



Northern Ireland  
Assembly

**Committee for Finance**

# Report on the Minister for Finance's 2026-29/30 Draft Budget

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Ordered by the Committee for Finance to be published 15 April 2026.

Report: NIA 163/22-27 Committee for Finance.

# Contents

- Powers and Membership ..... 3
- Introduction ..... 5
- The Draft Budget 2026-2029/30 ..... 6
- Committee for Finance Approach ..... 10
- Statutory and Audit Committee Scrutiny ..... 19
- Committee Scrutiny Summary ..... 30
- Links to Appendices..... 32
  - Appendix 1: Minutes of Proceedings ..... 32
  - Appendix 2: Minutes of Evidence ..... 32
  - Appendix 3: Department of Finance Papers ..... 32
  - Appendix 4: Written Submissions ..... 32
  - Appendix 5: NI Fiscal Council Report ..... 32

# Powers and Membership

## Powers

The Committee for Finance is a Statutory Departmental Committee established in accordance with paragraphs 8 and 9 of Strand One of the Belfast Agreement and under Assembly Standing Order No 48. The Committee has a scrutiny, policy development and consultation role with respect to the Department of Finance and has a role in the initiation of legislation.

The Committee has power to:

- consider and advise on Departmental budgets and Annual Plans in the context of the overall budget allocation;
- approve relevant secondary legislation and take the Committee Stage of relevant primary legislation;
- call for persons and papers;
- initiate enquiries and make reports; and
- consider and advise on matters brought to the Committee by the Minister of Finance

## Membership

The Committee has 9 members, including a Chairperson and Deputy Chairperson, and a quorum of five members. The membership of the Committee is as follows:

- Matthew O'Toole MLA (Chairperson)
- Diane Forsythe MLA (Deputy Chairperson)
- Dr Steve Aiken OBE MLA
- Gerry Carroll MLA
- Jemma Dolan MLA\*
- Deirdre Hargey MLA

- Harry Harvey MLA\*\*
- Brian Kingston MLA\*\*\*
- Eóin Tennyson MLA

\* Miss Jemma Dolan replaced Miss Nicola Brogan with effect from 11 February 2025.

\*\* Mr Harry Harvey replaced Mr Paul Frew with effect from 23 September 2025.

\*\*\* Mr Brian Kingston replaced Mr Phillip Brett with effect from 23 September 2025.

# Introduction

1. On 6 January 2026, in a written Ministerial Statement, the Minister of Finance launched his proposed draft budget for 2026-29/30. In the statement, the Minister confirmed that he was yet to reach an agreement with the Northern Ireland Executive on a final Budget.
2. The Minister confirmed that he had launched a public consultation on this budget on 6 January 2026, which ran for eight weeks until 3 March 2026.
3. This draft Budget covers the same period as the Chancellor's Spending Review which provided a three-year funding envelope for Resource DEL, from 2026-27 to 2028-29 and four years for Capital DEL, from 2026-27 to 2029-30.
4. The Chancellor's Autumn Budget led to an additional £372.3million of additional Barnett Consequentials. In a written Ministerial statement, the Minister of Finance outlined that "while this may sound like a substantial allocation, the reality is, when taken over a four-year period, it falls far short of what is needed."
5. The Minister has indicated that delivering Programme for Government priorities will require the Executive collectively, and individual Ministers, to take challenging decisions to prioritise the available funding to deliver the desired outcomes. The need for transformation and consideration of different ways of delivering could not be clearer.
6. The Minister has noted that Resource and Capital funding bids significantly exceed the available Budget. The Minister has urged ministerial colleagues to prioritise public sector pay settlements in their budget allocations from the start of the financial year.
7. As the responsible Committee for both the Department of Finance and the overall Budget exercise, the Committee for Finance undertook to scrutinise this draft Budget.

# The Draft Budget 2026-2029/30

## Resource DEL

8. The draft Budget increases the Domestic Regional Rate of 5% and Non-Domestic Regional Rate by 3% for each year across the budget period. These proposals would generate an additional £250 million over the Budget period. In total, the proposed Regional Rates will provide £771.6 million, £800.8 million and £830.5 million respectively in each of the three years. It should be noted that the Executive has agreed to this increase outside of this draft Budget.
9. The draft Budget includes £8 million of Treasury earmarked funding for the Executive Programme on Paramilitarism and Organised Crime in 26/27, as well as additional security measures, allocated to the Department of Justice. It also includes funding for transformation as part of the Executive Restoration Package, around £113 million over the three years. Additionally, £2.8 million per year funding for debt advice, is included as earmarked funding in the draft Budget. £355.5 million is allocated on work relating to the Windsor Framework over the course of the next three years.
10. Total earmarked allocations of Resource DEL amount to £196.3m, £197.7m and £205.1m over the next three years. Total earmarked allocations of Capital DEL amount to £99.7m, £100.9m, £85.4m and £61.4m over the next four years.
11. The Resource DEL available to the Executive once these Treasury earmarked items are provided for, is £16.1 billion, £16.6 billion, and £17.1 billion. These are supplemented with funding from the Regional Rates.
12. After providing funding for departmental baselines, oversight bodies, Reinvestment and Reform Initiative (RRI) interest payments, and statutory salaries there remains £1.3 billion, £1.8 billion and £2.3 billion to honour previous Executive commitments and provide additional allocations.
13. Previous Executive commitments include areas such as Agriculture, agri-environment, fisheries and rural development, Welfare Mitigations, HIA, Truth Recovery and Victims Payments. It also included the Early Learning and

Childcare Strategy for which £195 million has been proposed to continue supporting working families with childcare costs. Meeting these funding commitments leaves £0.5 billion, £0.9 billion and £1.4 billion across the budget period.

