



**Northern Ireland
Assembly**

Committee for Communities

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To: Peter Hall, Clerk to the Committee for Finance

From: Emer Boyle, Clerk to the Committee for Communities

Date: 12 March 2026

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

Dear Peter,

Introduction

1. I am writing in response to your memorandum of 15 January 2026, in which the Committee for Finance sought the views of the Committee for Communities on the Department for Communities' (DfC) draft 2026–29/30 Budget allocation and issues relating to the Department's 2025–26 Budget position and management.
2. The Committee notes that the draft Multi-Year Budget published by the Department of Finance (DoF) on 6 January 2026 has not been agreed by the Executive and remains subject to change. On 30 December 2025, the Minister for Communities formally responded to the Finance Minister's Executive paper [EXEC-0177-2025] setting out the proposed draft allocations. The Committee received a copy of that response on 16 February 2026 having requested it on receipt of your Committee's correspondence.
3. On 26 February 2026, the Committee took oral evidence from departmental officials. The Committee's views, as set out below, are informed by the Department's written and oral briefings, the Minister's formal response to the Finance Minister, and the discussion among Members at that meeting.
4. The Committee agrees with the position established by the Executive that NI continues to be underfunded relative to objective need, and recognises the considerable challenge this presents for the Executive and the Department of Finance in distributing the resources available across competing priorities. Within that context, the Committee takes seriously its responsibility to scrutinise how the Department for Communities allocates and manages its own budget. In the Committee's view, there are areas within the Department's remit where targeted

investment would generate measurable returns, whether through direct savings to the block grant, reduced demand on other public services, or improved economic participation. The Committee considers that an invest-to-save approach in these areas is not merely desirable but necessary.

Budget 2025–26: Position and Management

5. Following the December Monitoring Round and the January 2026 Technical Exercise, the Department's latest 2025–26 position is £930.2m of Resource DEL, £272.9m of Net Capital DEL, and £31.4m of Financial Transactions Capital. The Department is managing within its Resource DEL allocation and is not contributing to the Executive's headline Resource DEL overspend risk.
6. During the December Monitoring Round, the Department secured £40.4m of Capital DEL against total bids of £67.7m, including £29.8m for New Build Social Housing, £8.6m for the Cladding Safety Scheme, and £4.0m for NIHE Disabled Adaptations. The additional social housing funding brought the programme to approximately 1,750 units for 2025–26, which remains below the target of 2,000 new starts. The January Technical Exercise yielded a further £6.5m Capital DEL for Disabled Adaptations and £2.4m in Ring-Fenced Resource DEL (Non-Cash) for depreciation and impairment.
7. The Committee notes that the Department returned £9.4m of the £16.9m allocated for benefit delivery staff recruitment, owing to the length of NICS HR recruitment processes. Officials confirmed that all 400 staff are expected to be in post by 31 March 2026 and that the funding requirement is therefore recurrent. The Committee considers this an area requiring continued scrutiny.

Draft Multi-Year Budget 2026–29/30

Resource DEL

8. The Committee notes with concern the scale of the projected Resource DEL shortfall. Against an opening baseline of £754.1m, the Department projects shortfalls of £174.4m (23%) in 2026–27, £210.5m (28%) in 2027–28, and £244.5m (32%) in 2028–29. These figures include a material funding gap in the earmarked allocation for benefit delivery, where the proposed £8.0m per year falls considerably short of departmental bids of £23.9m, £33.5m, and £34.8m respectively.
9. Officials informed the Committee that, even on a standstill basis, the Department faces an **inescapable Resource pressure of approximately £40m in 2026–27, potentially rising to over £60m depending on how the 2025–26 block overspend repayment is apportioned**. Of the £764m proposed allocation, a large proportion is pre-committed to staff costs, statutory obligations, and contractual commitments, leaving minimal discretionary spend. Officials advised the Committee that they will be required to present the Minister with scenarios involving cuts to programmes and services, for decision.

