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Draft Budget 2026/27-2029/30: Proposed Resource Allocations

Paper 5 of 6

RaISe - Public Finance Scrutiny Unit

This Briefing Paper is Paper 5 of 6 in a thematic series. It examines the Finance Minister's proposed Draft Budget resource allocations and how they could shape Northern Ireland's long-term investment planning and Departmental capital spending profiles over the next four-year period. The Paper aims to support Northern Ireland Assembly plenaries, statutory committees and Audit Committee, when scrutinising Draft Budget 2026/27-2029/30.

This information is provided to Members 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, nor as a substitute for it.

Introduction

This Briefing Paper - Paper 5 of 6 in a [thematic series](#)¹ - examines the proposed capital allocations set out within the Northern Ireland Finance Minister's (Minister's) January 2026 [proposals](#), to consider how they could shape long-term investment planning and departmental capital spending profiles over the four-year period. The Paper first outlines some essential context-setting, highlighting past Northern Ireland Executive resource spending figures. It then follows explaining the funding available for resource allocation under the prevailing institutional and financial arrangements under the current devolution settlement – the “rules”, including His Majesty's (HM) Treasury-set controls, Executive fiscal levers to locally raise revenue and to avail of other available funding streams. Thereafter, it addresses the prioritisation of available funding under those rules, beginning with allocations required by legislation or previous Executive commitments, followed by additional earmarked funding, proposed Transformation “set-aside” sums and the Strategic Reserve. The Paper then draws on all that information, to address the Departmental allocations specified in the Draft Budget proposals.

The Paper is presented using the following five headings:

1. [Context-setting](#)
2. [Available Funding](#)
3. [Draft Budget Resource Allocations](#)
4. [Summary](#)
5. [Key Takeaways](#)

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

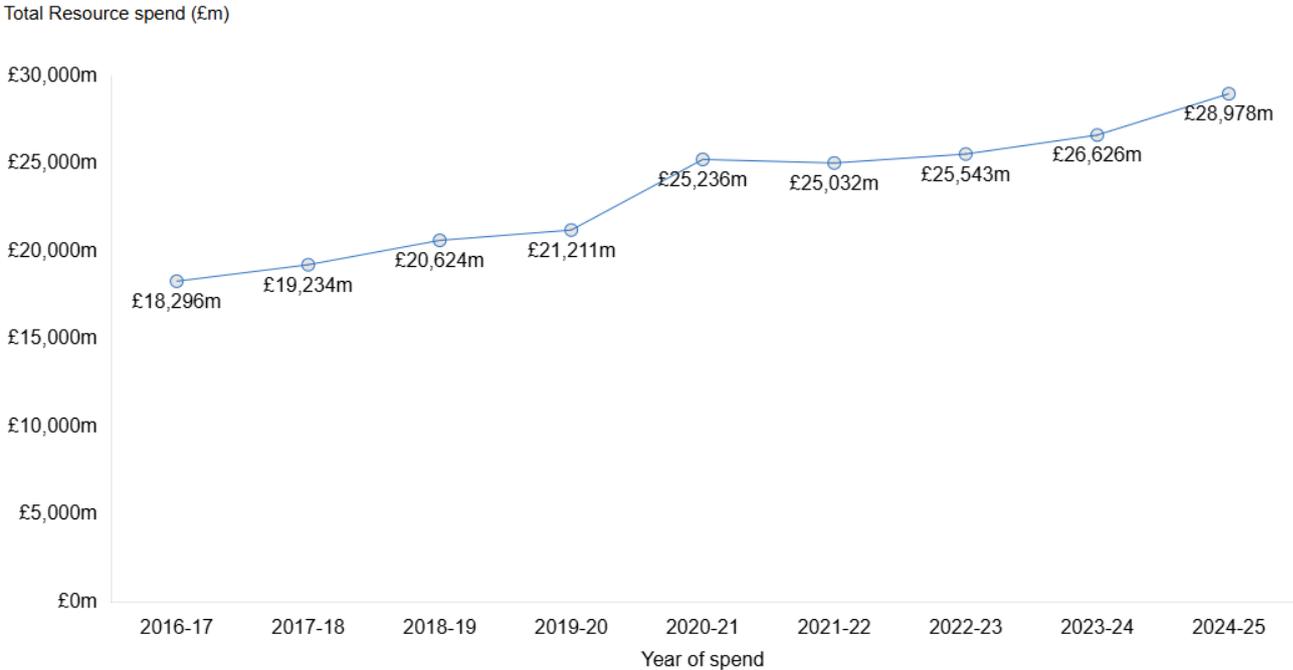
¹ [Research Publications | Northern Ireland Assembly](#)

