr Snowden:** Sharon, are you aware of that?

**Ms Sharon Hetherington (Department for the Economy):** No, I am not aware of it.

**Mr Snowden:** No, I have not heard that we are getting an additional £81 million for support with energy costs.

**The Chairperson (Mr Brett):** Department for the Economy officials are working on a business case that they will submit to Treasury to deal with the design and delivery assumptions about the scheme here.

**Mr Snowden:** We are working on energy support schemes, but there has been no allocation of money made to the Department for the Economy.

**The Chairperson (Mr Brett):** OK. When the Department of Finance says that £81 million in resource AME has been set aside for 2026-27 to 2028-29 —.

**Mr Snowden:** That is AME funding rather than DEL expenditure.

**The Chairperson (Mr Brett):** I did not say DEL. I said AME.

**Mr Snowden:** It is AME funding.

**The Chairperson (Mr Brett):** That is as a result of a decision taken by the UK Government to reduce energy bills across the United Kingdom by, on average, £150 a year. I have been corresponding, through questions for written answer, with the Department for the Economy about how that will impact on Northern Ireland and how consumers here will have their bills reduced. We first had the assertion from the Department for the Economy that the renewables obligation did not exist in Northern Ireland and so was not transferable. We have now had confirmation, following further questions from me, that Treasury has confirmed 75% of that, so there will be £81 million available over the next three years. That is available from 1 April. The people whom I represent want to know what the Department for the Economy is doing to reduce their overall bills. The finance is available to you in less than three weeks' time, but, to date, you have not submitted a business case to Treasury to lower people's bills. I am therefore trying to ascertain what the story is.

**Mr Snowden:** I do not have the detail of that with me at the minute, Chair, so I will have to respond to you in writing on the detail of that particular programme.

I am aware of the renewables obligation funding in outline, but I have not had a chance to discuss it in any detail with the officials on the energy group.

**The Chairperson (Mr Brett):** That is remarkable, Ian. We are in a situation in which oil prices are at a record high. The prices at petrol pumps are at a record high for consumers in Northern Ireland. We have had calls from all political parties, including the Minister for the Economy's party, to lower people's bills. There is finance available to do that in less than three weeks' time, yet you, as permanent secretary, do not know anything about it.

**Mr Snowden:** Energy prices shift rapidly. There is no doubt about that. I do not know yet the detail of what is being worked up to go to the Treasury. It would normally come to me when the detail has been developed. I am aware that the work is under way at the minute, but, no, I do not have the detail to hand.

**The Chairperson (Mr Brett):** Given that we are in a situation in which we have £81 million available to us to support consumers across Northern Ireland during a cost-of-living crisis, I would have thought that it would be the top issue for the Department for the Economy to be working on. That funding is available in less than three weeks' time, and we do not even have a business case put together. Consumers in other parts of the United Kingdom will feel the benefit of lower bills, but, once again, help for those in Northern Ireland will be delayed because the Department cannot seem to put together a business case or a scheme.

**Ms McLaughlin:** Thank you very much for the detail in your slides. It does not make for good reading. The capital position is, as you said, really challenging. It is more challenging than that of the resource budget, but there is not much difference between the two, to be honest. You said in your presentation that allocations may change marginally but not fundamentally. That greatly concerns me.

You indicated that the structural deficit in higher education funding sits at around £8 million. You also indicated that the MaSN has gone up but that the teaching grant has not gone up, which is causing problems for the universities. I am really concerned about the Magee situation, given the scale of funding that is required and the fact that the scale of ambition is not matched in any of the budgets, even in the projections. There is therefore a real risk to that project, which is meant to be one of the key programmes for delivering regional balance in the north-west.

An allocation of £11 million has been made this year, but there is a sustained requirement for capital and resource funding in order for us to get to 10,000 students by 2032. Can you speak about the promises that the Minister made to deliver the project on time by 2032? What will happen should capital and resource not be allocated to it? Will you also speak about the fact that the universities are under extreme pressure? You indicated that Magee's current numbers are under extreme pressure as well, because the cost of providing allied health professional and nursing places has been exceeded by £6.2 million. Additional resource is therefore required.