10. The Committee notes with concern that the proposed allocations would likely require the reduction or cessation of programmes across homelessness interventions and Supporting People, parity employment programmes (including JobStart), the Disability and Work Strategy, culture, arts, sport and heritage, the voluntary and community sector, urban regeneration and local government, and the Rates Support Grant.
11. **Benefit Delivery and Parity:** The Department currently has capacity to provide only 20–30% of required “into work” support, with at least 70% of Universal Credit claimants not receiving the employment support to which they are entitled. The 400 staff recruited in 2025–26 generate a recurrent funding requirement that has not been recognised in the draft Budget. Failure to secure full benefit delivery funding will cause Northern Ireland to fall further behind the rest of the United Kingdom in welfare service delivery. The Committee regards this as a serious concern.
12. **Executive Disability Strategy:** The Committee notes that the Disability and Work Strategy referenced above is itself a key action within the broader Executive Disability Strategy, which is currently in development. The Minister's response to the Finance Minister highlighted that this strategy received unanimous Executive endorsement. The Committee is concerned that the absence of funding for strategically important commitments at Executive level risks undermining public confidence in the strategies themselves and in the Executive's ability to deliver on its stated priorities for disabled people.
13. **Employment Programmes and Economic Inactivity:** Northern Ireland's economic inactivity rate stands at 27% (UK: 21%), its disability employment rate at 40% (UK: 52%), and NEET figures have risen by 53% in the past year. The Executive-endorsed Disability and Work Strategy has no funding allocated for its delivery, despite being a key action within the forthcoming Anti-Poverty and Disability Strategies. The Committee considers this a significant gap.
14. **Welfare Mitigations:** Mitigations are fully funded for the first two years of the budget period, with a shortfall in 2028–29 relating to the removal of the two-child limit expected to be addressed through indicative allocations. The Committee wishes to flag its concern regarding the absence of planning for the period beyond the current welfare mitigations legislative framework and urges early consideration of post-2028–29 arrangements to avoid a repeat of the funding cliff-edge experienced previously.
15. **Discretionary Support:** The Committee raised the status of the Discretionary Support scheme, one of the few safety-net provisions available to individuals in crisis. Officials confirmed it is not classified as inescapable and will be subject to Ministerial consideration alongside all other programmes. The Committee is concerned about the impact of any potential reduction or removal of this provision.

Capital DEL

16. The proposed Capital DEL allocation, while representing an increase of £40m on the 2025–26 opening general allocation, falls significantly short of the Department's inescapable requirements. After utilising departmental receipts, a shortfall of

£45.5m remains in 2026–27, rising to £69.6m in 2028–29, before any high-priority bids are considered.

17. **Social Housing:** The proposed £423m in RRI funding over four years, together with additional earmarked allocations, is largely committed to existing schemes (£408m), leaving approximately £34m for new home starts across the entire budget period. The 2025–26 SHDP target of 2,000 new starts was not achieved (approximately 1,750 delivered). Delivering the Housing Supply Strategy target of 5,850 homes within this mandate requires 2,600 new starts in 2026–27, necessitating approximately £235m before any other capital projects are considered. The Committee is supportive of social housing being treated as a top priority and has indicated its support for the earmarking of SHDP funding. However, Members raised concerns that delivery is contingent upon factors beyond the Department's control, particularly water and wastewater infrastructure capacity, and the Committee would ask the Committee for Finance to consider the importance of cross-departmental coordination to ensure housing commitments are not frustrated by infrastructure constraints elsewhere.
18. **NIHE Revitalisation:** Officials described this as the Minister's highest priority. The continued inability of NIHE to borrow is an immediate risk to the organisation's stability, leading to depletion of reserves and managed decline of housing stock. The Committee shares this concern and would welcome any update the Committee for Finance may have on fiscal framework negotiations as they relate to NIHE borrowing.
19. **Cladding Safety Scheme:** The Department's earmarked capital allocations are met in full under the draft Budget with the exception of the Cladding Safety Scheme. The Department took on this UK-wide responsibility on the basis that all costs would be funded. The Committee considers it important that this parity commitment is honoured.
20. **Flagship Sports Projects:** The draft Budget includes earmarked allocations for inflationary uplifts to Casement Park, the Northern Ireland Football Fund, Windsor Park, and Ravenhill, totalling in excess of £100m. Officials confirmed these were not bid for by the Department but were included by DoF. The Executive has not yet formally considered these contributions. The Committee notes the Minister's observation that agreed Executive commitments such as social housing remain underfunded while significant allocations are attached to projects without formal Executive approval. Members of the Committee hold varying views on this issue.
21. **High-Priority Capital Bids:** The Department's high-priority capital bids (£87.8m in 2026–27, rising to £240.4m in 2027–28) are entirely unfunded. Officials indicated there is no scope for new capital projects and that a decline in investment is likely. The Committee is particularly concerned about the impact on NIHE Disabled Adaptations, the Warm Healthy Homes Fund, and heritage and regeneration programmes.

