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Draft Budget 2026/27-2029/30: Beyond Block Grant Funding

Paper 2 of 6

RaISe – Public Finance Scrutiny Unit

This Briefing Paper is Paper 2 of 6 in a thematic series. It looks beyond the Block Grant, to “Barnett Plus” and other, with the aim of supporting Northern Ireland Assembly plenaries, statutory committees and Audit Committee, when scrutinising Draft Budget 2026/27-2029/30.

This information is provided to a Member of the Legislative Assembly (MLAs) in support of their duties, and is not intended to address the specific circumstances of any particular individual. It should not be relied upon as professional legal advice, or as a substitute for it.

Introduction

This Briefing Paper - Paper 2 of 6 in a [thematic series](#)¹ - looks beyond the Block Grant, to “Barnett Plus” and other, to highlight additional funding that helps inform Northern Ireland Executive decision-making when formulating its Budget². First, the Paper sets out Northern Ireland’s current public finance position, providing a snapshot, to explain what Barnett Plus and other were determined during key 2025/26 fiscal events in the United Kingdom. Thereafter, it unpacks “Barnett Plus” and other, which includes monies that the Executive receives from the United Kingdom Government, the Irish Government and the European Union – those are: the City and Growth Deals; the [Local Growth Fund](#) (LGF); and, cross-border and European Union-supported initiatives, respectively the [Shared Island Initiative](#) and [PeacePlus](#).

Aiming to support Northern Ireland Assembly plenaries, statutory committees and the Audit Committee when scrutinising Draft Budget 2026/27-2029/30, this Paper is presented using the following three headings:

1. [Northern Ireland Public Finance Position – A snapshot](#)
2. [Beyond the “Block Grant” – Additional funding](#)
3. [Key Takeaways](#)

Its contents should not be relied upon as professional legal advice or opinion, nor as a substitute for either.

¹ [Research Publications | Northern Ireland Assembly](#)

² To look beyond these additional funding sources, see Paper 6 in this series, which addresses revenue raising in Northern Ireland.

1 Northern Ireland Public Finance Position – A snapshot

Table 1 below shows the total funding available to Northern Ireland from the United Kingdom Government for the duration of the Spending Review 2025 period under the following Departmental Expenditure Limit (DEL) headings: Resource DEL (RDEL) – period 2026-27 to 2028/29; Capital DEL (CDEL) – period 2026-27 to 2029/30; and, Financial Transactions Capital (FTC) DEL – period 2026-27 to 2029/30:

Table 1: Total funding available from the United Kingdom Government for Executive Budget 2026/27-2029/30

£million	2026-27	2027-28	2028-29	2029-30
Resource DEL	16,348.0	16,834.7	17,334.3	-
Capital DEL	2,339.1	2,307.9	2,302.1	2,296.0
Financial Transactions Capital	91.7	92.6	118.7	140.7

Source: [Written Ministerial Statement - Department of Finance: Treasury Funding Available 2026-2029/30](#) (Published 03/10/2025)

1.1 Non-Barnett Allocations – 2026-2029/30

Whilst Table 1 above details total funding, Table 2 below highlights the specific non-Barnett allocations included within those totals, as set out in the [Written Statement](#) from the Minister of Finance (MoF) in October 2025.

Table 2: Non-Barnett allocations to Northern Ireland 2026-29/30

Non-Barnett Resource DEL	2026-27	2027-28	2028-29	2029-30
Restoration Package - Transformation	59.3	61.3	64.6	-

Security	37.8	37.8	37.8	-
Tackling Paramilitarism - Executive Programme on Paramilitarism and Organised Crime (EPPOC)	8.0	8.0	8.0	-
Private Schools VAT Compensation	0.3	0.3	0.3	-
Windsor Framework	115.6	117.9	122.2	-
Debt Advice	2.8	2.8	2.8	-
Non-Barnett Capital DEL				
City Deals	87.8	83.9	66.4	71.4
Windsor Framework	5.3	4.6	4.8	5.1
Historic funding packages (Medical School)	6.0	20.5	21.0	2.1
Historic funding packages (An Ciste)	0.7	0.9	1.0	-

Source: [Written Ministerial Statement - Department of Finance: Treasury Funding Available 2026-2029/30](#) (Published 03/10/2025)