14. The draft Budget outlines a number of additional commitments that have been suggested for Executive Earmarked funding which reflect Programme for Government priorities. These include £495 million for Waiting lists and Elective Care, £133.3 million to meet in full the PSNI Workforce Recovery costs, £21 million for Skills, £15 million for Lough Neagh and £15 million for Ending Violence Against Women and Girls.
15. The Minister recommends that the Executive provides £95 million in Resource DEL over the three-year budget period to support projects recommended by the Public Sector Transformation Board.
16. The Minister proposes the creation of a strategic reserve which would involve setting aside £200 million in 2027-28 and £400 million in 2028-29.
17. This would then leave a total of £114.7 million, £430.9 million, and £714.2 million available for general allocation to departments. The Minister proposes due to the limited funding available that general allocations are provided to the Departments of Education, Health, Infrastructure and Justice only.
18. Funding is proposed of £9.4 million, £9.7 million and £2.2 million to the Department for Communities due to the costs of Welfare Mitigation and the removal of the two-child cap. £10 million has been set aside in 2026-27 to further enhance support to businesses. The Minister plans to bring forward proposals to the Executive that this funding could be utilised to enhance support through the Small Business Rates Relief scheme.
19. The Minister has urged ministerial colleagues to prioritise public sector pay settlements in their budget allocations from the start of the financial year.

## Capital DEL

20. The Treasury's Spending Review provided funding for Capital DEL across a four year period from 2026-27 to 2029-30 and the draft Budget covers the same timeframe.
21. Following Treasury earmarked funding for City Deals, Windsor Framework, Inclusive Futures Fund and An Ciste, the funding across the budget period for previous Executive Commitments and additional allocations is £2.3 billion, £2.4 billion, £2.4 billion and £2.3 billion respectively. This includes the supplemental funding from the Irish Government.
22. There are a number of areas where the Executive has made previous commitments. These include Strule City and Growth Deals and Flagship projects.
23. Flagship projects include £1.1 billion for the A5, with £527 million of this being provided by the Irish Government, £526.8 million for Mother and Children's Hospital, £101.5 million has been proposed towards the redevelopment of Casement Park specifically £67.1 million for the Sub-regional Stadia, £21.5 million for Windsor Park and £12.6 million for Affidea Stadium (Ravenhill).
24. The Minister has recommended further earmarked allocations for the Medical School at Magee, Special Educational Needs Estate, NI Water, Social Housing and Transformation. After allocating funding to these areas there remains £1.8 billion, £1.7 billion, £1.6 billion and £1.7 billion respectively for departmental general allocations.
25. This funding is supplemented by borrowing under the Reinvestment and Reform Initiative. The Minister has proposed borrowing the full amount available and that the funding of £231.5 million, £236.2 million £240.6 million and £245.1 million is provided for investment in NI Water, the Schools Estate and Social Housing. This brings the total funding earmarked for water infrastructure and for social homes to £433.7 million and £441.7 million respectively.

## **Financial Transactions Capital**

26. Financial Transactions Capital (FTC) has been provided on a net basis, meaning that there is no longer a requirement to make repayments to Treasury.
27. The Minister's proposals seek Executive agreement to extend this flexibility to departments, enabling them to recycle FTC receipts rather than surrendering them for in year reallocation.
28. The funding provided for FTC in the Spending Review exceeds the departmental bids in all but 2027-28. The Minister proposes that all bids are fully funded where possible and allocations in 2027-28 are distributed on a pro-rata basis.