1 Context-setting

1.1 Total Northern Ireland Executive Resource Spending

For some perspective, this sub-section looks at the last decade of data recording total devolved Resource spend in Northern Ireland - both Annually Managed Expenditure (AME) and Departmental Expenditure Limits (DEL) - to reveal a rise of almost 37%. Figure 1 below shows a rise in total devolved resource spend since the financial year 2016/17 until 2024/25 – increasing from £18.3 billion (bn) to almost £29.0bn.

Figure 1. Total Northern Ireland Executive resource spending (AME & DEL) 2016/17 to 2024/25



Source: [NISRA - Northern Ireland Executive resource spending \(Accessed March 2026\)](#)

1.2 Resource DEL

Resource DEL is further broken down into ring-fenced Resource and non-ring-fenced Resource.

Ring-fenced Resource DEL:

...is budget which has been ring-fenced by Treasury to cover the cost of depreciation and impairments. These are accounting

transactions that do not result in an actual cash cost. The ring-fenced Resource DEL budget cannot be used for any other purpose.²

Non-ring-fenced Resource DEL:

...is the larger element of the Resource DEL. It reflects the ongoing day-to-day costs of providing services (for example, pay, operating costs and grants to other bodies).

2 Available Funding

2.1 Treasury Resource DEL Controls for the Executive

On 3 October 2025, the Finance Minister, in a [Written Ministerial Statement](#) to the Assembly set out the funding made available by HM Treasury for Executive Budget 2026-2029/30, as notified by the Secretary of State for Northern Ireland on 3 July 2025. Table 1 below details the Resource DEL allocations made available by HM Treasury.

Table 1. Treasury Resource DEL Controls for the Executive

£million	2026/27	2027/28	2028/29
Non-ring-fenced DEL	16,253.4	16,740.1	17,239.7
Financial Packages	94.6	94.6	94.6
Treasury Earmarked	223.7	228.0	235.6
Total Executive Treasury Resource DEL Controls	16,571.7	17,062.7	17,569.9

Source: [Written Ministerial Statement - Department of Finance: Treasury Funding Available 2026-2029/30](#) (3 October 2025)

² [Draft Budget 2026-2029-30 document](#) (published 21 January 2026)

As noted above, outside of the general non-ring-fenced Resource DEL, there is funding from the United Kingdom Government in the form of financial packages and Treasury earmarked allocations.

2.1.1 Executive Restoration Financial Package

As part of the Financial Package that accompanied the Executive's restoration in February 2024 after a two-year period of interrupted devolution, the United Kingdom Government increased Executive spending powers and sought to enable public sector transformation; and allocated funding (earmarked and unearmarked³) to enable both those aims (see [sub-section 2.1.2](#) of this Briefing Paper). In relation to the increased spending power, central government committed £708m over five years, which was not earmarked. That funding therefore could be used:

...by the Executive as it sees fit and ... is therefore treated as General DEL in each year of the budget period⁴.

Table 2 details this available funding over the Draft Budget period.

Table 2. Financial Restoration Package for the Executive

£million	2026/27	2027/28	2028/29	Total
Executive Restoration Package (Resource DEL)	94.6	94.6	94.6	283.8

Source: [DoF - Draft Budget 2026-2029/30](#)

2.1.2 Treasury Earmarked Resource Funding

On 3 October 2025, the Finance Minister set out in a [Written Ministerial Statement](#) to the Assembly that the funding available by the HM Treasury for the Draft Budget 2026-2029/30 was notified by the Secretary of State for

³ "Earmarked for specific purposes, this funding cannot be used for a purpose other than that noted" - [2025-26 In-Year Monitoring of Public Expenditure - Guidelines](#)

⁴ See footnote 2 immediately above

Northern Ireland to the Executive, including DoF, on 3 July 2025. That was confirmed in the Finance Minister's Draft Budget 2026-2029/30, which was presented in a further Written Ministerial Statement to the Assembly on 6 January 2026. The capital allocation in the Draft proposals, in relation to HM Treasury earmarked funding, is shown in Table 3 below..