1.1.1 Reserve Claim

On 11 February 2026, the Finance Minister announced success in securing a Reserve claim for Northern Ireland – that is, His Majesty’s (HM) Treasury agreed to provide the Northern Ireland Executive with £400 million for 2025/26, if it be repaid over three years. Subsequently, the Finance Minister, by Written Ministerial Statement, confirmed the Executive’s agreement to accept and allocate said funding, as follows:

- £214.6 million for the Department of Education (DE)
- £185.4 million for the Department of Health (DoH)

2 Beyond the “Block Grant” – Additional Funding

2.1 City and Growth Deals

In Northern Ireland, there are currently four City and Growth Deals, with a £1.3 billion (bn) funding package available; comprising:

- Northern Ireland Executive investment of over £700 million (m)
- United Kingdom Government contribution of over £600m
- A further £300m from local councils and City and Growth Deal partner institutions

The four City and Growth Deals are:

- Belfast Region City Deal (£700m)
- Derry City and Strabane City Deal (£210m)
- Causeway Coast and Glens Growth Deal (£72m)
- Mid-South West Region Growth Deal (£252m)

On 13 September 2024, the United Kingdom Government informed the Northern Ireland Executive that City and Growth Deal funding had been “paused”. Thereafter, it was confirmed by the then Finance Minister that the Belfast Region City Deal and Derry City and Strabane District Council City Deal would continue, but two Growth Deals - namely Causeway Coast and Glens and Mid-South West - would continue to be paused.

And then in October 2024, at the Autumn Budget 2024, the Chancellor advised that the two paused Growth Deals now would continue, with a combined investment from the United Kingdom Government of £162 million.

The Department of Finance (DoF) is the lead Northern Ireland Department with responsibility “strategic direction, policy, governance and funding of the City and Growth Deals initiative”.³ Nonetheless, the Department for the Economy (DfE) is the accountable Department for:

³ <https://www.finance-ni.gov.uk/topics/city-and-growth-deals>

... an estimated £1bn of investment across approximately 40 innovation, digital and tourism projects.⁴

In terms of the DfE allocation in the 2025/26 Draft Executive Budget, £6.5m has been earmarked as funding for City and Growth Deals.

2.2 Local Growth Fund

The United Kingdom Shared Prosperity Fund (UKSPF) is due to end on 31 March 2026. At the [2025 Spending Review](#), the United Kingdom Government confirmed that the Local Growth Fund (LGF) would replace the UKSPF from April 2026, with Northern Ireland included in the new arrangements:

For each year of Phase 2 of the SR period, funding for Northern Ireland across these schemes will be at the same overall level in cash terms as under the UK Shared Prosperity Fund in 2025-26. As one of the representatives for the nations, the Northern Ireland Office will work with MHCLG to implement the new local growth fund, working in partnership with the Northern Ireland Executive.⁵

As noted above, the LGF is to be delivered under the same terms as the UKSPF in 2025-26. Table 3 below provides a breakdown of the 2025-26 allocation for Northern Ireland.

Table 3: Northern Ireland UKSPF Allocations 2025-26

Northern Ireland UKSPF Allocations 2025-26	Capital	Resource	Total
	£11,800,769	£33, 687,664	£45,488,433

Source: [UKSPF 2025-26 allocations Guidance \(2025\)](#)

⁴ <https://www.economy-ni.gov.uk/articles/city-and-growth-deals>

⁵ https://assets.publishing.service.gov.uk/media/68627094354985706f111adc/E03349913_HMT_Spending_Review_June_2025_TEXT_CS_Accessible_002_.pdf

On 6 January 2026, in response to a [House of Commons Written Question](#), the Parliamentary Under-Secretary of State in the Ministry of Housing, Communities and Local Government confirmed:

The UK Government will invest £45.5 million per annum of the Spending Review period to provide targeted, long-term funding to support local growth across Northern Ireland.

*The Local Growth Fund will begin delivery next April, and will be designed and delivered in partnership with the Northern Ireland Executive, the Northern Ireland Office and the Ministry of Housing, Communities and Local Government.*⁶

The [Draft Budget 2026-2029/30 consultation document](#), published on 21 January 2026, confirmed this allocation. It, however, also detailed how it would be split between Capital and Resource, detailing:

*The Local Growth Fund will provide £45.5m across the 2026-27 to 2028-29 Financial years. This fund will be profiled at 33% Revenue and 67% Capital.*⁷

This was a noted departure from the UKSPF, in terms of how the funding would be allocated via Resource and Capital. Indeed, this weighting was almost exactly the inverse of how UKSPF had been allocated - see Table 3 below. On 26 January 2026, the Executive released a [statement](#) concerning the allocations assigned to the LGF in Northern Ireland. The statement confirmed:

In the June 2025 Spending Review, a total of £45.5m per year for 3 years was allocated to the Local Growth Fund with a commitment that the NIO would work in partnership with MHCLG and the Executive to develop a programme.

