

EMBARGOED UNTIL 16:00 THURSDAY 25 April 2024

PUBLIC EXPENDITURE

BUDGET 2024-25

WRITTEN MINISTERIAL STATEMENT

**DR CAOIMHE ARCHIBALD MLA
MINISTER OF FINANCE**

25 APRIL 2024

I was clear when I took up post as Finance Minister that I wanted to bring a Budget to the Executive and Assembly before the end of April.

This statement updates Members on the Executive's agreement on a Budget for 2024-25.

As required by Section 64 of the NI Act 1998, the funding allocated in this Budget is within the amounts notified by the Secretary of State on 20 March 2024 and set out in my statement of 26 March 2024. A table reconciling the allocations to these controls is provided at Annex C.

Despite the additional funding provided by the financial package this has been a very challenging Budget with funding request from departments outweighing the funding available for allocation three times over for day-to-day funding (Resource DEL) and one and a half times for Capital DEL.

Undoubtedly this has meant difficult decisions. Providing additional funding for one area means less funding for another.

As an Executive, we have to had to make tough choices and prioritise the funding envelope we have.

The scale of the challenges facing us won't be fixed by one Budget.

I have been pressing, and will continue to press, Treasury to ensure that the Executive is appropriately funded to deliver high quality public services and support workers and families.

Agreement of this Budget is the first step to putting the Executive's finances on a sustainable footing.

Resource DEL

The £14.5 billion of non-ring-fenced Resource DEL funding provided by the Treasury includes funding earmarked for agriculture, fisheries, security and tackling paramilitary activity. These amounts have been included in the budget outcome for the Departments of Agriculture and Justice. Also included was the £34 million included in the financial package for health and social care waiting lists. This has been provided to the Department of Health.

The funding provided by the Treasury is supplemented by almost £700 million raised through the Regional Rate.

In recognition of their independence, the budgets of the Assembly Commission, Audit Office, Public Services Ombudsman are agreed by the Audit Committee rather than the Executive. Therefore, the increase in the funding for these Bodies is a first call on the funding available.

There are also a number of areas where earmarked funding is provided by the Executive reflecting previous commitments. These allocations include:

• HIA, Victims, Truth Recovery (TEO)	£100.0m
• Welfare Reform Mitigations (DfC)	£45.0m
• Rates Rebate (Housing Benefit) (DfC/DoF)	£124.2m
• EU Peace Match Funding (various)	£6.8m
• Tackling Paramilitary Activity Match Funding (DoJ)	£8.0m

In previous years, the funding for Rates Rabate was provided to DfC. This has now been provided to both DfC and DoF to reflect the administrative arrangements, whereby DfC administer this for individuals of pension age and those of working age who have not migrated to universal credit, while DoF administer for those who have migrated to universal credit.

The Executive has agreed a number of further earmarked allocations including £9.9 million to DfC for the increase in the De-rating Grant, £1.6 million to DfC for the Office of Building Safety, £13.4 million to DoH and DfE for the Graduate Entry Medical School and £16.9 million to DoF for Integre8, which will provide NICS wide HR and finances Services, and Nova, which will improve rates collection. If the funding is not used for the purpose provided it must be returned to the Executive for reallocation.

Reflecting the Executive support for a Childcare Strategy, £25 million has been set aside to fund new and additional actions to those undertaken by departments within their remits on childcare. We may increase the funding for this in year when more refined proposals are brought forward.

After funding existing departmental baselines, and providing funding for these earmarked items, the Executive had some £958 million available for allocation to general departmental pressures. Each department has, to varying degrees, received some additional funding for their general pressures.

Combined with existing baselines these amounts form a Resource DEL funding envelope within which individual Ministers may prioritise their spending.

The Budget underlines our commitment to prioritise health with it receiving over half (51.2%) of the total amount provided departments for day-to-day costs (Resource DEL).

The allocations provided do not include specific funding for the Education Authority Pay and Grading Review. However, I am committed to working collectively with Minister Givan to find a resolution for these important workers. The Executive has agreed to seek approval from the Treasury to reprofile some of the repurposed funds provided in the financial package for this purpose once costs are confirmed.

The overall Resource DEL outcome for each department is set out in **Annex A**. With the departmental budgets excluding earmarked funding set out in **Annex B**.

Ring-fenced Resource DEL

The Executive agreed to allocate the ring-fenced Resource DEL funding as set out in the Secretary of State's letter. This can only be used for non-cash costs relating to depreciation and impairments.

Capital DEL

The £1.8 billion of capital funding notified by the Secretary of State has been supplemented by £220 million of borrowing under the Reinvestment and Reform Initiative and an anticipated £88.5 million of funding from the Irish Government in respect of the A5. This brings the total available for allocation to £2.1 billion.

While this isn't sufficient to meet all the demands, it will provide investment in our hospitals, school estate, roads and transport network, as well social housing.

As departmental Capital DEL budgets are established from a zero-baseline this full amount has been allocated as part of this process.

As with Resource DEL, the budgets of the Assembly Commission, Audit Office, Public Services Ombudsman have been set by the Audit Committee.

As well as the £88.5 million of Irish Government funding which has been provided to DfI for the A5, the Executive has also agreed a number of earmarked Capital allocation, these are:

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|---------|---|--------|
| • DAERA | Complementary Fund | £0.2m |
| • DfC | Sub-Regional Stadia Programme and Casement Park | £15.0m |
| | City/Growth Deals | £1.8m |
| | Complementary Fund | £0.5m |
| | Peace Plus Match Funding | £0.8m |

• DfE	City/Growth Deals	£13.9m
	Complementary fund	£4.3m
• DE	Strule Shared Education Campus	£20.0m
• DoH	Mother and Children's Hospital	£77.0m
	Fire and Rescue Learning Development Centre	£3.9m
• DfI	The A6 and the Belfast Transport Hub	£85.6m
	City/Growth Deals	£7.5m
	Peace Plus Match Funding	£7.2m
• TEO	HIA/Victims/Truth Recovery	£0.5m

These projects will support the construction industry, unlock economic benefits and make a hugely positive impact on people's lives here.

