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Chancellor's Autumn Budget 2024: initial considerations for Northern Ireland

RaISe - Public Finance Scrutiny Unit

This Briefing Paper aims to facilitate Members of the Legislative Assembly (MLAs) in the Northern Ireland Assembly, as they initially consider the Chancellor of the Exchequer's Autumn Budget 2024.

Introduction

Looking from a Northern Ireland perspective, this Briefing Paper highlights key announcements made in the United Kingdom (UK) Chancellor of the Exchequer's (the Chancellor) Autumn Budget, on 30 October 2024. The Paper aims to facilitate Members of the Legislative Assembly (MLAs), as they initially consider the Chancellor's announcements in Northern Ireland Assembly plenaries, committees (statutory and standing) and constituencies.

The Paper is divided into three sections:

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1 Chancellor's Autumn Budget 2024

1.1 Key publications

On 30 October, the Chancellor presented the Autumn Budget 2024 to the House of Commons – announcing significant increases in spending that are to be financed by a combination of tax rises and higher borrowing.

Alongside it, the UK Government published a draft update to the Charter for Budget Responsibility, setting out the current Government's new fiscal mandate and supplementary targets. The draft is to be agreed when it is laid before Parliament.[1]

[1] This is to occur after a period of at least 28 days has elapsed since publication, under the terms of the Budget Responsibility and National Audit Act 2011: https://www.legislation.gov.uk/ukpga/2011/4/contents/enacted

That same day, the Office for Budget Responsibility (OBR) – the UK's independent fiscal institution (IFI) - published its Economic and Fiscal Outlook – October 2024.

Moreover, His Majesty's Treasury (Treasury) published an addendum to its November 2023 issued Statement of Funding Policy: Funding the Scottish Government, Welsh Government and Northern Ireland Executive.

1.2 Key announcements

Below outlines key announcements made in the Chancellor's Autumn Budget 2024, both UK-wide (at sub-sections 1.2.1 – 1.2.6) and Northern Ireland-specific (1.2.7).

1.2.1 Spending Review

The Chancellor has launched a multi-year Spending Review - SR25 - which will set spending plans for a minimum of three of the five-year forecast period. The SR will conclude in Spring 2025. In the Autumn Budget, the Chancellor explained that:

- Phase 1 of SR25 now is complete, with the Chancellor resetting departmental budgets (including Whitehall departments and Devolved Administrations – such as the Northern Ireland Executive) for this financial year (2024-25) and setting their budgets for the next year (2025-26).
- Phase 2 is scheduled to complete at the end of Spring 2025; when the Chancellor is to announce spending plans for Whitehall Departments and Devolved Administrations for 2026-27 and beyond.
- Going forward, SRs will be held every two years, with a minimum duration of three years to set multi-year budgets for Whitehall Departments and Devolved Administrations, for the specified period.

1.2.2 Increased UK Government Spending Budget spending policies outlined in the Chancellor's Budget will add **£69.5 billion** (2.2 per cent of Gross Domestic Product or GDP[2]) per year on average over the next five years to the level of public expenditure. The main components are:

[2] Gross Domestic Product (GDP) is the key indicator of the size and health of a country's economy over a period of time. It is based on the value of goods and services produced during a given period. It is published quarterly by the Office for National Statistics (ONS). More information on this and other concepts relating to Economic

- An increase in departmental resource expenditure (Resource Departmental Expenditure Limit or resource DEL) of £44.8 billion per year on average;
- An increase in departmental capital expenditure (capital DEL or CDEL) of £20.0 billion per year on average;
- Additional payments for the infected blood and Post Office Horizon compensation schemes (£2.4 billion per year on average); and,
- Cost savings from Department of Work and Pensions (DWP) fraud and error measures (£1.5 billion per year on average) and from the means-testing of winter fuel payments (£1.6 billion per year on average).

1.2.3 Increased UK Government Taxes

Budget tax measures will increase total revenues by **£36.2 billion** (1.1 per cent of GDP) per year on average over the next five years. The main components are:

- An increase in employer National Insurance Contributions (NICs), via a higher rate and lower threshold, raising £24.5 billion per year on average;
- Several tax compliance measures raising £2.1 billion per year on average, and debt collection measures raising a further £1.9 billion per year on average;
- Changes to the regimes for capital taxes and for non-domiciled taxpayers, which together raise £5.6 billion per year on average;
- Levying of VAT on private school fees, raising £1.6 billion per year on average;
- Other net tax changes, including the rate of the energy profits levy and extending it to 2029-30 and increasing Air Passenger Duty rates, raising a total of £3.6 billion by 2029-30; and,
- All of the above are slightly offset by an extension of the freeze and 5p cut to fuel duty rates to 2025-26, costing £3 billion in 2025-26 and £0.9 billion by 2029-20.

1.2.4 Increased UK Government Borrowing

Only half of the overall increased spend from 2025-26 to 2029-30 (£69.5 billion or 2.2 per cent of GDP on average per year) is offset by revenue collected through tax policies (£36.2 billion or 1.1 per cent of GDP on average per year). The other half of spending

Performance are outlined in RaISe-PFSU's Economic Scrutiny Workshop Series: https://www.niassembly.gov.uk/assembly-business/research-and-information-service-raise/public-finance-scrutiny-unit/

increases is funding by higher borrowing, averaging £32.3 billion (1.0 per cent of GDP) over the five-year period from 2025-26 to 2029-30.

1.2.5 New Fiscal Rules for the UK

The Autumn Budget specified the UK Government's new fiscal targets, which aim to balance the current UK Budget and to have net financial liabilities fall relative to GDP in five years. Those targets are outlined in greater detail in the current draft Charter for Budget Responsibility.

In its forecast, the OBR states that those targets are on course to be met, but by a relatively small margin.[3]

1.2.6 Increased UK National Living/Minimum Wage Rates

The Chancellor announced the UK Government's decision to help those on the lowest incomes in the UK through increased hourly wage rates from April 2025 – namely:

- The National Minimum Wage for 18 to 20-year-olds to rise from £8.60, to £10.00 per hour; and,
- The National Living Wage for over 21s to rise from £11.44, to £12.21 per hour.

1.2.7 Northern Ireland-specific

For the current financial year (2024-25) and the next (2025-26), the Chancellor's Autumn Budget included funding allocated only to Northern Ireland – both through the Northern Ireland Block Grant and via centrally administered funds.

Northern Ireland Block Grant

The Northern Ireland Executive is to receive the following:

- An additional £640 million of Barnett consequentials for this year (£609.3 million RDEL and £30.4 million CDEL) – this takes the total 2024-25 Northern Ireland Budget to £17.6 billion (£15.6 billion RDEL and £2.0 billion CDEL)
- £18.2 billion funding envelope in 2025-26 (£16.0 billion RDEL and £2.2 billion CDEL), which includes:

[3] https://obr.uk/efo/economic-and-fiscal-outlook-october-2024/#annex-b

- £1.5 billion top-up through the Barnett formula (£1.2 billion RDEL and £270 million CDEL)
- £760 million of targeted funding (£670 million RDEL and £90 million CDEL)

Existing UK Government Funding Commitments for Northern Ireland

Tracking a number of funding commitments made by the UK Government to Northern Ireland over the last years is critical. Those commitments are found in previous SRs and in the funding package subsequent to the December 2023 political agreement that led to a return of fully functioning devolved governance in Northern Ireland in February 2024.

The most recent SR took place in October 2021 (SR21) – Spending Review and Autumn Budget 2021 - which set out spending plans for 2022-23, 2023-24 and 2024-25. SR21 made a number of commitments for the life of the SR, until 2024-25. Those included:

- Providing the Northern Ireland Executive with £1 billion for farmers, and £9.3 million to support fisheries over the SR
- £14.9 million of funding for Tackling Paramilitarism Programme over the SR

In addition, since 2011, recognising the unique security situation in Northern Ireland, the UK Government has made additional funding contributions to the Police Service of Northern Ireland (PSNI). From 2015-16 to 2024-25, the UK Government has provided over £288 million to the PSNI through Additional Security Funding to enable the PSNI to tackle the threat posed by Northern Ireland related terrorism.