Table 3. Treasury Earmarked Resource Funding

£million	2026/27	2027/28	2028/29	Total
Security Funding	37.8	37.8	37.8	113.4
Executive Programme on Paramilitarism and Organised Crime (EPPOC) / Successor programme	8.0	8.0	8.0	24
Transformation	59.3	61.3	64.6	185.2
Windsor Framework	115.6	117.9	122.2	355.7
Private School VAT Compensation	0.3	0.3	0.3	0.9
Debt Advice	2.8	2.8	2.8	8.4
Total	223.7	228.0	235.6	687.3

Source: [DoF - Draft Budget 2026-2029/30](#)

2.2 Regional Rates

As noted in the Draft Budget 2026-2029/30:

Aside from the Block Grant, the most significant source of funding for central public services is the revenue generated locally through the Regional Rates.⁵

⁵ See footnote 2

The Draft Budget consultation document continued:

The Regional Rate is the primary fiscal lever that the Executive can currently deploy to increase the funding available for the delivery of public services. Setting a Regional Rate that takes account of inflation, and the wider social and financial context was noted as an important feature of the Department’s Budget Sustainability Plan published in October 2024.⁶

Table 4 below details the projected Regional Rate revenue collection over the Draft Budget period.

Table 4. Projected revenue from Regional Rates

£million	2026/27	2027/28	2028/29
Regional Rate	771.6	800.0	830.5

Source: [DoF - Draft Budget 2026-2029/30](#)

On 22 January 2026, Land & Property Services (LPS) [published](#) a draft valuation list for non-domestic properties as part of [Reval 2026](#) – a revaluation all non-domestic properties in Northern Ireland for business rates purposes. While the Reval exercise was commissioned to adjust the rateable value of business properties to reflect changes in the property market, the LPS advised the revaluation would be “revenue neutral overall”⁷. However, a week later, on 29 January 2026, the Finance Minister [announced](#) he was pausing the Reval 2026 exercise, stating:

I am very aware of the concerns raised by businesses - particularly hotels, pubs and other hospitality businesses.⁸

A short time thereafter, on 12 February 2026, the Executive [agreed](#) the Regional Rate for 2026/27 and confirmed taking:

⁶ See footnote 2

⁷ [Land & Property Services publishes draft valuation list for Reval 2026 | Department of Finance](#)

⁸ [Finance Minister halts Reval 2026 process | Department of Finance](#)

... the same approach as 2025/26 with an increase of 5.0% for domestic properties and an increase of 3.0% for non-domestic properties.⁹

In his statement announcing the agreed regional rate for 2026/27, the Finance Minister further noted that:

Rates currently raise over £1.6billion annually providing vital funding for our hospitals, childcare, schools, and other essential council services that support our communities. The regional rate agreed today will raise just over £900million for the Executive for the 2026/27 year.¹⁰

It is notable that the Finance Minister's figure of £900 million is almost £130 million more than the £771.6 million projected in the Draft Budget – see Table 4 above.

Potential Scrutiny Points:

1. Can DoF explain the divergence between the Draft Budget's projection and the Minister's more recent public statement?
2. Has DoF carried out contingency analysis in relation to projected income from rates – especially in light of current global economic uncertainty which may impact households and Businesses in Northern Ireland over the coming proposed Budget period?

3 Draft Budget Resource Allocations

The following sub-sections detail the proposed Resource DEL allocations included in Draft Budget 2026-2029/30. Those allocations follow a structure of prioritisation, with funding in each sub-section allocated on the basis of

⁹ [Executive agrees Regional Rate for 2026/27 | Department of Finance](#)

¹⁰ See footnote 9 immediately above

legislative requirement and commitments made by the Executive – both previous and current. Sub-sections 3.4. and 3.5 detail allocations made on a discretionary basis, in which funding is made on current departmental priorities and future planning considerations.