We are going to Derry tomorrow to talk about the progress that has been made on the expansion of Magee, but there is a real cloud hanging over that visit, if the figures are to be believed. Is there some other way in which the project can be funded?

**Mr Snowden:** There is another way, although it has not been considered politically acceptable to date, and that is to increase student fees. If that were done, it would substantially increase the amount of money available to the higher education sector. Broadly speaking, in order to increase the numbers at Magee to 10,000 students and maintain those numbers — there are also aspirations to grow the numbers at the Coleraine campus — an additional £40 million a year would probably need to go into the higher education system. That can be done only either through an additional allocation from the Executive to the Department or through increasing student fees. Those are the two options that are available to us.

**Ms McLaughlin:** The Minister has indicated that she is not considering raising student fees. Are you saying that, if she does not, the project is in jeopardy?

**Mr Snowden:** I said that either student fees are increased or the Department receives an additional allocation of £40 million a year in resource expenditure to allow expansion to take place by 2032.

**Ms McLaughlin:** From where would that increased expenditure come?

**Mr Snowden:** It would have to be allocated by the Executive.

**Ms McLaughlin:** It is a priority project in the Programme for Government, so it would have to be allocated directly from the Executive.

**Mr Snowden:** Yes.

**Mr Snowden:** How hopeful are you that that will happen?

**Mr Snowden:** Those are decisions that the Executive have to take collectively as part of their Budget deliberations, in light of all the other pressures on all the other Programme for Government priorities.

**Ms McLaughlin:** Can we talk just about the universities? They are struggling as it stands. You said that the COVID-related funding had acted as a buffer in the system over the past number of years, but that money is all gone now. There is an existing student places allocation, but there is no teaching grant allocation. How vulnerable therefore are those places?

**Mr Snowden:** Do you mean the current number of places at Magee?

**Ms McLaughlin:** Not just at Magee but at all the universities.

**Mr Snowden:** OK. Both universities tell us that they are running quite substantial financial deficits in the current academic year. They are projected to have further deficits in the coming years. Both are autonomous institutions and have trustees, councils or senates to run them. They will be looking to take actions to make sure they remain financially solvent. That can possibly be done by only reducing their number of courses. In broad terms, that is one of the outworkings of what they are saying to us. We have asked the universities to provide us with a more detailed analysis rather than make a broad-brush statement that they would have to reduce the number of places available. Alternatively, they could fill places with overseas students, but current UK immigration policy is pushing in the other direction. That is essentially how they have plugged the gap for the past 20 or so years, but overseas student numbers are also reducing.

I will not say that the universities are experiencing financial distress, because that would give the wrong impression. They are, however, facing financial pressures. They are also delivering quite a lot for the Department and the Executive, including the city and growth deals projects. Ulster University has the Magee expansion, and the universities also undertake a lot of research and development activity. They work closely with us on a number of different projects, so they are delivering a lot of additional benefits. They will have to consider the degree to which they can continue to do those things.

**Ms McLaughlin:** The investment in Magee from the Executive and the Minister for the Economy is very small compared with the investment that has been made to relocate the Ulster University campus at Jordanstown to Belfast. The economic dividend from the Magee expansion is extremely lucrative for the rest of Northern Ireland, however. How are you weighing up the expenditure on it, which has been minimal to date, against what has been spent on other campuses? Moreover, how are you weighing up the economic case for expansion of Magee against the investment that has been made in expanding the campus?

**Mr Snowden:** The expansion of the Belfast campus was funded largely out of financial transactions capital, so it is a loan not a grant. One of Ulster University's financial requirements is to continue to repay that loan each year, so it has to hold a certain amount of money in reserve for that.

**Ms McLaughlin:** Some of it did come from the Government as well.

**Mr Snowden:** Some did, yes. To date, we have spent in the region of £15 million on purchasing sites to allow for the sufficient expansion of teaching accommodation. Money from the Shared Island Fund has funded a building on the campus. That funding will allow Magee to accept almost 10,000 students, which may be as many as it will require. Quite a bit of investment is therefore going into the campus.