In March 2024, the UK Government published the 2024-25 Northern Ireland Budget (for the current financial year), which included core RDEL funding of £13,531.2 million, as well as targeted funding for a number of previously agreed UK Government commitments, including:

- £329.4 million RDEL to support farmers;
- £3.1 million RDEL to support fisheries;
- £31.2 million RDEL for additional security;
- £4.8 million RDEL for tackling paramilitary activity; and,
- £628.6 million RDEL from the financial package which accompanied the restoration of the Executive (comprises £520 million of stabilisation funding, £34

million for Health and Social Care Waiting lists, and £94.6 million from the £473 million of repurposed funds for which the Executive will decide the use)

As announced in the Autumn Budget 2024, the 2025-26 Northern Ireland Budget is to include core RDEL funding of £15,331.4 million, as well as targeted funding of £668.7 million. The targeted element is to include:

- £37.8 million RDEL for additional security;
- £8.0 million RDEL for tackling paramilitary activity; and,
- £622.9 million RDEL from financial packages.

The funding for additional security and tackling paramilitary activity represents a continuation of funding the Executive had earmarked for those programs in previous years. Both funding streams include marginal increases in funding from that had been allocated in previous years.

It should be noted that there will be no earmarked funding for farmers and fisheries in 2025-26 and onwards. However, the 2024-25 earmarked funding - totalling £332.5 million RDEL - is to be added onto the Northern Ireland Executive's RDEL baseline. Moreover, 2024-25 RDEL Barnett consequentials also are to be baselined.

Northern Ireland City and Growth Deals

The Chancellor confirmed the UK Government's investment in the Mid-South West and Causeway Coast and Glens City and Growth Deals; investment of £162 million over 15 years, subject to value for money assessments of business cases. It marked a reversal in a previous UK Government decision to pause these deals on 13 September 2024, as stated by the Minister of Finance in a Written Ministerial Statement to the Northern Ireland Assembly on 18 September 2024.

2 Initial Considerations for Northern Ireland

To aid MLAs' initial consideration of the Chancellor's Autumn Budget, this section provides background information; followed by discussion about Executive Budgets for 2024-25, 2025-26 and beyond, within the context of the Autumn Budget and Treasury requirements:

2.1 Refresher on Northern Ireland Executive Budget Process

2.2 Timeline of key events relating to Northern Ireland Executive Budget - February 2024 to date

2.3 Key points arising for Northern Ireland from Autumn Budget and Treasury requirements

2.1 Refresher on Northern Ireland Executive Budget Process

The Public Finance Scrutiny Workshop Series - published by the Public Finance Scrutiny Unit (PFSU) in RaISe – explains the Northern Ireland Executive Budget cycle and how it comprises five stages[4] - namely: Planning; Preparation; Approval; Execution; and, Reporting and Oversight – as shown in Figure 1 below:

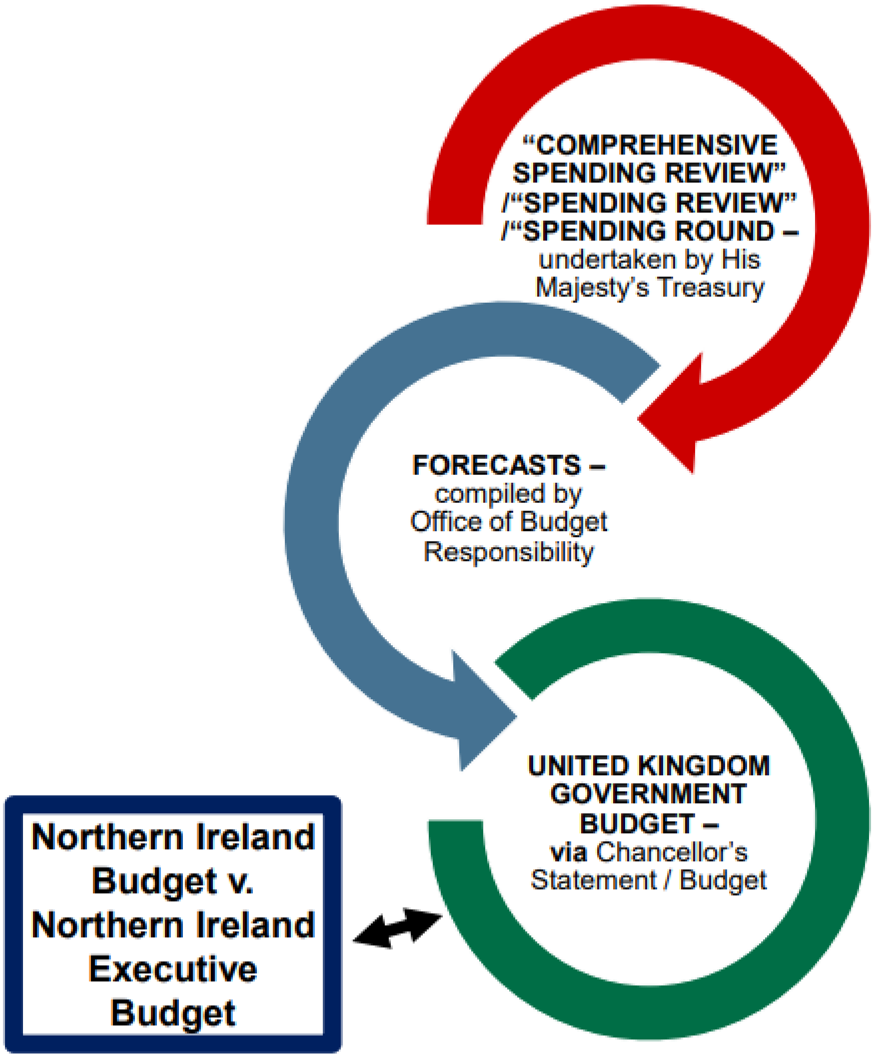
Figure 1: OECD Budget Cycle – five-stage process

Source: OECD (2023)

[4] OECD previously reported that the Budget Cycle contained 4 stages – Formulation (including planning); Approval; Execution; and, Audit. Figure 1 represents the most up-to-date position.

That Series further explains how the Northern Ireland Executive Budget cycle is a sub-cycle of the UK Budget cycle; making the UK Budget a pre-cursor to the Executive Budget, as illustrated in Figure 2 below:

Figure 2: UK Budget – a pre-cursor to Northern Ireland Executive Budget



Source: RaISe-PFSU (2024)

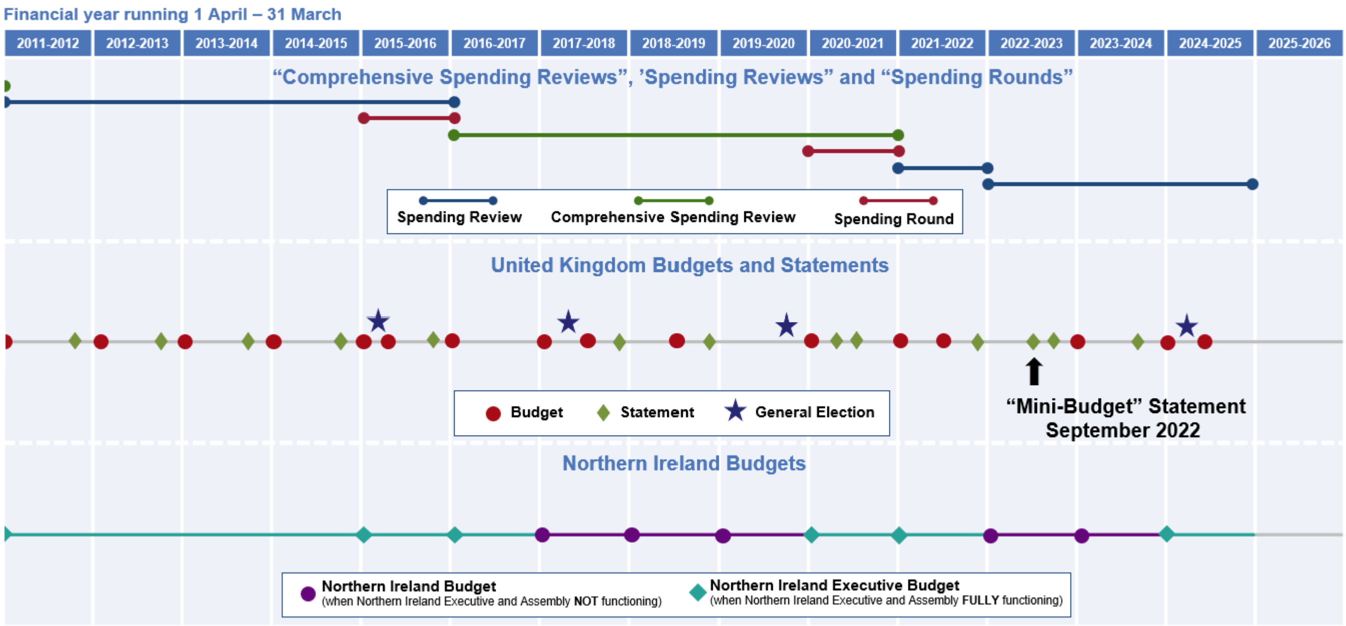
As Figure 2 highlights, a SR (can be a "Comprehensive SR", "SR" or "Spending Round") is undertaken by Treasury in line with the prevailing UK fiscal rules (more detail below). Thereafter, the OBR – the UK's Independent Fiscal Institution (IFI) - compiles forecasts alongside each noted fiscal event, based on proposed policy changes in the wider economic context.