Despite promises of partnership working to develop a fund that would address local needs, detail on how the Local Growth Fund would be

⁶ <https://questions-statements.parliament.uk/written-questions/detail/2025-12-17/101100>

⁷ [Draft Budget 2026-2029/30 Document](#) (21/01/2026)

delivered were only provided towards the end of last year which was much too late. The much-reduced quantum of the Local Growth Fund will have a significant and detrimental impact on achieving local growth, and the Capital/Revenue split of this fund makes matters much worse. Reducing the amount of revenue available will be devastating for the delivery of interventions to promote local growth here⁸

Thereafter, on 4 March 2026, the Secretary of State for Northern Ireland (SoSNI) provided [evidence](#) to the Northern Ireland Affairs Committee about the LGF and [PeacePlus](#). In relation to the LGF, he explained the 33% Resource / 67% Capital split and noted the possibility of accessing PeacePlus funding (see [sub-section 2.2](#) below) to address the fall in available Resource funding. The SoSNI, however, noted that PeacePlus, if possible, would take time to be delivered and suggested that the Executive could:

...bridge finance the economic inactivity programmes until such time as PEACEPLUS funding can come onstream.⁹

The SoSNI further remarked:

The fact remains that if the Executive think that these programmes are really important—they clearly do, because of the representations we are having—it is open to the Executive to put some money in, alongside the money that the Government are putting in, which is £12 million — £3 million for Go Succeed and £9 million for continuation of the economic inactivity programmes. The Executive could put some more money in and, as I indicated earlier, that could be some bridging finance unless and until, if it proves to be the case, PEACEPLUS funding can come through. That is trying to find a practical answer to a practical problem.¹⁰

⁸ <https://www.executiveoffice-ni.gov.uk/news/executive-statement-local-growth-fund>

⁹ <https://committees.parliament.uk/oralevidence/17261/pdf/>

¹⁰ See footnote 8 immediately above

2.3 Northern Ireland Fiscal Council View of Finance Minister's Draft Budget 2026/27-2029/30

On 24 February 2026, the Northern Ireland Fiscal Council (NIFC) published its [Assessment of the Finance Minister's proposed 2026-27 to 2028-29/29-30](#). Key points identified in that Assessment included:

- Northern Ireland Departments have been overspending against their agreed budgets – for the fourth year in a row HM Treasury has provided additional funding to “help balance the books”¹¹.
- While the Budget technically balances (with significant difficulty to all Ministers) it does so only by ignoring for now the overspend repayments agreed over the next three years.¹²
- The draft multi-year Budget largely rolls forward previous allocations and previously agreed or earmarked commitments, with limited new prioritisation across services. In that sense, it is fiscally “neutral”¹³.
- The Chair of the Council stated:

*The Treasury loan has softened what would otherwise have been a much steeper fall in real spending power next year. But repeated exceptional support risks making such interventions appear routine rather than exceptional and may reduce the incentive to address the underlying causes of overspending.*¹⁴

2.4 Shared Island Initiative

On 22 October 2020, the Irish Taoiseach [launched](#) the Shared Island Initiative, setting out its intent as follows:

- *It involves working together, North and South, to meet the major strategic challenges we face together.*

¹¹ <https://www.nifiscalcouncil.org/files/nifiscalcouncil/documents/2026-02/Press%20Release%20-%20Budget%20report%202026-27.pdf>

¹² See footnote 11 immediately above

¹³ See footnote 11

¹⁴ See footnote 11

- *It involves further developing our shared island economy; working to deepen our cooperation in areas such as health and education; and investing together for the benefit of the North West and border regions.*
- *It involves fostering constructive and inclusive dialogue and supporting a programme of research so that we have access to the best of ideas grounded in the strongest of evidence.*¹⁵

Thereafter, on 13 October 2021, at the announcement of the [Irish Government Budget 2021](#), the Minister for Public Expenditure and Reform announced the establishment of a Shared Island Unit in the Department of An Taoiseach. In addition, the 2021 Budget provided multi-annual capital funding of €500 million over 5 years for the Shared Island Initiative.