Once we get into it, we are then talking about things such as how student accommodation will be funded. We are in active discussions with Ulster University on how that accommodation might be delivered most effectively, and options are being pursued there. The student accommodation in and around the north Belfast campus was privately funded and delivered. It was not delivered out of capital grants. Options of that nature may also be available in the north-west. We are therefore looking to progress what we can from within the budget that we have in order to make the Magee campus as successful as it can be. When it comes down to it, however, if we want more students to receive tertiary education in Northern Ireland, there will be an additional cost involved, and that will have to be funded.

**Ms McLaughlin:** You are saying that the overall capital position is potentially facing a cut of 60%.

**Mr Snowden:** In spending power, yes, by the time that we get towards the end.

**Ms McLaughlin:** Towards the end in 2029.

**Mr Snowden:** Into 2030.

**Ms McLaughlin:** Right. That will therefore curtail a considerable amount of what can be done.

**Mr Snowden:** Construction inflation is running well ahead of standard inflation. That is well evidenced and attested to.

**The Chairperson (Mr Brett):** Pádraig Delargy is next, but if any members have to be in the Chamber by 11.00 am, I ask that they indicate that to me, and I will call them after.

**Mr Delargy:** Thank you for your presentation. This is a very difficult Budget period. The fact that the Department is not over budget this year is encouraging. We have to look at this in the context of the potential of a three-year Budget and the certainty that that will give all Departments but particularly the Department for the Economy when it comes to planning its skills programmes and so on.

I have looked at some of your figures. First, they show such a lack of investment from Westminster. We are critically underfunded. There is also a lack of investment in the programmes that were put in place. You mentioned in your spring Supplementary Estimate

memorandum that there has been a £16.9 million reduction in NIO funding, a £7.6 million reduction in funding from the UK Shared Prosperity Fund and a reduction of almost £1 million in PEACE PLUS funding. Contrast that with the benefits from money from the Shared Island Fund, which is coming to Magee in particular. There is a contrast there, and it shows the benefits of working together across this island. That is therefore something that we need to look at.

On that note, and before I move on to asking about the graduate entry medical school, I would like to get a better understanding of the Shared Island Fund projects that the Department is currently working on and of those that it intends to work on in the time ahead.

**Mr Snowden:** Mark, would you like to talk about entrepreneurship?

**Mr Mark Lee (Department for the Economy):** Yes. We have funding from the Shared Island Fund to support a lot of work with businesses. There is a sustainability fund. Three projects were announced for Northern Ireland recently, including one at a company that makes doors to help increase energy efficiency. There are a couple of other important projects, and we have announced some others. Engagement is ongoing with the responsible Department in the South to look at how we can do more in that space. Some really good projects have been announced already that are helping companies in Northern Ireland grow, expand and become more efficient in what they do.

**Mr Snowden:** There is a £30 million entrepreneurship programme that InterTradeIreland delivers on both sides of the border. There is money from the Shared Island Fund for the teaching block at Magee campus, for which planning permission has, I think, been secured and on which work will start relatively soon. You will probably hear more detail about that tomorrow. We have a number of research projects, including an all-island working study of the cross-border mobility of workers — that kind of thing — and what issues are experienced there. We can get a full list, as I said earlier, if the Committee is interested.

**Mr Delargy:** That would be very useful. Look at the benefits of the graduate medical school in Magee: we saw last year the first cohort of students who have completed their medical training there, and over 80% of them continued to work in the north-west, bringing huge health and social benefits to our region.

One of the things that was mentioned last week by your energy division was staffing. The team mentioned that they were bringing on new staff. I am curious about that, in the context of what you said about staffing and how you see the need to alter models of staffing or change that. Obviously, there are huge skills in your Department, and bringing on new staff and training them is an important part of that. With the budget allocations, how will you ensure that there continues to be a good stream of highly skilled people coming into the Department, building their skills and growing within the Department?

**Mr Snowden:** There is quite a lot of churn annually in staffing. People retire, leave to go for other jobs, get promotions and move to other Departments, so there is always quite a lot of activity. Typically, we carry quite a high number of vacancies. The energy team talked to you last week about their staffing, and they are filling vacancies, but there is a limit to the number of posts that we can afford. In the energy group, to be able to move everything at the pace at which they would like to move, they estimate that they would need, potentially, up to another 80 people for a period of time, and then it would decrease again. In other parts of the Department, we have vacancies that we can afford to fill but it has not been possible to find people with adequate skills. It is difficult to get health and safety examiners or inspectors, careers advisers, full accountants and IT people. There are a lot of professions in the Civil Service that are hard to recruit into. Some of that is down to pay rates, by comparison to jobs in the private sector.