# Committee for Finance Approach

29. The Committee received evidence from departmental officials during the draft Budget process at its meetings of 1 October 2025 and 18 February 2026 respectively. The Committee also asked questions of the draft Budget to the Minister of Finance during a briefing on 10 December 2025.
30. At the meeting of 1 October 2025, departmental officials confirmed that the Budget 2026-2030 information-gathering exercise was commissioned by the public spending group on 30 June 2025, and returns were due on 4 September 2025. The information-gathering exercise was designed as a first step to help inform the Executive's decisions on a multi-year Budget, reflecting the period covered by the spending review.
31. Officials confirmed that agreement was reached on an interim fiscal framework in May 2024. That resulted in a needs-based factor being included in the funding arrangements for the first time. The information-gathering exercise sought information on inescapable resource bids over the years 2026 to 2029, forecasts for 2026 to 2029 for Executive earmarked funds and details of capital departmental expenditure limit requirements for four years, from 2026 to 2030.
32. Departments were also asked to consider five year business plans which will give projections of what Departments think that they will spend and what their budget will look like over the next five year period.
33. During the briefing of 10 December 2025, the Minister outlined that since the spending review in June 2025, that there had been extensive engagement with Departments regarding information gathering for the multi-year budget. The Minister confirmed that Autumn Budget on 26 November 2025 confirmed the totality of resources funding from 2026 to 2029 and capital funding from 2026 to 2030.
34. The Minister also outlined that the ability for Departments to plan over a three-year period is a game changer and would allow Departments to think in the long term. A multi-year budget would allow Departments to plan strategically,

especially around workforce planning, pay awards and long term transformation. Transformation is much more easily achieved in a Multi-Year Budget than in a single-year Budget, and it also allows for efficiencies to be found and redirected to front-line public services.

35. The Minister confirmed that the current projected overspend for 2025-26 was £387 million and that any overspend would be deducted from 2026-27 funding. The Minister stated that he was reasonably confident that a multi-year Budget could be delivered.
36. On 6 January 2026, in a written Ministerial Statement, the Minister of Finance launched his proposed draft budget for 2026-29/30. In the statement, the Minister confirmed that he was yet to reach an agreement with the Northern Ireland Executive on a final Budget.
37. The Minister confirmed that he had launched a public consultation on this budget on 6 January 2026, which ran for eight weeks until 3 March 2026.
38. On 11 February 2026, the Minister confirmed in a Written Ministerial Statement that the Treasury has recognised the challenges facing the Executive, as well as the savings realised in 2025-26, and has agreed to provide the Executive with a reserve claim of £400 million Resource DEL in 2025–26. This will be repayable over three years: £80 million in 2026–27, £160 million in 2027–28, and £160 million in 2028–29.
39. The Minister confirmed that the Department of Education will receive a further £214.6 million and the Department of Health will receive a further £185.4 million.
40. On 18 February 2026, the Committee received a further oral briefing from the Department of Finance on the draft Multi-Year Budget. Officials confirmed that after the consultation an updated final Budget would be brought to the Executive for agreement and that there was a strong desire across all Departments to agree to a multi-year Budget.

41. Officials outlined the £400million reserve claim to address overspends. This would be repaid over the next three financial years. These repayments would be built into the draft Budget adding further pressures to the public finances.
42. A further session was held on 18 February 2026 with Pivotal, the Ulster University Economic Policy Centre (UUEPC) and Nevin Economic Research Institute (NERI) as regards to the draft Budget.
43. Pivotal described the resource DEL position for 2026-27 as “alarming” and “unprecedented”. Despite annual budget challenges in previous years, the situation for 2026-27 is significantly worse, with funding so constrained that all Departments will face extremely difficult choices.
44. Pivotal emphasised that the Finance Minister’s proposed allocations are reasonable, but the total amount available is the fundamental problem. Pivotal was positive that a multi-year Budget had been produced as one is essential for planning and transformation. They are highly critical of the absence of an Investment Strategy, describing it as “really strange” to set capital plans without one.
45. Pivotal outlined that non earmarked resource DEL increases only 0.8% in cash terms. When the £400m reserve claim paid back in 2026-27 is factored in Health and Education will receive less in cash terms in 2026-27 than they spent in 2025-26. With inflation around 3% and expected pay awards at or above that level, Pivotal stresses that public sector pay awards will be extremely difficult to fund.
46. Based on past spending patterns, Pivotal believes the expected overspend in 2026-27 is £800m to £1bn, potentially more. Unless radical reductions are made through cuts, efficiencies, revenue raising, or changing super-parity policies, overspending is unavoidable.
47. Pivotal argues that public services “as currently configured are not affordable.” Therefore, transformation is essential, not optional.

48. On revenue raising, Pivotal recommends exploring more progressive use of rates, particularly on higher-value properties, re-examining the cap on domestic rates and considering whether higher-income households should contribute more.
49. The UUEPC emphasised that Northern Ireland faces deep, long term structural issues, including the highest economic inactivity rate in the UK (27.5%) which is driven heavily by long term sickness, persistent low productivity growth, acute and rising pressures on public services, especially health.
50. They argued that the single-year Budget system acts as a “straitjacket” preventing strategic planning. A multi-year Budget delivers key benefits such as enabling the opportunity for genuine transformation, improving delivery of major infrastructure projects, reducing the administrative burden for the public & voluntary/community sector and improving scrutiny and accountability.
51. UUEPC stressed the importance of prioritising economic development across government especially in skills development, infrastructure investment and re-engaging the economically inactive. Individuals face disincentives to reskill because doing so may mean losing benefits. The UUEPC calls for new programme designs that remove these barriers and support the most disadvantaged. Aligning incentives across Departments is essential, currently, benefits of success often flow to the Treasury, not Northern Ireland.
52. They warned that continual small, across-the-board cuts, “salami-slicing”, has reached its limit. Decisions are now required to stop some activities altogether, not just trim them. A robust evaluation of which programmes do and don’t deliver improved outcomes is required. The public increasingly expects government to “solve every problem,” but Northern Ireland cannot afford that level of expectation. Unpopular decisions may be the correct ones.
53. UUEPC emphasised the need to consider island wide and east-west cooperation in service delivery. Northern Ireland’s population may be too small to sustain multiple specialist centres (e.g. in health). Service delivery should be based on outcomes, not borders.