Each financial year that then is followed - by the UK Government - through the Chancellor – making its Budget based on the SR and the OBR forecasts. Sometimes that can happen more than once in the year.

All the above is required under the "Charter for Budget Responsibility" – current version now in draft form - which specifies the UK Government's current Fiscal Framework.

And then, each year, sometimes more than once, in addition to the Budget, the Chancellor also may make Statements to report on the state of the economy, and supplement information contained in the Budget. Figure 3 below illustrates how that has occurred since 2011-12:

Figure 3: How Northern Ireland Executive Budget cycle fits into the UK Budget cycle



Source: RaISe-PFSU (2024)

All the above-referenced UK fiscal events are pre-cursors to formulating the Northern Ireland Executive Budget, in that the UK Budgets and Statements set out spending plans for the specified period for Whitehall Departments and Devolved Administrations (including the Northern Ireland Executive). And after the noted fiscal events, the Secretary of State for Northern Ireland writes to Northern Ireland's Minister of Finance to confirm the Northern Ireland Budget. The Executive then is responsible for formulating and agreeing the Northern Ireland Executive Budget.

2.2 Timeline of key events relating to Northern Ireland Executive Budget - February 2024 to date

Since mid-February 2024, the Executive worked at pace to formulate and agree the Northern Ireland Executive Budget 2024-25. That work was undertaken in the absence of an Executive agreed Programme for Government; though work to develop one was underway and a number of Executive Priorities had been shared with the Assembly.

In addition, the Executive was working within a series of requirements that had been specified in the February 2024 funding package set by the UK Government/Treasury subsequent to the December 2023 political agreement to restore devolved governance. (See Table 1 below for overview of those requirements.)

Within the above-noted context, the Chancellor announced the Autumn Budget 2024 in October 2024. Table 1 below provides an overview of key events since fully functioning devolved governance resumed in Northern Ireland in February 2024, up to the time of writing this Paper:

Table 1: Timeline of key events in the Northern Ireland Executive Budget Cycle since February 2024

Date	Event	Notes
Dec 2021	Northern Ireland Executive publishes (but does not agree) Draft Executive Budget for 2022-25, then collapses	
Feb – Oct 2022	Northern Ireland Budget managed by Caretaker Ministers and Civil Service Accounting Officers – departments overspend	
Oct – Nov 2022	Northern Ireland Budget responsibility passes to Secretary of State for Northern Ireland – Treasury agrees £297 million loan to cover overspend	
April 2023	UK Government sets 2023-24 Northern Ireland Budget – departments continue to overspend	
3 Feb 2024	**Resumption of fully functioning devolution in Northern Ireland**	
13 Feb 2024	UK Government confirms £3.3 billion financial settlement for restored Northern Ireland Executive	Financial Settlement to include: • Funding of £584 million to provide public sector pay awards for 2023-24 • Funding of over £1 billion for stabilisation over two years (2024-25 and 2025-26); £34 million in 2024-25 to tackle waiting lists; £708 million of reallocated and new funding over 5 years (to include £235 million of ring-fenced funding for transformation – subject to the establishment of a Public Sector Transformation Board) • Debt forgiveness of £559 million – subject to the publication and implementation of a budget sustainability plan; a balanced budget for 2024-25; and, revenue raising of a minimum of £113 million • Increases to the Northern Ireland Executive's annual capital borrowing limit by 10% in 2024-25, and then annual increases in line with inflation • Commitment to open discussions between the UK Government and Executive on new Fiscal Framework for Northern Ireland • Commitment to providing a needs-based factor in the Barnett formula of 24% from 2024-25 – expected to generate £785 million of funding over five years

		• The Executive also expected to publish a comprehensive and costed long-term strategic infrastructure plan
18 Feb 2024	Department of Finance (DoF) Information Gathering Process for Executive Budget 2024-25 – guidance provided to departments 18 February 2024. Departmental returns deadline 29 February 2024.	Northern Ireland Executive Budget cycle 2024-25 planning stage begins
20 Feb 2024	Northern Ireland Assembly passed the Budget Act (Northern Ireland) 2024 to provide authorisations and appropriations for funds for 2023-24, and for funds for the early months of 2024-25	Northern Ireland Executive Budget cycle 2023-24 approvals stage
27 Feb 2024	UK Government Supplementary Estimates 2023-24	Northern Ireland Executive to receive Barnett consequentials for 2023-24 of £41.6 million RDEL and £1.6 million CDEL. Due to the late stage in the year, Treasury agreed this funding can be carried over into 2024-25.[5]
6 Mar 2024	UK Government Spring Budget 2024	Northern Ireland Executive to receive Barnett consequentials for 2024-25 of £100 million RDEL. (this is to increase to £124 million upon agreement of Interim Fiscal Framework)
20 Mar 2024	Secretary of State for Northern Ireland confirmed Northern Ireland spending envelope for Budget 2024-25	
25 Apr 2024	Publication of Northern Ireland Executive Budget 2024-25	
1 May 2024	DoF 2024-25 outturn and forecast outturn guidance circulated to departments	Public expenditure outturn and forecast outturn information to be submitted by departments to DoF on a monthly basis. DoF report shared with the Assembly's Committee for Finance each month. For the first time departments are allowed to forecast overspends when compared to their agreed budget position, however departments are required to show how they will manage their overcommittments in order to live within the budget set.
9 May 2024	Minister of Finance establishment of Interim Public Sector Transformation Board	Northern Ireland Executive to receive £235 million of ring-fenced funding over five years for transformation – subject to the establishment of a Public Sector Transformation Board

[5] https://aims.niassembly.gov.uk/questions/printquestionsummary.aspx?docid=389529

10 May 2024	DoF 2024-25 in-year monitoring of public expenditure guidance circulated to departments	Guidance includes indicative timetable for 2024-25 in-year monitoring rounds in June, October and January
21 May 2024	Northern Ireland Executive Interim Fiscal Framework	Interim Fiscal Framework includes: • 24% needs-based top-up to Barnett consequentials when Block Grant overall lies below 24% premium over English spending-per-head • Agreement to review funding for 2026-27 onwards • Sets scope for Budget Sustainability Plan for Treasury to write-off overspends, including need to raise £113 million in revenue in 2025-26 • Confirmation of increase in capital borrowing limit to £220 million in 2024-25 Northern Ireland Executive to receive Barnett consequentials for 2024-25 of £24 million RDEL as 24% needs-based factor has been applied to Barnett consequentials arising from Spring Budget 2024
21 May 2024	DoF Commissioning letter for June Monitoring sent to departments. Departmental returns deadline 31 May 2024. Returns due with Committees 7 days later on 7 June 2024.	
1 Jul 2024	Northern Ireland Executive 2023-24 Provisional Outturn and 2024-25 June Monitoring outcome	Northern Ireland Executive to carry-forward £7.5 million CDEL, and £0.6 million FTC into 2024-25 Budget under the Budget Exchange Scheme. (Note: No RDEL carry-forward due to small overspend of RDEL) These carry-forwards, along with reduced requirements, additional Barnett consequentials (from agreement of Interim Fiscal Framework and Westminster Main Estimates), as well as some previously unallocated FTC results in: £257.9 million RDEL, £59.1 million CDEL, and £23.6 million FTC available for allocation in June monitoring round
2 Jul 2024	Northern Ireland Assembly passed the Budget (No.2) Act (Northern Ireland) 2024 to provide authorisations and appropriations for funds for the full 2024-25 financial year	Northern Ireland Executive Budget cycle 2024-25 approvals stage