We have a complex operation to run. In the autumn, we went through a very detailed analysis of all the different parts of the Department to find out where the vacancies were and what we could do to address them. We then worked out a series of things about reallocating staff within the Department. However, as I said at the very outset, there is quite a number of things that the Department cannot do, and therefore our scope is not unlimited in that.

In October last year, I authorised the use of Copilot licences at all staff officer posts and above in the Department. There was a relatively small cost to it, but it has been very successful in its roll-out. The effect of that is, essentially, not to reduce the number of staff that we need, but to increase the capacity of each member of staff to get more done during the course of a day, because it is like having

a personal assistant. Those who use it properly say that they find it to be a tremendously beneficial tool to help them get work done. Therefore, we will continue to roll that out. We have invested a fair amount of time in training people in how to get the best out of Copilot. Some of the staff say that it is pretty much transformational for how they work, so we want to continue to realise the benefits of it. However, we will not have money to pay for more people. That is the top-line answer to that. While we might prioritise by moving people around from one place to another, there will never be enough bodies in the Department to get all the work done at the pace that everybody requires.

**Mr Delargy:** I am glad to hear that you prioritise retaining staff and ensuring that they have the skills and support to do their role, because that is my next point. Working with a smaller complement of staff, how can you continue to do the work that you have said? Having been a member of the Public Accounts Committee, I know that there are recurrent issues in staffing and retaining staff, particularly within certain roles in the civil service, so it is reassuring to hear you say that. One thing that we always hear about in all Departments is potential siloed working. This gives people the opportunity to work across different divisions or, indeed, project areas in the Department simultaneously. I would be grateful if you could speak to that.

**Mr Snowden:** In speaking to one of the slides, I mentioned the process of stripping out inefficiencies in how the Department operates. Some of those are to do with siloed working, with people in different divisions or teams duplicating things in parallel. There is also duplication between us and our partner organisations and arm's-length bodies. It is possible that we could share quite a lot. Yesterday, in a conversation with a couple of our partner organisations, the topic of opportunities to bid for Shared Island funding or funding from UK sources came up. We talked about how, if we worked together, we could be much more effective at doing that. We are in a continuous process of making the Department more unified in that sense. From my time in the Department, my observation is that, although it has existed for the best part of 10 years, there is still a reasonably clear distinction between the bit that used to be the Department for Employment and Learning and the bit that used to be the Department of Enterprise, Trade and Investment. There is still a slight difference between the two, but we are substantially breaking that down. We are seeing a lot more joint working across the Department. There is a lot further to go on that, and some of that is about management.

**Ms Louise Watson (Department for the Economy):** I will add a real-life example from the skills and education group. There has been much greater alignment across the divisions on the governance and oversight of further education colleges. The group was restructured recently to better meet the requirements of governance reporting; indeed, we have made efforts over the past year to reduce reporting requirements by having information that is readily available from an IT system passed on internally, as opposed to there being continuous multiple information requests.

In further education, we have implemented a partnership agreement, which is due for review in the next 12 months. As Ian said, proportionate autonomy, reducing bureaucracy as far as possible and relying on assurances from accounting officers will be a key part of that. We have worked hard with universities on their outcome agreements to do exactly the same. Efforts to reduce bureaucracy through asking only once for information, as far as possible, and making best use of it are part of that work.

**Mr Delargy:** That is encouraging. Within that, it is about better use of time and resources. As you know, I am keen to see the colleges retain that autonomy. While there are functions on which they can work together, it is about ensuring that there is regional autonomy and independence for colleges. I know that that is part of the Minister's vision.

**Mr Honeyford:** Thank you, Ian, for coming in. I will start with staffing. You have some great staff whom we see regularly, but I also want to nip something in the bud. We often come away from these sessions with the Department more frustrated than when we came in; we come away with more questions than answers. Is there a cultural issue in the Department that means that, when staff are in front of us, we do not get answers to simple questions?