54. NERI argued that Northern Ireland is not receiving a spending settlement that reflects its needs. The model used by Treasury to assess Northern Ireland's needs is flawed, as highlighted in the Holtham report. The settlement at 124% of England's spending does not accurately capture the scale of Northern Ireland's structural needs. Treasury has committed to reviewing this if Northern Ireland can provide robust evidence, and NERI stresses this importance.
55. NERI emphasised that the real-terms reductions in Northern Ireland's draft Budget stem from UK wide austerity decisions, not local failings. The £400m additional requirement for 2025-26 is not solely the Executive's fault, it reflects the gap between the public services Northern Ireland provides and what UK policy is willing to fund.
56. NERI warned that the Executive's budgetary framework lacks clear targets, costed outcomes, defined responsibility and robust tracking of overspends. This makes it harder to know whether overspends arise from policy choices or from unrealistic funding assumptions.
57. NERI stressed that in their view Northern Ireland citizens already pay their fair share of UK taxes. Locally raised revenue accounts for only about 6% of total revenue. Therefore, local revenue-raising cannot fix the budget gap. NERI criticises simplistic comparisons between Northern Ireland rates and council tax in England. They state that English property values are much higher, so bills are higher. UK comparisons often ignore differences in property wealth, tax structures, and public services delivered by local government.
58. They note that Northern Ireland's revenue profile has been weakened by UK tax policy, particularly increases to the personal tax allowance (2011–12) and the national insurance changes. As Northern Ireland has lower wages, many people fell out of the tax system entirely, disproportionately reducing Northern Ireland's tax base. This is a Treasury driven problem, not a Northern Ireland driven one.
59. NERI rejected per head comparisons of public spending as "blunt instruments." The real issue is Northern Ireland's fundamentally different economic structure

such as lower wages, lower productivity, lower tax yield per pound of output and higher need levels in health and welfare. These differences mean Northern Ireland will always need some degree of fiscal transfer unless the UK fundamentally changes its taxation and spending model.

60. NERI argued that Northern Ireland is being forced to manage the consequences of UK Budget choices it does not control. Northern Ireland needs to analyse and articulate more clearly the impact of UK tax and spending decisions on its fiscal position.
61. NERI noted that improving wages would directly increase Northern Ireland's tax revenues, improve fiscal sustainability and address inequality. They give the example that if Northern Ireland's median wage matched England's, the average worker would pay £800 more per year in income tax, which illustrates how wage-driven growth could transform Northern Ireland's fiscal outlook.
62. The Northern Ireland Fiscal Council published its report on the draft Budget on 24 February 2026, the report is at Appendix 5. The Council briefed the Committee on 25 February as to the report's contents.
63. The Fiscal Council described the proposed multi-year Budget as significant but starting from an exceptionally challenging position. They noted that Northern Ireland had overspent in 2022-23 and only avoided overspends in 2023-24 & 2024-25 due to exceptional Treasury interventions. £520m of restoration package support and a £400m Treasury reserve claim softened the cliff-edge but did not remove it. 2026-27 will be the most difficult year, due to the withdrawal of temporary supports, repayment of the reserve claim, overspend recovery and new Executive commitments made late in 2025.
64. The Council warned strongly about a "danger of normalising overspending". Repeated Treasury bailouts act as short-term rescues, weakening discipline. They noted a cultural shift, historic overspends considered unacceptable are now more tolerated. Where Departments expect end-year bailouts, overspending becomes a rational expectation.

65. The Council confirms that this draft Budget “balances” but it is unlikely to unfold as presented. The repayment of the reserve claim over the next three financial years make the underlying funding tighter than headline numbers. Baselines for Health and Education start below their current spending levels, making re-emerging overspends highly likely. There is very limited unallocated headroom, allocations are politically neutral roll-forwards, not the result of strategic reprioritisation. Capital spending is heavily pre-committed, capital DEL falls by 7% in real terms over the Budget period.
66. The Council highlighted several structural drivers of long term pressure. Pay parity with England creates a recurring gap because the Barnett Formula increases funding by population, not workforce size.
67. NI’s public sector workforce per head is higher than England’s. The Northern Ireland Civil Service employs 183% per head of the equivalent workforce in England. The Council warns this is not inefficiency by default but is unaffordable at current funding levels.
68. Super-parity policies put extra pressure on the block, estimated at £700m. NI had been spending at levels well above the 124% needs-based assessment for years, due to repeated top-ups. As those top-ups fall away, the adjustment is severe.
69. The Council questioned whether transformation efforts have been meaningful. They state that transformation is often only achieved when organisations face severe constraints. The Council fears that some transformation funding may have leaked into day to day spending and that genuine transformation requires strong incentives, long term planning, and discipline. Single-year Budgets have weakened Departments’ ability to plan efficiency measures; multi-year Budgets help but do not solve the structural gap.
70. On Capital spending, the Council states that planning is heavily constrained because most of the capital Budget is locked into existing project pipelines. FTC is difficult to deploy due to narrow permitted uses. Northern Ireland also

still lacks a clear investment strategy, which undermines the ability to use capital effectively and support productivity growth.