17 Jul 2024	UK Government Main Supply Estimates 2024-25	Northern Ireland Executive to receive Barnett consequentials for 2024-25 of £185 million RDEL[6]
5 Aug 2024	DoF Urgent In-year 2024-25 Budget Information Gathering Exercise Commissioning letter sent to departments	Departments reported £767 million of pressures above their budgets[7]
22 Aug 2024	DoF Budget 2025-28 Information Gathering Exercise – commissioned by DoF with returns due by 4 October 2024	Northern Ireland Executive Budget cycle 2025-26 planning stage begins
5 Sep 2024	Northern Ireland Executive publish draft Programme for Government 2024-2027: Our Plan: Doing What Matters Most. Public Consultation open from 9 September – 4 November 2024.	Departments to align bids for Budget 2025-28 with draft Programme for Government
13 Sep 2024	City and Growth Deals: Treasury Pause on Funding Commitments	Funding paused for Causeway Coast and Glens and Mid-South West Growth Deals Belfast Region, Derry and Strabane District Council City Deals to proceed as planned
3 Oct 2024	DoF publish Budget Sustainability Plan	Northern Ireland Executive to benefit from debt forgiveness of up to £559 million
11 Oct 2024	DoF 2024-25 October Monitoring: Commissioning letter for October Monitoring sent to departments. Departmental returns deadline 25 October 2024. Returns due with Committees 7 days later on 1 November 2024.	Finance Minister estimates £500 million of Barnett consequentials to be available for allocation during monitoring round. Monitoring round will conclude after confirmation of Barnett consequentials after publication of UK Government Autumn Budget 2024

6 https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/PUBLIC%20EXPENDITURE%202023-24%20PROVISIONAL%20OUTTURN%20AND%202024-25%20JUNE%20MONITORING_0.pdf

7 https://aims.niassembly.gov.uk/officialreport/reportssearchresultsreport.aspx?&eveDate=2024/09/10&rId=408886&hwcID=4517512&m=0&c=0&p=0&s=1&mv=0&o=0&ov=0&cv=1&pv=0&sv=27&mi=All%20Members&pi=All%20Parties&si=2024-2025&k=wtiMkGDWQEA=&fd=&td=&pg=1&pm=0&per=1#4517512

30 Oct 2024	UK Government Autumn Budget 2024	Confirmation of final Northern Ireland Executive settlement for 2024-25 and spending plans for 2025-26. Northern Ireland Executive to receive Barnett consequentials for 2024-25 of £609.3 million RDEL and £30.4 million CDEL[8] Northern Ireland Executive to receive £18.2 billion funding envelope in 2025-26 (£16.0 billion RDEL and £2.2 billion CDEL), which includes: • £1.5 billion top-up through the Barnett formula (£1.2 billion RDEL and £270 million CDEL) • £760 million of targeted funding (£670 million RDEL and £90 million CDEL) City and Growth Deals to resume subject to a benefit cost analysis. Provides basis for single year Northern Ireland Executive Budget 2025-26
11 Nov 2024	Northern Ireland Executive 2024-25 October Monitoring outcome	£631.5 million RDEL, £68.1 million CDEL, and £20.4 million FTC available for allocation in October monitoring round This leaves an overcommitment of £180 million RDEL

[8] https://www.gov.uk/government/news/a-budget-to-fix-the-foundations-and-deliver-change-for-northern-ireland?utm_medium=email&utm_campaign=govuk-notifications-topic&utm_source=b3528271-77a5-410e-99e0-a2276c8e3657&utm_content=daily

2.3 Key points arising for Northern Ireland from Autumn Budget and Treasury requirements

This sub-section identifies key budgetary points for Northern Ireland following the Chancellor's Autumn Budget in October 2024 and the introduction of Treasury requirements after the return of fully functioning devolved government in Northern Ireland in February 2024.

2.3.1 Policy changes

For Northern Ireland, the Autumn Budget was set against a backdrop of continued pay and inflationary pressures and growing public service demands, as well as cumulative water and sewerage needs due to previous decades of infrastructure underinvestment, amongst many other challenges.

A number of the announced policy changes at the macro-level will have direct implications in Northern Ireland. For example, the proposal to increase overall spending, as well as the commitment to set multi-year budgets will have a direct impact on the Northern Ireland Executive Budget setting process – both in terms of the quantum of funding available, and the ability for the Executive to set multi-year budgets. Other implications for Northern Ireland of macro level announcements are less clear. For example, the UK Government has committed to increased levels of borrowing to fund infrastructure investment; and if such infrastructure projects focus on investment in Great Britain, then the Northern Ireland Executive would receive additional Barnett consequentials that would fund infrastructure investment in Northern Ireland.

At the micro-level, households and businesses in Northern Ireland will be impacted by a number of policy changes specific to Northern Ireland, as well as a number of UK-wide policy changes.

In light of the policy changes announced in the Autumn Budget, the Executive and individual Departmental Ministers will need to factor them into Northern Ireland policy and budgetary planning and decision-making. When doing so, key points they will need to address include:

- Earmarked Funding

- Public Sector Pay Awards
- Increased UK National Living/Minimal Wage Rates
- Employer National Insurance Contributions (NICs)
- Business Rates Transformation in England
- Farm Inheritance Taxes
- Other policy announcements impacting the Agricultural sector
- Air Passenger Duty (APD)
- Corporate Tax Roadmap

Earmarked Funding

As announced in the Autumn Budget 2024, the 2025-26 Northern Ireland Budget is to include earmarked funding for the continuation of existing UK Government commitments, including £37.8 million for additional security, and £8.0 million for tackling paramilitary activity. Both of which include marginal increases in funding from what was allocated in previous years.

However, there is to be no earmarked funding for farmers and fisheries in 2025-26 onwards. Instead, the 2024-25 earmarked funding - totalling £332.5 million RDEL - is to be added onto the Northern Ireland Executive's RDEL baseline. The Executive will decide if this funding is to be earmarked for farmers and fisheries going forward. Moreover, if it decides not to do so, the Minister for the Department of Agriculture, Environmental and Rural Affairs (DAERA) then will need to decide what proportion, if any, of this funding is to be allocated to supporting farms and fisheries, or if it is to be used elsewhere.

Public Sector Pay Awards

At SR21 the UK Government set overall budgets on an assumption that pay for public sector workforces would increase by around 3%, 2% and 2% respectively, in the three years covered. However, alongside 11.1% in October 2022 - a 41-year high - as well as falling public sector pay relative to the private sector, and wide-spread industrial action, public sector pay awards far exceeded the UK Government's profiled pay award increases.

Subsequently, as part of the July 2024 Public Spending Audit, the UK Government outlined a series of factors when considering the 2024-25 pay awards, including:

- The cost of the pay awards to the taxpayer;
- The potential costs of industrial action (including to public service outcomes and the wider economy);
- The benefits from improved recruitment, retention and motivation of public sector workforces, given that public sector pay has fallen relative to the private sector in recent years; and,
- The potential impacts of pay awards on inflation.

When concluding, the Audit highlighted a number of recommendations, including:

- Improved public service outcomes by retaining experienced teachers;
- Reduced reliance on expensive temporary staffing, particularly in the NHS; and,
- Reduced turnover leading to reduced recruitment costs.

In October, the Chancellor stated 2025-26 Departmental settlements (budgets allocated to Whitehall Departments' and Devolved Administrations', including the Northern Ireland Executive's); they will need to fund the next round of public sector pay awards throughout the UK. In her Budget, she further stated that any above inflation pay awards would be affordable only if they funded from improved productivity.

In Northern Ireland, 2023-24 expenditure on Staff Costs – which includes wages and salaries, social security costs, and other pension costs - across the nine Ministerial Departments amounted to approximately £8.6 billion. That equated to almost half of total DEL expenditure in that financial year, meaning the outcome of public sector pay award negotiations had a significant impact on the Northern Ireland Executive Budget. Staff Costs in both the Department of Health (DoH) and the Department for Education (DE) accounted for almost 75% of overall expenditure on Staff Costs, as shown in Table 2 below:

Table 2: Departmental Staff Costs as a % of Total DEL (excluding ring-fenced RDEL) outturn 2023-24, £ million

Department	Total DEL (excluding ring-fenced RDEL)	Staff Costs	%
DAERA	697.6	214.2	30.7%
DfC	1,085.3	459.0	42.3%
DfE*	1,008.5	354.9	35.2%
DE	3,154.0	1,982.5	62.9%
DoF	211.9	174.6	82.4%
DoH	8,410.1	4,358.1	51.8%
DfI	1,456.8	116.4	8.0%
DoJ	1,347.1	852.0	63.2%
TEO	168.6	47.4	28.1%
	17,539.9	**8,559.1**	**48.8%**

Notes: Staff costs includes: wages and salaries; social security costs; other pension costs; less recoveries of outward secondments. Includes permanently employed staff, others and ministers. DfE Annual Report and Account 2023-24 not yet published – 2022-23 figures used as an estimation. Figures do not include temporary staff.