2.4.1 Irish Government Shared Island Initiative Funding

On 20 February 2024, the Irish Government announced a [package](#) of over €800 million as part of its Shared Island Initiative. The package was part of the Irish Government's commitments set out in the [New Decade, New Approach](#) Agreement in 2020. The details of the February 2024 package included:¹⁶

- €600m for the A5 North-West transport corridor
- €50m for Casement Park in west Belfast
- Funding for Narrow Water Bridge connecting County Down and County Louth
- €12.5m for a new hourly rail service between Belfast and Dublin
- €10m in a renewed visitor experience at the Battle of the Boyne site in County Meath
- Commitment to work with the Astronomical Observatories of Ireland's three sites at Dunsink, Armagh and Birr
- Developing pilot cooperation schemes by enterprise agencies (up to €30m) and on education (up to €24m)

¹⁵ <https://www.gov.ie/en/department-of-the-taoiseach/speeches/online-address-by-the-taoiseach-on-shared-island/>

¹⁶ <https://www.gov.ie/en/press-release/2c23e-unprecedented-funding-of-over-800m-for-shared-island-investment-priorities-including-a5-road/>

In January 2025, the new PfG agreed by the incoming Irish Government committed a further €1 billion to the Shared Island Fund up to 2035, to foster reconciliation, mutual respect and growth. It also set out a range of new investment and cooperation commitments.¹⁷

2.5 PeacePlus

PeacePlus is a €1.14bn funding partnership between the EU, the Governments of the United Kingdom and Ireland and the Northern Ireland Executive.

PeacePlus is administered by the [Special EU Programmes Body](#) (SEUPB), which describes the PeacePlus Programme as follows:

*The Programme is designed to support peace and prosperity across Northern Ireland and the border counties of Ireland, building upon the work of the previous PEACE and INTERREG Programmes.*¹⁸

It has six themes, with a total of 22 investment areas. See Figure 6 below for further detail on its themes and investment areas.

¹⁷ <https://www.gov.ie/en/department-of-the-taoiseach/campaigns/shared-island/>

¹⁸ <https://www.seupb.eu/peaceplus/overview>

Figure 1: PeacePlus Programme Thematic Areas



Source: [The Executive Office - Peace Plus Programme](#) (Accessed 23/02/20)

3 Key Takeaways

- Over the Spending Review 2025 period - 2026-2029/30 - the Northern Ireland Executive is to receive:
 - Resource Departmental Expenditure Limit (DEL) allocations for 2026-27 to 2028-29
 - Capital DEL allocations for 2026-27 to 2029-30
 - Financial Transactions Capital (FTC) for 2026-27 to 2029-30.

See indicative totals at [Table 1](#) in this Paper

- In addition, the Executive is to receive several non-Barnett (ringfenced) allocations, including funding for:
 - Restoration Package – Transformation
 - Security
 - Tackling Paramilitarism (EPPOC)
 - Private Schools Compensation for Value Added Tax (VAT)
 - The Windsor Framework
 - Debt Advice
 - City Deals and Historic Packages (Medical School, An Ciste)
- Moreover, on 11 February 2026, the Northern Ireland Executive secured a £400m HM Treasury Reserve claim. It is repayable over three years:
 - £214.6m for the Department of Education
 - £185.4m for the Department of Health
- Following programme changes at central government, the Local Growth Fund (LGF) will replace the United Kingdom Shared Prosperity Fund (UKSPF) from April 2026; and £45.5m per year has been allocated to Northern Ireland under the LGF. That funding is split 33% Resource and 67% Capital, which is the inverse of the UKSPF split and has raised Executive concerns about reduced revenue available for interventions. The SoSNI suggested the Executive could use bridging finance until such time PeacePlus funds may be made available to address the change in resource allocation for this programme.

- Shared Island Initiative is an Irish Government initiative launched in 2020 to deepen North–South cooperation in economic development, health, infrastructure, and research. In January 2025 the Irish Government announced an additional €1bn commitment to the Shared Island Fund, up to 2035.
- The PeacePlus Programme is a €1.14bn cross-border programme funded by the United Kingdom and Irish Governments, the EU and the Northern Ireland Executive. It supports peace and prosperity across Northern Ireland and border regions, with six thematic areas and 22 investment areas.