Financial Transactions Capital

22. FTC bids have been met in full except for a manageable £2.9m gap in 2027–28. Allocations are predominantly housing-related. The Committee notes the proposed £50m FTC for the Northern Ireland Football Fund in 2029–30, and that the Minister has raised the terms attached to FTC with the Finance Minister. Members asked whether FTC could be broadened to support other sports, including cricket and hockey, and officials confirmed this is under active consideration.

Broader Committee Concerns

23. **Alignment with Executive Strategies:** The Committee is concerned and frustrated by the disconnect between the Executive’s stated priorities and the funding available to deliver them. Social housing targets, the Anti-Poverty Strategy, and the Disability and Work Strategy have all been endorsed at Executive level, yet none is adequately funded under the draft Budget. Members also emphasised the broad range of strategies that people on the ground are being told will make a difference in their lives but which have no funding attached. The Committee would urge the Committee for Finance to consider the credibility and deliverability of Executive strategies absent the resources to implement them.
24. **Rate Support Grant:** The Department bid for £12.4m per year but received no allocation. The current envelope stands at £3.1m. Members expressed the view that, given its direct link to council services and poverty, the Rates Support Grant should be ring-fenced at Executive level rather than being vulnerable to reductions within a constrained departmental settlement.
25. **Voluntary and Community Sector:** The Department provides approximately £33m annually to the sector. The draft proposals risk that sector’s ability to absorb inflationary increases and continue delivering vital services. Members raised the question of whether the social return on investment (SROI) generated by these programmes is adequately captured in bids submitted to DoF?
26. **Local Growth Fund:** The Committee echoes the Minister’s concern regarding the UK Government’s changes to the Local Growth Fund capital-to-resource split. No specific contingency is built into the draft Budget. Members noted that affected organisations are already on redundancy notice and that, while the Executive has made representations, the consequences for the sector are imminent and devastating. The Committee would ask the Committee for Finance to further consider what steps the Executive is taking to address this.
27. **Fraud and Error:** The Department has submitted a business case to HM Treasury seeking approximately £9m per year over five years, with estimated AME savings of circa £45m per year (50% of which *could* be returned to NI). An open-book exercise by Treasury has commenced. Officials expressed a high level of confidence in the projected returns. The Committee considers this a significant opportunity although there remain concerns about the detail, impact and complexity of any potential Bill. The Committee also intends to seek the outcomes of the Treasury open-book exercise as they relate to DfC.
28. **Staffing:** The Department employs 7,430 permanent staff alongside over 3,500 agency staff, reflecting years of constrained budgets. The Committee would

welcome consideration by the Committee for Finance of the wider cost implications of prolonged agency reliance across departments.

29. **Monitoring and Cumulative Impact:** The Committee asked how the Department proposes to monitor and report on cumulative service, equality, and socio-economic impacts over the multi-year period. Officials committed to quarterly updates but cautioned that scope for in-year easements is likely to be significantly reduced. The Committee notes the absence of published five-year departmental business plans, which were due in Autumn 2025. The Committee would ask the Committee for Finance to consider what reporting mechanisms should be in place to allow statutory committees to track cumulative impacts across the budget period.

Conclusion

30. The Committee acknowledges that the draft Budget has been framed in an exceptionally constrained fiscal environment affecting all departments. However, the scale of the projected shortfall facing the Department for Communities, across both Resource and Capital, poses a direct risk to the delivery of Programme for Government commitments, statutory obligations, and vital public services upon which some of the most vulnerable members of society depend.
31. The Committee would welcome the Committee for Finance's consideration of the matters raised in this response and looks forward to contributing to the Assembly debate on the draft Multi-Year Budget in due course.



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To: Statutory Committee Clerks

From: Peter Hall, Clerk to the Committee for Finance

Date: 15th January 2026

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

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 14th 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 6th January 2026. This draft Budget is out for public consultation until 3rd 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 4th 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 9th 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 27th February**.

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

Regards,

Peter Hall
Clerk to the Committee for Finance