Sources: Departmental Annual Report and Accounts, DoF Provisional Outturn 2023-24

As part of the February 2024 funding package, the Northern Ireland Executive received an allocation of £584 million for public sector pay awards for 2023-24. At present, public sector pay award negotiations are ongoing in a number of sectors in Northern Ireland. Included, but not limited to, is the Minister of Health's proposed paper regarding a pay award for Health and Social Care staff, which the Executive is considering at the time of writing. It remains to be seen if it will be agreed. The Education Minister expressed his disappointment at the announcement by a number of teachers' unions that they plan to ballot their members for industrial action over 2024-25 pay in the coming weeks.[9]

Increased UK National Living/Minimum Wage Rates

[9] https://www.education-ni.gov.uk/news/education-minister-disappointed-by-unions-pre-emptive-action-teachers-pay

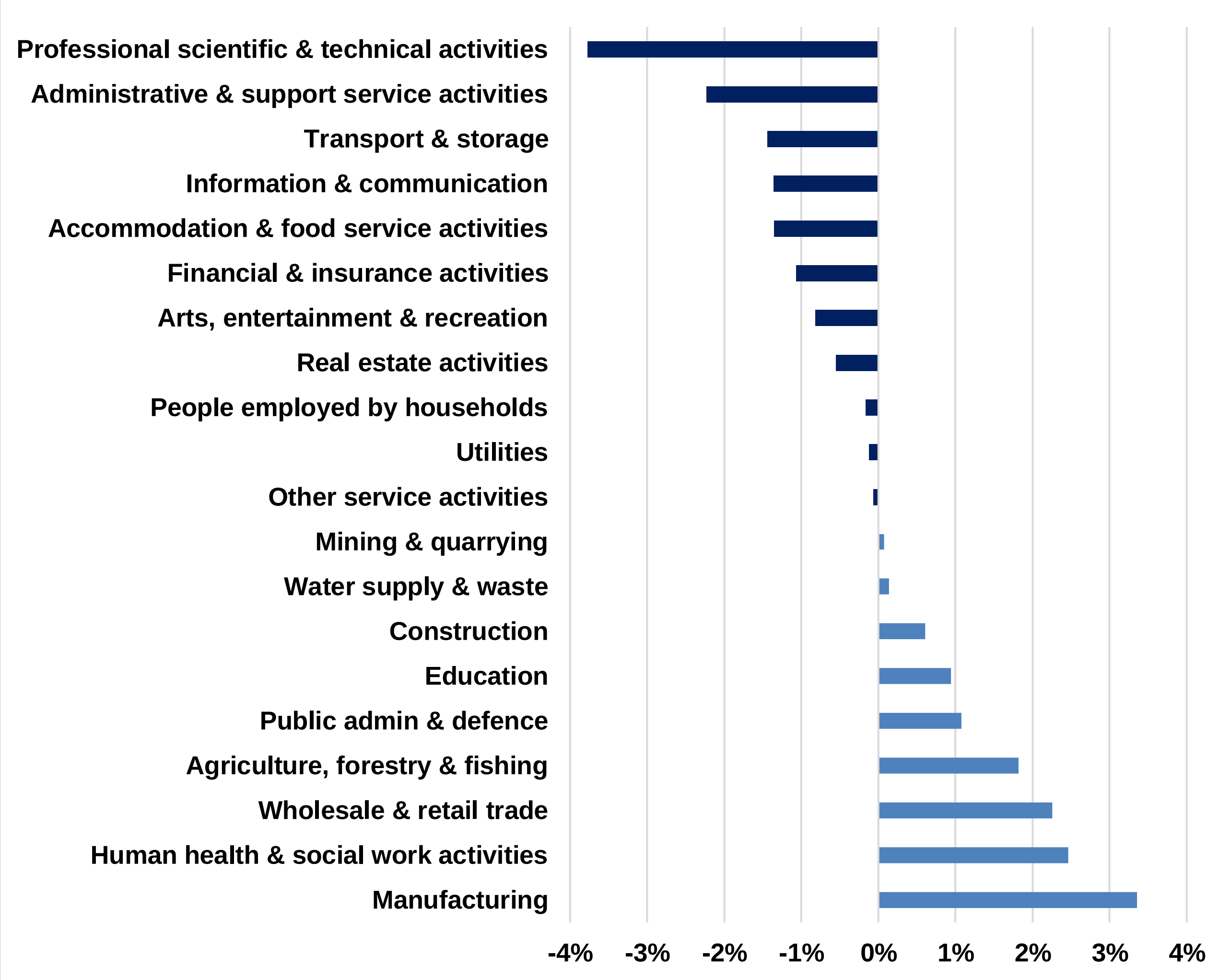
The Chancellor announced the UK Government's decision to help those on the lowest incomes in the UK through increased hourly wage rates from April 2025 – namely:

- The National Minimum Wage for 18 to 20-year-olds to rise from £8.60, to £10.00 per hour; and,
- The National Living Wage for over 21s to rise from £11.44, to £12.21 per hour.

The cost burden of the proposed changes is likely to fall on the employers of younger and part-time works, who are most likely to be earning low or minimum wages. The sectors which are most likely to be impacted are labour intensive sectors such as Hospitality and Leisure, and Wholesale and Retail. Any additional costs placed on employers will be more acutely felt by smaller businesses. The public sector will also need to factor these changes when considering public sector pay awards in 2025.

It is important to note that the structure of the Northern Ireland economy differs from the UK. Northern Ireland has a higher share of jobs in public sector activities, Manufacturing, Agriculture and Wholesale and Retail, when compared with the UK. Moreover, Northern Ireland's largest employing sector is Health and Social Work, with 144,000 jobs (16% of total), followed by Wholesale and Retail, with 140,000 jobs (15% of total). All are illustrated in Figure 4 below:

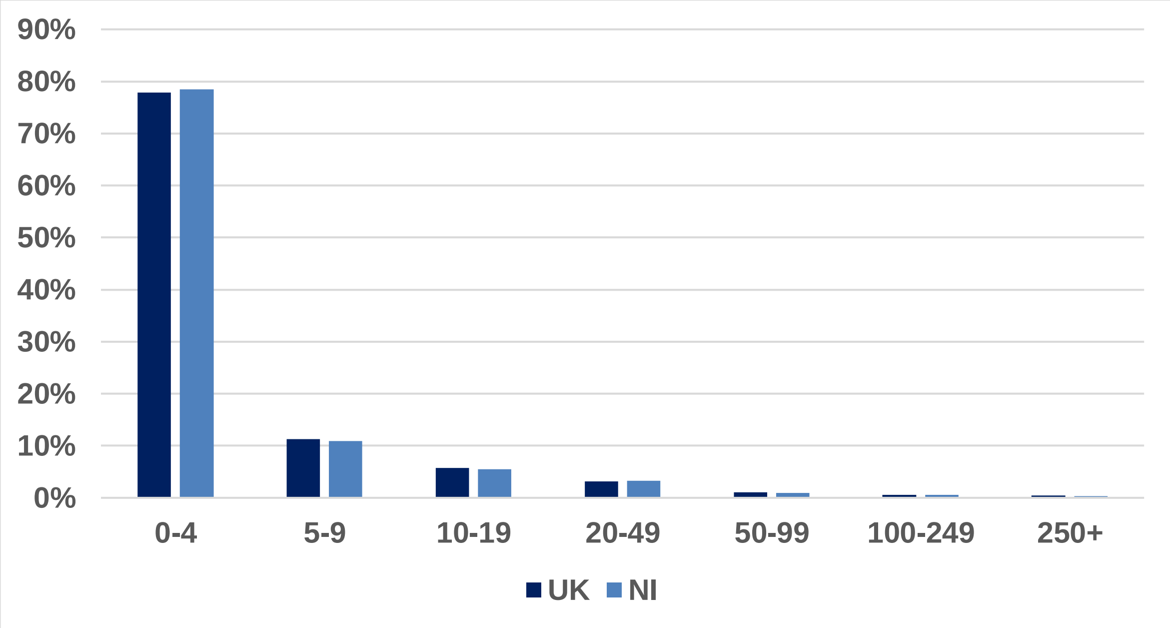
Figure 4: Percentage point difference in sectoral shares, NI & UK, 2024



Source: ONS (2024)