**Mr Snowden:** I am aware that there was a challenging session a couple of weeks ago and that the Chair expressed frustration about that. I do not know that there is a cultural problem that results in withholding information. You might find that I am slightly more direct in my responses. There is a culture of deference in that people do not want to tell you things that they think you might not want to hear. If there is a culture problem, that is it.

**Mr Honeyford:** OK. I appreciate that. However, it is not a one-off. It does not happen every time, because there are some great officials, but it is building and building: when we ask a simple question, we never get a yes or no answer, and questions are asked back at us. There is something there.

I am trying to work out how we can grow the economy when we are cutting investment in it. How is that possible?

**Mr Snowden:** We have to look at ways of doing so that are as effective as they can be with the money that is available to us. That is what we, as officials, have to do: produce options that will deliver that for us. We may be able to explore alternative business models. I have already mentioned that the funding for Invest NI has been progressively reduced over a number of years. Its business model has largely been the provision of grant support to businesses, but there may be different things that we can do to substantially, if not entirely, meet the same policy objectives with a slightly different approach. We want to discuss with Invest NI how it might use more access to financial transactions capital more substantially and whether there are different things that we can do to support businesses to grow and shift the focus from where it is currently.

We want to make sure, as far as we can, that we continue to provide the flow of skills into the economy that is required. If we have to reduce the number of people who can be trained through our mainstream skills programmes, we will have to look at which of those courses deliver the greatest economic benefit. That will not be welcomed by some young people who may wish to pursue a particular career and might find it more difficult to find a place that suits them. However, we have to think about the economic impact of those choices, and we have to work together as a family of organisations in the Department for the Economy to ensure that we join up as best we can. There are skills programmes delivered by the Department, the FE colleges, Invest NI and NI Screen, amongst others, and we have to make sure that all of them are as aligned as they possibly can be so that we spend every pound that we can on the provision, and as little as possible is spent on the administration. Those are the things that we need to do. However, fundamentally, if we had more money to spend, we could achieve greater results.

**Mr Honeyford:** You said that there is a 37% demand for apprenticeships and skills programmes, and all that is rising. Yet, according to the paper, you are cutting Invest NI and skills. You are actually cutting the front-facing bit that is growing our economy, and there is very little on the Department itself here.

**Mr Snowden:** We can give you figures for the Department's expenditure over a number of years. When you say the Department itself, do you mean the size of the Department, the budgets, the salaries or the programmes that we deliver?

**Mr Honeyford:** Look at skills first, and then look at that. How do you continue to grow the economy if you reduce the number of opportunities for people to become skilled and work in our economy? How are businesses supposed to grow and bring economic benefits? They create the jobs. How can they get people if we are actually limiting — you used the word 'cap' — the number of people who we are giving opportunities to?

**Mr Snowden:** Earlier in the presentation, I said that there are no options to achieve the degree of savings required that will not have a detrimental impact. The answer to your question is that we will not be able to grow the economy in the same way if we have to make very serious cuts to that. Your starting point was that the Department was not taking any cuts. I can provide you with a set of charts and tables to demonstrate that the Department has reduced and cut and limited —.

**Mr Honeyford:** What is in front of us is that you have moved four offices into one office.

**Mr Snowden:** That is not the sum total of what we have done, Mr Honeyford.

**Mr Honeyford:** It is the first of your actions taken.

**Mr Snowden:** It is just an example.

**Mr Honeyford:** It is what you told me.

**Mr Snowden:** It is an example of what we have done.

**Mr Honeyford:** There is nothing else. Reduce the number of staff. When we look at the figures, you have not done that. It is 50.

**Mr Snowden:** There is a chart that shows that we have done that.

**Mr Honeyford:** It is 50.

**Mr Snowden:** OK. Without access to a voluntary exit scheme to fund redundancy payments —.

**Mr Honeyford:** You did that for FE. Front-facing again.

**Mr Snowden:** Yes, we did. A large proportion of the redundancies in the FE colleges were back office staff, not teaching staff. Louise was heavily involved in that.