71. On the level of need, the Council acknowledged that the 124% needs based uplift is based on demographics and structural characteristics today, not historical legacy. Factors such as regional inequality, long-term ill-health, and complex ageing profiles in NI may mean the true level of need exceeds 124%. They state that the Barnett Formula is poor at addressing infrastructure deficits or accumulated social need and that non-Barnett injections may be needed for both resource and capital.
72. The Council emphasised that while the Executive must make hard choices, only the Treasury can fundamentally break the overspend cycle. They believe a credible Treasury strategy could set a the right path and limit future bailouts in order to reintroduce real budget discipline. The Executive still needs to make strategic choices, consider revenue-raising, address workforce scale and pay and undertake genuine transformation.
73. The Fiscal Council's evidence concludes that this draft Budget is balanced only on paper, faces severe structural pressures (pay parity, workforce size, falling top-ups), is at high risk of overspend, and will remain unsustainable without major transformation, revenue decisions, or a fundamentally improved funding settlement and that continued Treasury bailouts are creating a dangerous cycle of behavioural dependency.
74. The Construction Employers Federation (CEF) also supplied a written briefing on the draft Budget. While they welcomed publication of the draft budget they stressed that the absence of NI Executive agreement undermines scrutiny and creates uncertainty. This weakens long-term planning and risks failure to deliver an effective four-year capital programme.
75. The CEF noted its strong support for a four year capital budget. A four year budget would provide delivery certainty for public sector project pipelines, improve planning for government clients and contractors and increase

efficiency in capital project delivery. They noted that this would be the first such period of stability in over 15 years.

76. CEF state that even with rising capital baselines, the Executive cannot meet all departmental capital needs. A worked example of the Department for Infrastructure's 2026/27 allocation shows that after accounting for NI Water and roads maintenance, no significant funding remains for Translink, Rivers, active travel, or other obligations.
77. CEF renewed its call for a low-cost Infrastructure Levy, a progressive model protecting vulnerable households, to help address water and wastewater underinvestment. The proposed regional rates increase could help fund the levy's borrowing model. Updated forecasts show NI Water's funding shortfall in PC28 has reduced from £1.7bn to £1.29bn.
78. CEF gave its support to the many earmarked investments (e.g. Strule Campus, schools estate refurbishment) but raised concerns that delays in project commencement would require rapid reallocation via monitoring rounds. No clear funding has been identified for retrofit/SEN provision and no allocation appears for the All Island Strategic Rail Review projects, despite the readiness to progress.
79. CEF highlights that NI still lacks an agreed Executive Investment Strategy, despite the draft budget being issued. The absence of the strategy reduces industry confidence and prevents strategic prioritisation of capital funds. They call for its immediate publication.
80. The Public Finance Scrutiny Unit within RalSe have completed a series of six papers on the Draft Budget 2026-29/30. The papers encompass a series of themes including; [Context-Setting](#), [Beyond Block Grant Funding](#), [Northern Ireland Economic Context](#), [Proposed Capital Allocations](#), [Proposed Resource Allocations](#) and [Local Revenue-Raising](#).

# **Statutory and Audit Committee Scrutiny**

81. As has happened in previous years, the Committee agreed to ask the statutory committees and the Audit Committee of the Northern Ireland Assembly to review the anticipated impact of the 2026-29/30 Draft Budget proposals on their respective departments. The full submissions received are in Appendix 4, the responses are summarised below.

## **Audit Committee**

82. The Audit Committee confirmed that the figures published by the Department of Finance broadly reflect the budgets already agreed by the Committee for the Northern Ireland Audit Office, the Northern Ireland Assembly Commission and the Northern Ireland Public Service Ombudsman. However, it has noted that the published budgets do not include any required Ring-fenced Resource DEL (Depreciation/Impairments) funding needs at this stage.
83. The Committee was however content with the Department of Finance's reassurances that "Allocations for Ring fenced Resource DEL will be made at the amounts recommended by the Audit Committee for each of these bodies once a revised settlement letter has been received from the Secretary of State."

## **Committee for Agriculture, Environment and Rural Affairs**

84. The Committee for Agriculture, Environment and Rural Affairs was advised that officials from the Department of Agriculture, Environment and Rural Affairs are continuing to work through the draft budget with the Minister and, consequently, have (to date) been unable to attend an evidence session with the Committee that would have enabled Members to undertake scrutiny. Accordingly, the Committee agreed to write to the Finance Committee to advise that, at this stage of the process, it is unable to take a position on the draft budget.