In addition to sectoral differences, there are differences in the make-up of the business population between Northern Ireland and the UK. Approximately 90% of the 80,000 businesses in Northern Ireland have fewer than 10 employees, which is broadly similar to the UK – as shown in Figure 5 below:

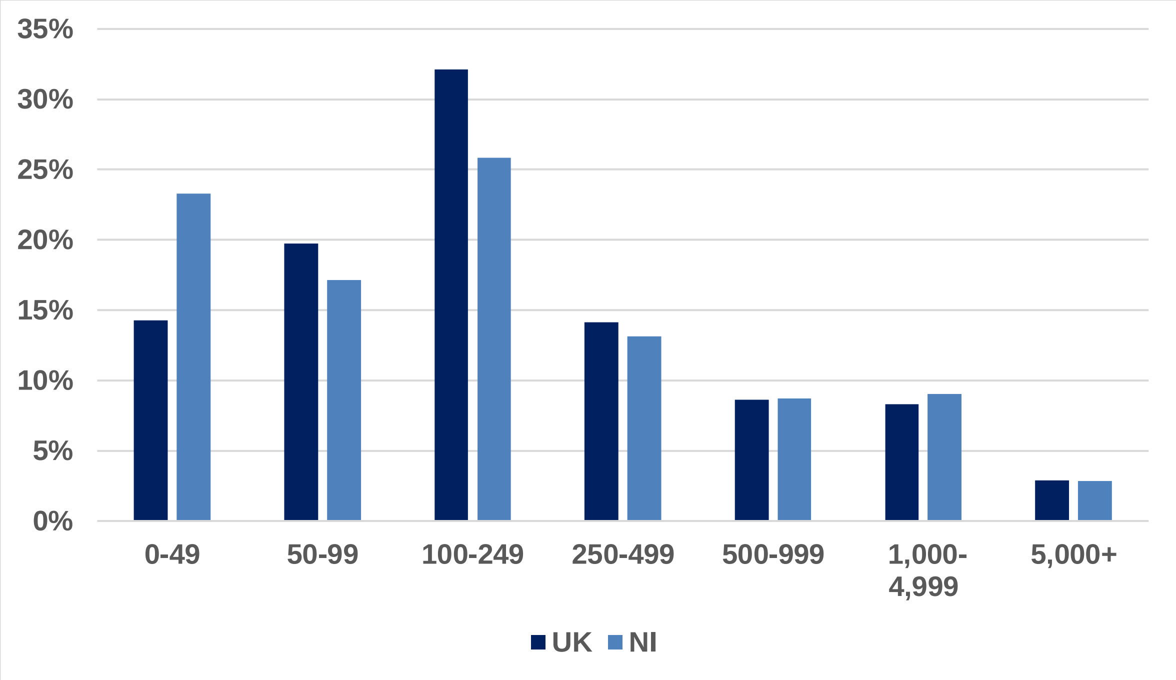
Figure 5: UK and Northern Ireland registered business population by employment size bands, %, 2024



Source: [ONS](ONS) (2024)

Approximately two-thirds of businesses in both Northern Ireland and the UK have a turnover of less than £250,000. However, almost one-quarter of businesses in Northern Ireland have a turnover of less than £50,000. Essentially, the Northern Ireland business population is dominated by smaller firms when compared to the UK overall – as shown in Figure 6 below:

Figure 6: UK and Northern Ireland registered business population by turnover sizebands (£000s), %, 2024



Source: ONS (2024)

It remains to be seen as to how Northern Ireland employers will seek to absorb their increased wage costs, for example: increasing prices; reducing profit; decreasing staff levels/hours; redirecting funds from growth and investment; or, closing businesses. All will impact individuals in Northern Ireland to lesser or greater extents.

Employer National Insurance Contributions (NICs)

Employers in Northern Ireland also will bear the brunt of additional costs associated with changes to employer NICs. From April 2025:

- The rate of employers' NICs will rise by 1.2 percentage points to 15 per cent
- The level at which employers start paying NICs for each employee will fall from £9,100 to £5,000
- The Employment Allowance will increase from £5,000 to £10,500, and the £100,000 eligibility threshold has been removed

The cost burden of the proposed changes is likely to impact labour intensive sectors, such as Hospitality and Leisure and Wholesale and Retail. The

Northern Ireland business population is dominated by smaller firms when compared to the UK overall. Many of which will benefit from the increased Employment Allowance that aims to protect the smallest businesses. However, larger businesses may choose to pass on any cost increases to the consumer.

In addition, Treasury is to compensate public sector employers for higher tax costs due to the measure through higher RDEL budgets. It is unclear how this compensation is to come about. Northern Ireland has a much higher share of jobs in the public sector than the rest of the UK, and so Northern Ireland may be placed at a disadvantage if it was to receive Barnett consequentials for this measure. A number of Executive Departments allocate funding to Arm's Length Bodies (ALBs) and other bodies to provide a range of public services. It is unclear if these bodies will benefit from Treasury's commitment to provide public sector support.

Moreover, GP surgeries have been highlighted as a type of small business that could be negatively impacted by this measure that is to be implemented throughout the UK. In this context, it is important to note that any UK Government help for GP surgeries in Great Britain or England would result in a corresponding Barnett consequential for Northern Ireland.

Business Rates Transformation in England

The Autumn Budget also delivered a number of commitments to transform business rates in England, including the introduction of lower business rates multipliers for high-street Retail, Hospitality and Leisure (RHL) properties with rateable values of less than £500,000, from 2026-27. In 2025-26, the small business multiplier is to be frozen for those businesses and Small Business Rates Relief measures put in place, including 40% relief (up to £110,000 per business). It is important to note that since the Covid-19 pandemic, a one-year RHL relief has been repeatedly rolled over as a temporary stop-gap, meaning that RHL businesses in England have been benefiting from temporary business rates relief in each year since 2020-21 - 100% in 2020-21; 100% from April 2021-June 2021; then 66% from June 2021 to March 2022; 50% in 2022-23; 75% in 2023-24; and, 75% in 2024-25 – for up to £110,000 per business.

As this measure is to be implemented only in England, the Northern Ireland Executive is to receive a Barnett consequential. As Barnett consequentials are unhypothecated, it is for the Executive to decide how it will be spent. However, it is important to note that in 2024-25 the Executive received a Barnett consequential when RHL businesses in England were benefiting from a 75% relief. Barnett consequentials received by the Executive are added into the Baseline for the following years. As the Executive is to receive a Barnett consequential in 2025-26 based on the lower, 40% rate relief, it is to receive a negative Barnett consequential in 2025-26 equating to approximately -£80 million.[10]

Farm Inheritance Taxes

From April 2026, inheritance tax relief for business and for agricultural assets will be capped at £1 million, with a new reduced rate of 20% being charged on assets above that. This is applied after using an individual's nil rate band of £325,000 and the residence nil rate band of £175,000, where the latter is available. Exemptions for transfers between spouses and civil partners will continue to apply. Figures indicate, that in some circumstances, two people with farmland could pass on up to £3 million without paying inheritance tax. Any transfers to individual more than seven years before death will continue to fall outside the scope of inheritance tax, and the rate tapers down from three years after the transfer.

In addition, estates which will have an inheritance tax bill will be able to pay the bill, interest-free, over a period of 10 years. This policy change has attracted considerable media attention in recent weeks, including coverage of farmers lobbying against the proposed cuts throughout the UK.

The Treasury has indicated that around 500 agricultural estates across Great Britain and Northern Ireland are to be affected by the change, or approximately 75% of estates claiming agricultural property relief (APR) and business property

[10] https://www.finance-ni.gov.uk/sites/default/files/2024-11/Oral%20Statement%20on%20Autumn%20Budget%202024.pdf

relief (BPR).[11] It has also argued that small family farms are to be protected under the changes. At the time of writing, controversy remains over these claims.

The Chancellor appeared before the Treasury Committee in the House of Commons on 6 November 2024. During that evidence session, the Chancellor stated:[12]

> *In the last year that data was available—2021-22—the average claim for agricultural property relief was just under £500,000, and 73% of claims were for less than £1 million.*

The Treasury estimate is based on the number of farms that claimed relief in the past, rather than how many farms in total could be impacted.

The Department for Environment, Food and Rural Affairs (DEFRA) figures[13] however show that 66% of farms in England have a net worth of more than £1 million.