**Ms Watson:** There was an agreement across the six colleges about the conditions and requirements for the voluntary exit scheme. There was a very heavy level of oversubscription to the scheme, but it was the responsibility of the accounting officer, as part of the approval for the business case for the reform-to-save staff exit scheme, that they would prioritise front-line services. There was an agreement, and each organisation carried out an analysis. If courses were going to be reduced, it would be because of a lack of demand. There was also an affordability and sustainability element to that. It was courses with perhaps three or four students on them that could not be sustained. Therefore, we were seeking to drive up average class sizes in the colleges, but a proportion of those leavers were from administrative and support services and management grades in the colleges.

**Mr Honeyford:** I have been calling for the Skillnet Ireland model for what feels like forever, where business controls and we develop the courses. We had that at the PAC. We have a lot of courses that should be designed around what the jobs and opportunities are to skill workers to give them brilliant careers into the future. Everything that moves to becoming more lean and making it better for people, I support 100%. However, when I look at those numbers, it seems that FE is taking the hit and Invest NI is taking the hit, but the Department is not. Compare it with the South. You have roughly the same amount, but the South has twice the population at least and is a massive economy. I do not understand why the Department is not looking at itself.

**Mr Snowden:** The Department is looking at itself. At the outset, as I said in relation to what the Department spends its salaries budget on, we do deliver an awful lot of front-facing, front-line services, to use your turn of phrase. Approaching half of our staff are involved in that kind of activity. I think that the assumption underlying your question is that we are all sitting doing process and policy and not actually delivering anything meaningful —

**Mr Honeyford:** I wish that you were doing that, because we would love to see it coming through.

**Mr Snowden:** — but that is not the case. It is very much a public-facing delivery Department as well as being a policy Department. I am not saying that the Department could not —. As I said, one of the things that we are going to do is a systematic process to strip out all the inefficient processes that we can find or make them as lean as we possibly can. However, I think that I would be misleading the Committee if I were to give any hint of an impression that that would go any distance towards achieving the savings that are required to deliver on the budget. It would maybe save us, I do not know, a few million pounds a year. That is well worth doing, and we will definitely do it. However, that is not the same thing as delivering huge sums of money to invest in the front line.

**Ms Watson:** Can I perhaps build on that point? I think that one of the —.

**The Chairperson (Mr Brett):** I want to move on to Mr Kearney, because he has to leave at 11.00 am and has not had an opportunity.

**Mr Kearney:** Thanks, Phillip.

Thanks for the detail and everything that you have set out, and also for your candour. It seems to me that what we are looking at is the outworking of a long-term structural problem. To borrow a phrase, chickens are coming home to roost. We have had a cumulative net reduction over an extended period of years in our public expenditure settlement. Do you agree?

**Mr Snowden:** There are different ways of interpreting that, so I would need to look at the figures. However, I think that it is also true to say in the current year that —.

**Mr Kearney:** I am speaking in global terms, not just about your Department.

**Mr Snowden:** In global terms, I think that the best you could say is that it has not had any real-terms increase.

**Mr Kearney:** I say that there has been a cumulative net reduction. You have also pointed out, if I have understood you correctly, that what you are contending with across the departmental family and your expenditure challenges is directly affected by externalised inflationary pressures. Is that a fair description?

**Mr Snowden:** Yes. There is demand for the services that we provide, there are decisions taken on public-sector pay that affect us, and then there are other general economic inflationary pressures.

**Mr Kearney:** It is very stark when you describe a real-terms cut of almost 60%. To understand that, is it fair to say that this has not come immediately from left field — that this is not something that has simply materialised in the course of the past 12, 18 or 24 months?

**Mr Snowden:** We had not anticipated the degree of reduction in the draft Budget allocations on capital. When we talked about this, it was assumed that there might be the same amount of money — no increase, but the same amount of money in cash terms. That is in the context of the draft Budget making large allocations to the A5 to be delivered over that time, but we do not know whether that will be delivered on the revised schedule. Other capital expenditures have taken a reduction to pay for that.

**Mr Kearney:** When you take out the ledger and relate that to what has been happening over the past 10 to 14 years, you see that we have seen a cumulative net reduction in public expenditure allocations to the North.