## **Committee for Communities**

85. The Committee for Communities 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.

86. 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.
87. The proposed Capital DEL allocation, while representing an increase of £40m on the 2025–26 opening general allocation, falls 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.
88. 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.

## **Committee for the Economy**

89. The Committee for the Economy held an oral briefing session with departmental officials on 10 March 2026 and agreed to share the Hansard and departmental presentation of this session to the Committee for Finance for the purposes of this report.
90. Officials advised 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.
91. The capital position is a great deal more challenging than even the resource position. In the current year, we have £181million 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, £129million 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.
92. 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.
93. 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. 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.

### **Committee for Education**

94. The Committee for Education advised that they were unable to come to a collective view on the draft budget and as a consequence each party will be responding individually on the matter.

### **Committee for the Executive Office**

95. The Committee for the Executive Office held an oral briefing session with departmental officials on 4 February 2026 and agreed to share the Hansard of this session to the Committee for Finance for the purposes of this report.
96. Officials confirmed in totality, the baseline for resource, as for all Departments, is extremely challenging across both earmarked and non-earmarked funding. For non-earmarked areas, the proposals include baseline as well as additional general allocations in the paper.
97. We also note that some of the non-earmarked bids submitted by the Department are in the paper and proposed as earmarked, and we have put that in the full assessment to assess the affordability. The bids relate to EVAWG, the language bodies and the Climate Commissioner. The allocation for EVAWG does not provide the full amount requested for 2026-27. All of this, taken in totality, highlights a shortfall across all years.
98. These are not formed Budget plans, and it is not an agreed Executive position at the moment. It will require decisions to be made and proposals and

discussions with Ministers as to how we live within our means, but ultimately the starting point will be the need for an executive agreed Budget position.

99. As for the next steps, the Executive's agreement of Budget plans is required. That will allow us to conduct the equality screening to assess the impact on section 75 groups and whether a consultation is required in relation to the impact. That will allow us to advise Ministers on the final spending plan proposals.

### **Committee for Finance**

100. As regards to the Department of Finance's own Budget position, the Committee received a briefing on 18 February 2026. The Department reported that it would live within both its resource and capital budgets for the year 2025-26.
101. Resource easements totalled £6.6 million earmarked and £2.5 million non-earmarked. This included £6.1m Integr8 programme easement due to delays in appointing the delivery partner and vacancy delays, £0.4m reduced match-funding from lower SEUPB/PEACE PLUS income, £0.1m DSO easement for Windsor Framework work and £2.5m non-earmarked easement caused by delays in filling vacancies and maintenance delays due to a legal case.
102. For Resource DEL, the Department began the year with an £8.2m resource over-planning position. This was managed through vacancy control, attrition, and the timing of recruitment. The Department also received £1.2m for National Insurance contributions. The departmental Capital Budget was managed through slippage on capital projects, maintenance delays (again tied to legal challenges), and asset sales.
103. Regarding the draft Multi-Year Budget the non-earmarked resource DEL was £160 million for 2026–27, £162 million for 2027-28 and £162 million for 2028-29. This would lead to pressures of £15 million, £26 million and £27 million respectively in these financial years.

104. Earmarked resource DEL totals £124m, £144m, £140m across the three years. This is for rate rebate, the Census, Integr8, EU match funding, Windsor Framework and Cybersecurity.
105. The Capital DEL allocation for the four year period is £40 million for 2026-27, £38million for 2027-28, £30 million for 2028-29 and £30 million for 2029-30. This would lead to pressures of £33 million, £47 million, £51 million and £44 million respectively for these financial years.
106. The main capital projects for the Department are CPD estate maintenance & lease consolidation, NICS-wide laptop/desktop refresh, LPS transformation projects and NISRA data and systems investment. Officials described these capital pressures as “extremely challenging”.
107. Officials confirmed that no redundancies were planned, but natural attrition will be used to manage pay costs. This may include vacancies not being filled, especially where non-essential. A strategic workforce plan is being developed to prioritise key services, including; LPS public-facing services, legally required functions and transformation programmes such as Integr8, digital modernisation and service reform.

## **Committee for Health**

108. The Committee for Health held an oral briefing session with departmental officials on 19 February 2026 and agreed to share the Hansard of this session and their briefing paper to the Committee for Finance for the purposes of this report.
109. For Resource DEL, officials outlined that the proposed Budget represents a disappointing outcome for Health, albeit not a surprising one, given the limited funding available for allocation by the Executive, particularly in 2026-27. To put it in context, the proposed level of additional spending on health in Northern Ireland included in the draft Budget is now projected to be at a 10-year low, compared with that in England. It also sees funding for health fall even further behind the 4% to 7% premium above England that, the NI Fiscal Council estimated, may be necessary to take account of the higher levels of need here.