The National Farmers Union (NFU) has stated that the government's figures are misleading.[14] It has done its own modelling and estimates that around 75% of commercial family farms will be above the £1 million threshold. NFU cites a number of reasons for discrepancies in the figures:

- Differences between what constitutes a working farm and the number of APR claims – a significant proportion of smaller holdings that are shielded from the measure are not commercial family farms. In addition, APR claimants include landowner claims as well as owner occupier farmer claims. It notes that as around 80% of new business farm tenancies consist of bare farmland averaging 54 acres, this suggest that many of the sub-£1 million claims may relate to landowner claims.

[11] https://www.gov.uk/government/news/what-are-the-changes-to-agricultural-property-relief

[12] https://committees.parliament.uk/oralevidence/14971/html/

[13] https://www.gov.uk/government/statistics/balance-sheet-analysis-and-farming-performance-england/balance-sheet-analysis-and-farming-performance-england-202223-statistics-notice

[14] https://www.nfu-cymru.org.uk/media/2oqmosjl/nfu-briefing-apr-reform-impact-on-commercial-family-farms.pdf

- APR data from 2021-22 (used by Treasury in its calculation), is not a reliable representation of the prevailing conditions from April 2026 onwards. For example, land prices have increased since 2021, bringing more farms in scope for the measure.
- Around 40% of those claiming APR also claim BPR, so bringing claims under both reliefs within the same £1 million threshold is much more restrictive than implied purely from the APR data.
- Multiple ownership does explain some of the variance in figures between Treasury's 27% and Defra's figures based on net worth of farms, but its unlikely to account for such a large variance.

NFU also notes that low levels of profitability within the sector mean that most affected farms will struggle to pay their tax bills, even over the ten years allowed for by the Government.

Northern Ireland has a larger proportional Agricultural sector than the UK as a whole. In June 2023, there were 26,131 farms in Northern Ireland, with approximately one million hectares (1,042,318 hectares) of land farmed.[15]

A proxy for "Farm Size" is used in the national statistics, based on the estimated Standard Labour Requirements (SLR). SLR is defined as the theoretical number of workers required each year to run a business, based on its cropping and livestock activities. The following bands in Table 3 are used to describe farm size:

Table 3: UK agricultural statistics farm size bands

Size	**SLR**
Very Small	Less than 1
Small	1 < 2
Medium	2 < 3
Large	3 < 5

[15] https://www.daera-ni.gov.uk/sites/default/files/publications/daera/Agricultural_Census_2023_publication.pdf

Very Large	5 or more

Source: DAERA (2021)

Since there are very few farms in the “Very Large” size range in Northern Ireland, those are included in the “Large” category in Census data. Over three-quarters of farms in Northern Ireland are very small; DAERA reported 20,603 in June 2023.[16] In addition, its report stated there were 2,641 “Small” farms, 1,168 “Medium” farms, and 1,719 “Large” farms in Northern Ireland at this time.

The DAERA estimates that approximately one-third of farms in Northern Ireland are potentially impacted by this policy change, with the dairy sector estimated to be the hardest hit, with approximately 75% of dairy farms in Northern Ireland potentially affected.[17] The DAERA calculation is based on a land value of more than £1 million, and does not account for other assets in the business. The Minister for DAERA may wish to continue to work towards obtaining a truer reflection of the proportion of farms in Northern Ireland potentially affected by the measure.

In response to questions in the chamber on 25 November 2024, the Minister for DAERA stated the importance of succession planning in Northern Ireland, highlighting DAERA’s Farming for the Generations Pilot Scheme.[18]

Other policy announcements impacting Agricultural sector and others

In addition to the Inheritance Tax changes noted above, the Farming sector will also be impacted by the Chancellor’s increases to:

1. Employer NICs;
2. National Living Wage; and,
3. Capital Gains Tax.;

[16] https://www.daera-ni.gov.uk/sites/default/files/publications/daera/Agricultural Census - Methodology and Quality Report 2020.pdf

[17] https://www.niassembly.gov.uk/globalassets/documents/raise/deposited-papers/2024/dp1829.pdf

[18] https://www.daera-ni.gov.uk/news/muir-announces-launch-farming-generations-pilot-scheme

Moreover, farmers in Great Britain will be impacted by steeper cuts to direct farm payments than initially expected; and farmers in Northern Ireland may be impacted by the removal of earmarked funding for farming support payments (as explained earlier in this Paper at sub-section 1.2.7); And the Carbon Border Adjustment Mechanism (CBAM) to be introduced from January 2027 will place a carbon price on goods that are at risk of carbon leakage imported to the UK from a range of sectors, including fertiliser. As farmers in Northern Ireland are required to import fertiliser, they will be directly impacted by this measure.

In addition, from April 2025 the UK Government will treat double cab pick-ups vehicles (DCPUs) with a payload of one tonne or more as cars for certain tax purposes, including Corporation Tax and Income Tax. That too will directly impact the Agricultural sector, as well as other sectors, such as Construction.

As with all businesses, increased costs can be absorbed in a number of ways, from price increases, through to business closure, as noted earlier. For example, increased costs within the Agricultural sector will ultimately lead to increases in the cost of food, as well as impacts on food security more generally throughout the UK. In addition, such costs may lead to job losses, or poor terms and conditions for those who remain employed. All of which may impact individuals in Northern Ireland to lesser or greater extents.

Air Passenger Duty (APD)

As announced at Autumn Budget 2024, the UK Government will increase APD rates for 2026-27. All rates will be increased by 13%, rounded to the nearest pound, to account in part for previous high inflation and to help maintain the value of APD in real terms.

The higher rates that apply to larger private jets will increase by a further 50%. The new rates will apply from 1 April 2026. For the tax year 2027-28 and in subsequent years, APD rates will be rounded to the nearest penny. From April 2026, the rates will be as follows:

Table 4: APD Rates

Bands (distance in miles from London)	Reduced rate (lowest class of travel)	Standard rate (1) (other than the lowest class of travel)	Higher rate (2)
Domestic Band	£8	£16	£142
Band A (0 to 2,000 miles)	£15	£32	£142
Band B (2,001 to 5,500 miles)	£102	£244	£1,097
Band C (over 5,500 miles)	£106	£253	£1,141

(1) If any class of travel provides a seat pitch in excess of 1.016 metres (40 inches) the standard rate is the minimum rate that applies. (2) The higher rate applies to flights aboard aircraft of 20 tonnes and above with fewer than 19 seats.

Source: HM Treasury (2024)

OBR forecast that APD receipts are expected to raise £4.2 billion in 2024-25. From 2025-26, OBR further forecast they are to increase by 9.0 per cent a year, on average, to £6.5 billion in 2029-30; driven by increasing passenger numbers and higher duty rates.[19]

In Northern Ireland, APD on direct long-haul flights is devolved to the Northern Ireland Executive, and the current rate is set at £0. So there currently is no APD on direct long-haul flights departing from airports in Northern Ireland. A flight is a "direct long-haul flight" when:

- The passenger's journey begins from an airport in Northern Ireland;

[19] https://obr.uk/efo/economic-and-fiscal-outlook-october-2024/

- The first part of the journey is to a destination not in the UK or in Band A; and,
- That part of the journey is direct and does not connect elsewhere beforehand.[20]

Since devolution of APD in 2013, the Northern Ireland Executive has been subject to a Block Grant Adjustment each year; amounting to of approximately £2.3 million. The Block Grant Adjustment for 2026-27 onwards may increase in line with the policy change announced in Autumn Budget 2024. (For additional information on Block Grant Adjustments under devolution, see Appendix 1 of this Paper and access Public Finance Scrutiny Workshop Series Module 2.)

Corporate Tax Roadmap

Alongside Autumn Budget 2024, the UK Government published a Corporate Tax Roadmap, setting out its plans for Corporation Tax, including commitments to key features of the system and several areas where the UK Government will explore change. That document stated:

> *The UK government remains willing to engage with the Northern Ireland Executive on devolution of the Corporation Tax rate to Northern Ireland, should the Executive choose to pursue this.*

In 2015, the UK Government enacted Corporation Tax (Northern Ireland) 2015, which empowered the Northern Ireland Assembly to set the Corporation Tax rate on trading profits in Northern Ireland. That power, however, has not been commenced by the UK Government to date. It is possible that UK-wide policy changes in this area may re-open the conversation on commencing Northern Ireland Corporation Tax legislation.[21] If so, that then would require consideration of any related Block Grant Adjustments.