**Mr Snowden:** The block grant capital has not increased — certainly not in line with construction inflation rates. The resource expenditure position is different.

**Mr Kearney:** We are essentially saying the same thing, but you are choosing much more political and diplomatic language.

**Mr Snowden:** I would say "non-political". *[Laughter.]*

**Mr Kearney:** Non-party political language. Finally, Ian and colleagues, based on what you have set out for us, how does the landscape that you project compare and contrast with recurrent funding for your Department, within the departmental family, over the preceding five years?

**Mr Snowden:** It continues the pattern that we have seen.

**Mr Kearney:** Which is?

**Mr Snowden:** Essentially flat, with marginal increases in the resource allocation — in fact, the total allocation budget. I did a quick analysis yesterday. You have not been able to see this chart; I just did it yesterday. The blue and green are the capital and resource added up. This is the current year that we are in. It is the highest that we have had in cash terms, but the red line is inflation since 2019. For an extended period — since the Department was funded, more or less — we have seen an increase in our expenditure of 1%. By comparison, the Department of Education has seen an increase of about 60%. The choices that have been made at Executive level have been to invest in the schools system, not in the part of the education system for which this Department is responsible.

**Mr Kearney:** My final point, Phillip, is an observation.

Based upon all of that, it seems to me that you, as the strategic management team in the Department, and the Minister, are faced with invidious choices. However, while they are invidious choices, you are caught in the context of very extreme economic and fiscal headwinds. That is not something that is

unique to the past 12 to 18 months. There is a context that has emerged and developed out of our financial and economic situation over a period of 10 to 12 years. That is an observation that I am sharing with you. Thanks for your evidence.

**Ms Forsythe:** Thank you all for being here. Ian, the last time that you and I spoke about this Department was when I was on the Public Accounts Committee. It would be remiss of me not to mention the fact that, in the past two years, this Department has sat on disclaimed accounts. That is unprecedented for any Department in the UK and the Republic of Ireland. To have that situation in a Department that has a higher number of accountants than any other Department is an awful position to be in. We have discussed the detail of some of the things in those accounts before. Coming from that background and having that knowledge, how can we have confidence in the numbers that we have for 2025-26 and the projected budgets?

**Mr Snowden:** The reasons for the disclaimer on the accounts were largely due to problems that we had with the consolidation of those accounts and the fact that we were unable to trace a proportion of the expenditure that had to be adjusted when the accounts were being consolidated, compared with the individual components when they were being audited. That problem has largely been dealt with.

**Ms Forsythe:** You are going to be disclaimed in 2025-26 as well.

**Mr Snowden:** Yes, we will. The Comptroller and Auditor General explained to the PAC that that is because the issue that she has found will affect the opening balance of prior year accounts, which have to be taken into account when the accounts are set. We had a meeting of our audit and risk committee two weeks ago, at which the audit manager from the Audit Office told us that we were going to have our second year of having no issue with the consolidation process, and we effectively have a clean set of accounts and a clean closing balance.

**Ms Forsythe:** Are you confident that you can provide a level of assurance to the Committee on the projected budget for 2025-26 that you have presented here?

**Mr Snowden:** Yes, we are.

**Ms Forsythe:** You can understand that, from my perspective, disclaimed accounts are accounts with the worst possible opinion, where the C&AG will not even put their name to them — huge balances; £4-5 billion for student loans. It is absolutely unprecedented for a Department. So it is very difficult for me now to move to this Committee and look at these budget figures and projected pressures on the budget and have confidence in the figures. That is what I am getting at. I just want to highlight that.

I know that we are under pressure for time, but I want to quickly move to arm's-length bodies. How many arm's-length bodies are there in the Department for the Economy?

**Mr Snowden:** There are 17 in total, if you count the FE colleges separately.

**Ms Forsythe:** I note where your money is spent. Half your budget goes on arm's-length bodies. I pulled out the 2024-25 accounts, and about £286 million of that is spent on salaries. About 70% of the budget of arm's-length bodies is going on salaries. We talk a lot about the review of arm's-length bodies. Have you conducted a review on whether those salaries are in line with the rest of the Department, or do they deviate substantially from central policies?