110. During the multi-year Budget process, we submitted bids to cover all our additional costs and to meet future years' pressures, such as pay and inflation — all the additional pressures that come as a result of increasing demand on services. We also submitted high-priority bids to support the Department in delivering our reset plan. It was welcome that the proposed draft Budget allocation reinstated the £165 million waiting list funding. It also proposed funding to cover our commitments to continue to roll out the multidisciplinary teams and the funding for the graduate medics at Magee. However, we require the certainty of the waiting list funding to be allocated to our baseline recurrently, as it is essential to cover inescapable pressures in red-flag and time-critical patients and to build capacity in the system.
111. In order to cover the 2025-26 pay commitments and meet our Minister's priorities for 2026-27 pay around the real living wage and other inescapable pressures, we require additional funding of £865 million. Against that, the draft Budget has proposed additional general allocations in 2026-27 of £89 million, which will leave a net funding gap of £776 million. Given that position, we will have to generate funding internally through savings and efficiencies to cover those inescapable commitments. In order to break even in 2026-27, we will require cash-releasing savings of somewhere between 10% and 12% to be generated. Delivering savings of that magnitude in a single year is not feasible. Therefore, we will seek agreement on a recovery plan over the three-year Budget period, which will allow a managed delivery of that, although it will still be exceptionally challenging and not without risk.
112. For Capital DEL, the Department of Health submitted capital bids with a combined value of £3 billion as part of the Budget process, which will cover a four-year period — 2026-27 to 2029-2030 — for capital departmental expenditure limit (DEL). In December 2025, the Committee was advised that the Department expected to receive between £1.6 billion and £1.8 billion in capital funding over the next Budget period. The draft Budget proposals published by the Finance Minister in early January 2026 were at the upper end of what we expected, with £1.8 billion of capital funding available. Approximately £0.5 billion of that funding is earmarked for Department of

Health flagship projects, primarily the new children's hospital, with the remaining £1.3 billion representing a general allocation to be used at the Department's discretion.

113. The proposed capital budget for general allocations will allow us to fund just over half of the bids that we made for the next four years. That means that we currently expect to be able to meet most of the inescapable pressures but have limited scope to progress partially committed projects and no scope to take forward projects that have no form of commitment to date from the Department. The intention had been to develop a 10-year capital investment plan for the Department of Health based on the draft Budget position in order to provide a degree of certainty on the funding for individual projects. However, in light of the lack of Executive agreement on the draft Budget position and the scale of the capital pressures identified by other Departments, there remains significant uncertainty about the capital allocations that will be agreed for the Department in the final Budget. The work to take forward the capital investment plan will continue when a Budget position has been agreed.

### **Committee for Infrastructure**

114. Following the publication of the draft budget and having noted that it has not yet been subject to agreement by the Northern Ireland Executive, the Committee for Infrastructure agreed to seek written evidence from the Department for Infrastructure, Northern Ireland Water, Translink and Waterways Ireland.
115. This approach was agreed on the basis that the amounts detailed within the draft budget may be subject to significant changes in the event of the Executive agreeing a revised draft budget and, therefore, the Committee considered it would be beneficial to receive each organisation's assessment of their resource and capital requirements over the multi-year period.
116. In the Department's response, the Committee noted that the amounts proposed under the draft budget compared against the forecasted requirements highlighted under information gathering exercise fall below what it assesses is required.

117. The Committee further noted that the Department highlights that 'difficult decisions would be required in prioritising services and capital schemes' and, whilst recognising that no decisions have been taken by the Minister, the Committee wrote to the Department to seek further detail on how the amounts proposed under the current draft Budget would be utilised to fund DfI's capital programmes and ensure frontline services will be delivered.
118. Furthermore, the Committee has taken a keen interest in the condition of the road network, which, as all Members will be aware, has seen a significant deterioration in road surfaces and a significant increase in numbers of potholes.
119. Northern Ireland Water outlines in its response that it has 'not been provided with a confirmed budget allocation for the period' and further states that it has not 'been advised of the proposed level of funding that may be available.'
120. While the Committee recognises that the amounts proposed under the Draft Budget are likely to be subject to change, the absence of any indicative allocation for Northern Ireland Water provides little scope to enable the Committee to examine the impact of the wider budget position and how any allocation can seek to deliver the identified programme of upgrades as determined through the current price control process (PC21) and any future determination by the Utility Regulator under the ongoing work around PC28.
121. The Committee noted Translink's response which highlights the historical underfunding of public transport in Northern Ireland and, as a key driver in supporting the aims under the PfG, economic growth, social inclusion and environmental wellbeing.
122. The Committee further noted that, within the current financial year, Translink is forecasting an operating loss of £27 million due to insufficient funding to meet its Public Service Obligation (PSO) and an increasing demand for concessionary fares.
123. Forecasting by Translink estimates that an increased demand for concessionary fares will increase above the existing requirement of £55 million

to £60 million for the 2026-27 financial year, with incremental year-on-year increases of £5 million for the remainder of the resource budget period.