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[20] https://www.gov.uk/guidance/rates-and-allowances-for-air-passenger-duty

[21] See previous RaISe paper NIAR 095-15: Corporation Tax (Northern Ireland) Bill: Key Provisions and Considerations

2.3.2 Other Considerations

All the above-noted Autumn Budget considerations will be factored into Executive Budget planning for 2024-25, 2025-26 and beyond, alongside, for example:

- September 2024 Departmental outturn and forecast outturn returns reflecting overcommitments of £812.3 million in Non Ring-fenced Resource DEL and £37.2 million Capital DEL
- October 2024 Monitoring Round revealed an outstanding Executive/Departmental overcommitment of £180 million in Non Ring-fenced Resource DEL; requiring the Executive to continue to work through those budgetary shortcomings. (The October Monitoring Round had been delayed to consider additional Barnett consequentials that could be received as a result of the Autumn Budget.)
- Given that there will be no further Barnett consequentials this year, the January Monitoring Round will focus on only reduced requirements and technical adjustments and Departments are not to expect to have any of their outstanding overcommitments dealt with during that January Round.
- The 2024-25 overcommitment figure noted above does not include the cost of a number of exceptional items, such as the Police Service Northern Ireland (PSNI) data breach, holiday pay and the McCloud injury to feelings judgement. On 11 November 2024, the Minister of Finance explained that those costs may be funded by a Reserve Claim, with Treasury prior agreement – if they would crystallise in 2024-25.[22]
- Ongoing discussion on the 2024 Public Sector Pay Award negotiations in Northern Ireland, including the Minister of Health's proposed paper to the Executive on a pay award for Health and Social Care staff that at the time of writing has not yet been agreed, and the announcement by a

[22] https://aims.niassembly.gov.uk/officialreport/reportssearchresultsreport.aspx?&eveDate=2024/11/11&rId=416633&hwcID=4667178&m=0&c=0&p=0&s=1&mv=0&o=0&ov=0&cv=1&pv=0&sv=27&mi=All%20Members&pi=All%20Parties&si=2024-2025&k=BvjSV2sPIU%20DgjgZcAteOw==&fd=&td=&pg=1&pm=0&per=1#4667178

number of teachers' unions regarding upcoming industrial action over 2024-25 pay.

- Other considerations, including the requirements specified in the February 2024 funding package to restore fully functioning devolution in Northern Ireland, including:
    - The Budget Sustainability Plan – including a balanced Executive Budget in 2024-25, with serious repercussions if not doing so, including having to repay previous Executive overspends of £559 million, and any additional overspends deducted from the 2025-26 Block Grant
        - MLAs will be aware that there currently is a forecast Departmental overcommitment of £180 million RDEL, raising queries as to how Departments are working together to prevent a year-end overspend this financial year.
    - Interim Fiscal Framework – the Executive must continue to progress to agree a Final Fiscal Framework for Northern Ireland, including continuing discussing surrounding funding from 2026-27 onwards, and continuing discussions on the 24% needs-based factor.
    - Interim Transformation Board – the Executive must continue to progress to agree a Transformation Board. Members and Committees must engage to scrutinise the spending of the £235 million ring-fenced transformation funding.
    - The Executive also is expected to publish a comprehensive and costed long-term strategic Infrastructure Plan. It, however, does not come with any additional requirements.

Within the above budgetary context, MLAs – in Assembly plenaries, committees and constituencies - scrutinise spending, holding the Executive/Departments to account, so that they live within their specified expenditure limits for this financial year and in future.

Alongside that scrutiny, MLAs - when working in committees - also may rely on their advisory function and proactively engage with the Executive/Departments

– for example, not wait to react to Executive/Departmental proposals; and instead proactively make proposals that include consideration of Treasury's transformation, sustainability and other requirements, which in turn the Executive/Departments could consider and potentially adopt.

For the current year, it remains to be seen as to how the funding gaps noted above will be addressed for Executive Budget 2024-25. And in terms of Executive Budget 2025-26, DoF has started to engage in the planning stage of the Budget cycle - having commissioned the information gathering exercise in early October 2024, as noted above. Moreover, the Executive is continuing work to finalise the draft Programme for Government, and to formulate the draft Executive Budget 2025-26 (expected December 2024).

As noted earlier, the Chancellor confirmed that Phase 2 of a SR is expected in Spring 2025. At that point, the Executive will have greater clarity on Northern Ireland's Spending Envelope for 2026-27 going forward, as well as any further policy changes that may impact the Northern Ireland Budget from the UK Government, which currently constitutes the majority of the Spending Envelope for Executive Budget 2025-26.

3 Key Takeaways

The Chancellor's Autumn Budget 2024 introduces significant economic adjustments, with wide-ranging impacts for Northern Ireland. Her Budget includes substantial spending increases, supported by both tax raises and borrowing, to offer critical support for public services and infrastructure. Key UK-wide changes, such as hikes in the National Living Wage and adjustments in employer NICs, directly affect businesses and households in Northern Ireland, with particular implications for smaller, labour intensive businesses.

Specific measures - including the modification of inheritance tax relief for agricultural assets - highlight Northern Ireland's unique economic factors due to its higher proportional representation in the Agricultural sector. However, the overall costs to Northern Ireland farmers are still relatively unknown.

Adding to the complexity of Northern Ireland's financial planning are fiscal changes such as the APD rate adjustments announced by the Chancellor. Another such change and complexity also could arise if the UK Government commenced Northern Ireland's Corporation Tax legislation; though the Chancellor did not say anything in that regard in her Budget.

Planning and decision-making relating to the Northern Ireland Executive Budget for 2024-25, 2025-26 and beyond must adapt to all the changes highlighted throughout this Paper, assuming all will be implemented as announced in the Autumn Budget. They also must include critical emphasis on transformation, sustainability and other, such as investment, to meet all requirements specified by the UK Government/Treasury under the February 2024 funding package. For example, and of particular significance, given the forecasted overcommitments made by Northern Ireland Departments for the current financial year, the Executive must exercise rigorous fiscal management, if it is to avoid Treasury deductions from future block grants.

And while the Chancellor announced additional resources for the Northern Ireland Budget, existing and clearly foreseeable future demands necessitate careful strategic planning and budgeting on the part of the Executive/Departments if they are to navigate immediate and future pressures, as well as meet current and long-term obligations. MLAs - through their work in Assembly plenaries, committees and constituencies – will play a critical scrutiny role in ensuring that the Executive/Departments are held to account. Alongside that scrutiny, MLAs - when working in committees - also may rely on their advisory function and proactively engage with the Executive/Departments – for example, not wait to react to Executive/Departmental proposals, and instead proactively make proposals that include consideration of Treasury's transformation, sustainability and other requirements, which in turn the Executive/Departments could consider and potentially adopt.

Appendix 1: Public Finance and Economic Scrutiny Workshop Series

To facilitate Assembly scrutiny when addressing public finance and economic matters, RaISe have produced a Public Finance Scrutiny Workshop Series and an Economic Scrutiny Workshop Series, both comprising themed modules for reference and use by Members and those who support them.

Serving a shared aim and related objectives, the two Series are as follows:

Public Finance Scrutiny Workshop Series – It provides an online "five-stop" reference guide of individual modules that examine the Executive Budget cycle from a Northern Ireland Assembly scrutiny perspective. Collectively, the below modules: define Northern Ireland's Public Finance Framework (PFF); set out how Northern Ireland's Executive Budget cycle is a sub-cycle of the United Kingdom Government's Budget cycle; and, highlights when, why and how to engage throughout the Executive Budget cycle and undertake scrutiny:

1. Northern Ireland Executive Budget Cycle: explaining key concepts to support Assembly scrutiny

2. Northern Ireland Public Finances: demystifying and supporting Assembly scrutiny throughout the Budget cycle

3. Spending Plans and Supply Estimates Process: supporting Assembly scrutiny during Formulation and Approval stages of Budget cycle

4. In-Year Monitoring: supporting Assembly scrutiny during Execution stage of Budget cycle

5. Resource Accounts: supporting Assembly scrutiny during Audit stage of Budget cycle

Economic Scrutiny Workshop Series – It provides an online "four-stop" reference guide of individual modules that examine economic theory and practice from a Northern Ireland Assembly perspective. Collectively, the below modules: explain fundamental economic principles; and importantly, outline why such principles are important and relevant to economic development at the devolved level of government in Northern Ireland:

1. Economic Performance: Why measure economic performance (overall economic output and growth) in Northern Ireland, and how is that done?

2. The Labour Market: Why be aware of Northern Ireland's labour market performance?

3. Sectors and Productivity: What are key groups of institutions in the Northern Ireland economy and how is their economic activity categorised?

4. Economic Impact: What are key impacts of individual economic events; and how do those impacts subsequently affect the wider economy?