The remaining £1.76 billion has been provided to departments as a general allocation within which individual Ministers may prioritise their spending.

In addition, departments have been provided with £40.9 million of Financial Transactions Capital (FTC) allocations, meeting all bids in full. There remains £21.3 million FTC available to allocate. This funding may only be used or loans to, or equity investment in, private sector entities. All departments are asked to consider proposals to utilise the funding available.

Departmental Capital DEL outcomes are set out in **Annex A**.

Equality Considerations

This timeframe for agreeing a Budget is far from ideal.

In line with advice previously provided by the Equality Commission, to discharge section 75 duties in the context of budget, the Executive was provided with all the equality information provided by departments on the potential equality impacts of living within Resource baselines, Resource DEL bids and Capital DEL bids. The Executive considered these assessments before agreeing Budget 2024-25.

It is now for departments to carry out equality screening/impact assessment as appropriate in line with their own Equality Schemes. Once completed, this will enable the Executive to consider if any in-year adjustments are needed to departmental allocations.

Conclusion

No department has received the level of funding it has bid for.

With increased demands on services and rising costs, I recognise these allocations won't provide sufficient funding for departments to do everything they want - that is regrettable.

However, this Budget demonstrates the commitment of the Executive to despite the severity of the financial challenges facing us to work together to make tough choices and demonstrate the leadership that people rightly expect.

Table 1: Departmental Budget Outcome 2024-25

£million	Non Ring-fenced Resource DEL	Capital DEL (Net)	FT Capital
Agriculture, Environment and Rural Affairs	577.3	95.0	
Communities	856.0	133.4	29.8
Economy	766.6	221.9	3.7
Education	2,874.4	254.3	
Finance	208.1	38.9	
Health	7,759.8	416.8	
Infrastructure	559.5	820.1	
Justice	1,262.5	91.9	
The Executive Office	183.2	10.5	7.3
Food Standards Agency	11.9	0.5	
NI Assembly Commission	54.5	3.2	
NI Audit Office	10.2	0.0	
NI Authority for Utility Regulation	0.3	0.1	
NI Public Sector Ombudsman	4.4	0.0	
Public Prosecution Service	39.4	0.7	
Total Departmental Planned Spend	15,168.2	2,087.4	40.9

Totals may not add due to round.

£0.0m represents amounts of less than £50k

Table 2: Departmental Resource DEL Outcome Excluding Earmarked Items

Outcome Excluding Earmarked Items	2023-24	2024-25	%Change
Agriculture, Environment and Rural Affairs	229.8	243.8	6.1%
Communities	703.6	714.7	1.6%
Economy	749.8	761.1	1.5%
Education	2,576.6	2,873.8	11.5%
Finance	160.3	150.1	-6.4%
Health	7,261.2	7,716.0	6.3%
Infrastructure	521.6	559.5	7.3%
Justice	1,125.2	1,218.4	8.3%
The Executive Office	77.3	81.8	5.8%
Food Standards Agency	11.8	11.9	0.8%
NI Assembly Commission	47.6	54.5	14.5%
NI Audit Office	8.4	10.2	20.9%
NI Authority for Utility Regulation	0.1	0.3	179.2%
NI Public Sector Ombudsman	3.9	4.4	13.7%
Public Prosecution Service	37.5	39.4	5%
Departmental Allocations	13,514.8	14,440.0	6.8%

Totals may not add due to round

£0.0m represents amounts of less than £50k

The table above sets out a comparison between the 2023-24 Non Ring Fenced Resource DEL Budget announced on 27 April 2023, and the 2024-25 Budget, excluding certain Earmarked items. For these purposes the Earmarked Items removed include Treasury earmarked funding for Farm/Fisheries payment funding, security funding, NI Protocol, New Deal, New Decade New Approach and waiting lists. Also excluded is Executive earmarked funding for welfare reform mitigations, housing benefit rates

rebate, EU Peace match funding, funding for tackling paramilitary activity, increase in de-rating grant, Office of Building safety, Graduate Entry Medical School, Interg8, Nova and funding for Historical Institutional Abuse/Victims/Truth Recovery. The amounts required are ring-fenced for those purposes. As earmarked funding can change from year to year excluding these items gives a more direct comparison of day-to-day spending within departments.

Table 3: Reconciliation of Departmental Planned Spend to the DEL Controls

£million	Non Ring-fenced Resource DEL	Capital DEL (Net)	FT Capital
Total Departmental Planned Spend	15,168.2	2,087.4	40.9
<i>Centrally Held Items:</i>			
Delivering Social Change	0.6		
RRI Interest Payments	52.8		
Childcare	25.0		
Unallocated			21.3
<i>Total Centrally Held Items</i>	78.3		21.3
Regional Rate Income	-698.2		
RRI Borrowing		-220.0	
Irish Govt. Funding (A5)		-88.5	
NI DEL	14,548.3	1,778.9	62.2
<i>of which:</i>			
<i>Farm Support Payments</i>	329.4		
<i>Fisheries Payments</i>	3.1		
<i>Security Funding</i>	31.2		
<i>Tackling Paramilitary Funding</i>	4.8		
<i>Health and Social Care Waiting Lists</i>	34.0		