124. Translink further stated that we ‘have only been able to continue to operate whilst sustaining operating losses in recent years by utilising cash reserves which have fallen, from over £60m in 2022, to an historic forecasted low of £10m in March 2026.’

### **Committee for Justice**

125. The Committee for Justice welcomed the proposal to bring forward a multi-year budget which will provide a degree of certainty and enable better planning by departments. However, it is clear that widespread concerns remain about the quantum of the proposed allocation for the Department of Justice.
126. The Minister indicated to the Committee that extremely difficult decisions on prioritisation and service provision would be required to manage remaining pressures. This will inevitably involve consideration of issues such as the level of services that can be delivered, staffing numbers, pay awards and deferring major capital plans. In the Minister’s view, the possible consequences of the proposed draft budget could be ‘catastrophic’ and would set back the transformative work that has been completed in the Justice system over the previous 10 years.
127. The Committee is conscious that demand is increasing across the justice sector. There are significant delays in cases progressing through the criminal justice system and the Committee has recently taken evidence from the Lady Chief Justice, the PSNI and the Public Prosecution Services on this issue. While work is taking place to try to address these delays, it is clear that additional investment will be required to make meaningful changes within reasonable timeframes. The Lady Chief Justice suggested, for example, that additional courts could help speed up the system. However, funding for that appears unlikely in the current budget context.
128. The prison population is increasing, though the proposed Capital allocation will impact plans to transform and modernise the prison estate, including through

the provision of modular accommodation to accommodate the growing population and to modernise Magilligan and Hydebank prisons. The resource DEL allocation will also impact negatively on rehabilitation and the important services provided by the Probation Board and partners in the Community and Voluntary Sector.

129. These are only two examples, but similar pressures are evident across the system. The Committee has heard evidence throughout the year about the need for transformation and reform within the Justice system and welcomes the steps taken to try to achieve these aims. However, this will require significant investment in the coming years in order to achieve their aims and objectives. The current indicative figures from the draft multi-year budget will not allow this to happen.
130. While positive moves have been made to provide funding for specific pressures, such as the PSNI workforce recovery plan and to address the PSNI data breach, there is significant concern that the budget as indicated is insufficient to meet demands and could affect service delivery across the sector. In some cases, there is a risk that justice partners will not be able to meet their statutory obligations.
131. The Department has indicated that it is not likely to be able to live within the indicated resource budget allocation and would likely have to overspend each year. The capital allocation is inadequate and would mean that priority and critical projects would not be able to be progressed.
132. The Committee recognises that this is a challenging proposed multi-year budget position for the Department of Justice. A common theme raised by justice organisations is that a significant proportion of their budgets are towards staffing costs, with little to no discretionary spend. Indeed, most have reported pressures that will increase over the budget period. The Committee shares the concerns expressed regarding the impact that the proposed budget would have on organisations across the justice system, the ability to deliver statutory functions and, more broadly, on access to justice and public confidence in the system.

133. The Committee will continue to monitor the Department's spending priorities and financial plans to ensure that key priorities are funded to deliver effective outcomes across the justice sector.

## **Committee Scrutiny Summary**

134. Common themes from the statutory committees include concerns over the lack of Executive agreement over the multi-year budget. A multi-year budget would assist departments in their long-term planning, especially for larger capital projects. While committees welcome multi-year budgeting in principle, most state that allocations are too low to enable meaningful long-term planning.

135. Without Executive agreement, Committees found it difficult to provide full scrutiny to this draft Budget. Some committees were unable to take a formal position because departments had not yet completed their own budget assessments.

136. Many departments face resource and capital shortfalls, with limited discretionary spending and most budgets tied up in statutory duties and fixed costs. Several committees warn that they will be forced to consider cuts to programmes and frontline services.

137. Departments warned that the draft budget threatens their ability to meet their statutory duties, Programme for Government commitments and maintain essential services for vulnerable populations

138. The statutory committees understand that there is considerable pressure on the public purse and conceded that difficult decisions would need to be made during the challenging fiscal environment.

139. The Committee for Finance agreed that a compilation report of all of the relevant evidence (this report) should be published and that this would inform a plenary debate, as has been the practice in previous years.

140. Minutes of Proceedings are at Appendix 1. The Minutes of Evidence are included at Appendix 2. Department of Finance papers are included at

Appendix 3. Written submissions from statutory committees are included at Appendix 4. The Northern Ireland Fiscal Council report is at Appendix 5. The draft 2026-29/30 draft Budget consultation analysis of responses has not been provided at the time of publication and is not included.

# Links to Appendices

## **Appendix 1: Minutes of Proceedings**

[View Minutes of Proceedings of Committee meetings related to the report](#)

## **Appendix 2: Minutes of Evidence**

[View Minutes of Evidence from evidence sessions related to the report](#)

## **Appendix 3: Department of Finance Papers**

[View Papers from the Department of Finance related to the report](#)

## **Appendix 4: Written Submissions**

[View written submissions received related to the report](#)

## **Appendix 5: NI Fiscal Council Report**

[View NI Fiscal Council Report](#)