**Mr Snowden:** Some staff in the arm's-length bodies are on NICS terms and conditions. Invest NI, Tourism Ireland and NI Screen are all on that sort of pay scale. Some staff in the further education colleges are on National Joint Council pay rates, so, broadly speaking, they are aligned to local government salary rates. On grade comparisons, their salaries are marginally higher than Civil Service salaries. The FE college lecturers have a separate pay scale, which, in broad terms, is pretty much the same as the teachers' pay scale, although the individual points in it are different. That is an issue of ongoing negotiation with the lecturers' unions. However, across the board of all the arm's-length bodies, the pay rates are in line with equivalent public sector.

**Ms Forsythe:** There are 17 arm's-length bodies. On average, for pure existence and governance, it takes £1 million a year for an arm's-length body to exist. That is £17 million a year just to exist before they do anything else. With regard to looking for efficiencies, I did not see anything in any of your projections about a review of arm's-length bodies. You referred to how much money, if you saved it,

would wipe out particular functions, but have you reviewed the functionality of the Department for the Economy and looked at how many of those bodies you have to review them for potential efficiencies to make substantial savings?

**The Chairperson (Mr Brett):** Before you answer that —.

*The Committee went into closed session.*



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**To: Statutory Committee Clerks**

**From: Peter Hall, Clerk to the Committee for Finance**

**Date: 15<sup>th</sup> January 2026**

**Subject: Scrutiny of the draft Multi-Year Budget for 2026-29/30**

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Dear colleagues,

It has been the custom over the years for the Finance Committee to commission a round robin written exercise to all statutory Committees and the Assembly's Audit Committee to seek their views on their respective department's Budget. At its meeting on 14<sup>th</sup> January 2026, the Committee agreed to repeat the exercise.

As you are aware, the Department for Finance published a draft Multi-Year Budget for 2026-29/30 on 6<sup>th</sup> January 2026. This draft Budget is out for public consultation until 3<sup>rd</sup> March 2026. The Committee has noted that **this draft Budget has not been agreed by the Executive** and is, therefore, subject to change.

The Committee for Finance anticipates that you will be in the process of scrutinising your department's 2026-29/30 Budget. The Committee is currently scheduled to meet with departmental officials on the Multi-Year Budget on 4<sup>th</sup> February 2026, with further relevant stakeholder briefings to follow during that month. These sessions will be recorded by Hansard and will be shared with your Committee when available. **The Committee hopes that your committee will be in a position to give a view on its department's 2026-29/30 Budget at the end of February. As per custom, it would be the Committee's intention to bring forward a motion for debate on the draft 2026-29/30 Budget prior to the Easter recess.**

You will be aware that, following the recent December Monitoring Round Exercise, the date for the Supply Resolutions for the Spring Supplementary Estimates and Vote on Account, as well as the introduction of the Budget Bill 2026, with regard to finalisation of the 2025-26 Budget, has been announced as **Monday 9<sup>th</sup> February**. The Finance Committee continues to regularly receive Outturn and Forecast Outturn (OFO) for the 2025-26 financial year. DoF has included a range of additional pieces of data and information in the OFO, such as tables of variances between forecast and actual spend

and details on departments' over commitments. The Committee's intention is to continue to make data and information on departments' spending more accessible for committees to scrutinise.

The Committee anticipates that you will have received written or oral briefing about your department's position following the December Monitoring Round. The OFO following the Monitoring Round will be distributed to your Committees as usual. **In addition to giving a view on your department's 2026-29/30 Budget, the Committee would welcome any issues that you wish to raise about your department's 2025-26 Budget position and management.**

I would also note that departments were supposed to have completed their 5-year departmental business plans by Autumn of last year, however, these have not yet been published. This may be a matter for your respective committees to review in your own scrutiny as DoF had previously indicated that there would be rough estimated budgets attached to these plans.

The Committee would be grateful if your committee could submit a return indicating its views on your department's 2026-29/30 Budget, in addition to any comments you wish to make on its Budget 2025-26 allocation/management, by **noon on Friday 27<sup>th</sup> February**.

You will wish to bring this to the attention of your committee.

Regards,

**Peter Hall**  
**Clerk to the Committee for Finance**