3.1 Proposed Departmental Allocations for Executive Consideration and Commitments Made

Subsequently, on 6 January 2026, the Finance Minister delivered another [Written Ministerial Statement](#) in which he set out his proposals for the Draft Budget for 2026–29/30. In his Statement, the Minister noted that both the Resource and Capital DEL funding position “remain[ed] extremely constrained”¹¹, but noted the Capital allocation was designated over four years – not three years like the Resource allocation – for what he described as “for longer term investment”¹². Table 5 below presents the proposed Departmental capital allocations as presented in the Draft Budget 2026-2029/30.

Table 5. Proposed Departmental Resource allocations for Executive consideration

Commitments

£million	2026/27	2027/28	2028/29
Departmental Baselines	15,532.4	15,532.4	15,532.4
RRI Interest Payments	72.4	80.3	88.1
Increase in Budgets for Oversight Bodies	3.7	8.1	7.5
Statutory salaries	3.3	3.7	4.2

¹¹ https://www.niassembly.gov.uk/siteassets/bv186_dof_06012026.pdf

¹² See footnote 11 immediately above

Total Available for Allocation before Executive Commitments	1,284.1	1,783.0	2,297.0
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Source: [DoF - Draft Budget 2026-2029/30](#)

The following provides details concerning each allocation and specified underlying rationale to receive the allocation during the formulation of the Draft Budget:

- **Departmental Baselines** – *The baseline for each department was set by taking the previous year’s Budget, in this case the Budget 2025-26, and adjusting it to remove time-bound or earmarked allocations. This allows the Budget process to begin with a starting position where budgets are not influenced by time-limited factors.*¹³
- **RRI Interest Payments** – *Based on current forecasts the Executive will have outstanding Reform and Reinvestment Initiative borrowing of £1,837.3 million at the end of 2025-26. On the assumption that the full amount available is borrowed over this budget period the estimated interest will be held centrally to meet the costs in-year.*¹⁴
- **Increase in Budgets for Oversight Bodies** – *Due to the independent nature of oversight bodies, the budget for the Assembly, Audit Office and Public services Ombudsman are set independently approved of the Audit Committee and have first call on funding available.*¹⁵
- **Statutory salaries** – *Under legislation, the salaries of statutory office holders are met directly from the Northern Ireland Consolidated Fund but as Resource DEL cover is required, these are also a first call on available funding.*¹⁶

3.2 Previous Executive Commitments

¹³ See footnote 2

¹⁴ See footnote 2

¹⁵ See footnote 2

¹⁶ See footnote 2

The Executive has a number of previous project and programme commitments, which will be funded over the next Draft Budget period. The Draft Budget details these previous Executive commitments, noting they are:

Earmarked allocations are proposed to departments for previous Executive Commitments. This funding must be used for the purpose for which it was provided or surrendered to allow it to be returned for reallocation by the Executive.¹⁷

The following is a list of those Executive commitments:

- Agriculture, Agri-environment, fisheries & Rural Development
- European Union Match Funding
- City and Growth Deals – Construction and Procurement Directorate (CPD) Costs
- Welfare Mitigations
- Housing Benefit
- De-rating Grant
- Graduate Entry Medical School
- Childcare
- Cyber Security
- Rates Rebate
- Integr8
- Executive Programme on Paramilitarism & Organised Crime
- Statutory Salaries
- Historical Institutional Abuse (HIA), Victims, Truth Recovery

The proposed allocations and associated Departments in receipt of funding for previous Executive commitments is detailed in Table 6 below.

Table 6. Previous Executive Commitments Resource DEL allocation 2026-2029

¹⁷ See footnote 2

£ million

Department	Commitment	2026/27	2027/28	2028/29	Total
Agriculture, Environment and Rural Affairs	Agriculture, Agri-environment, fisheries & Rural Development	332.5	332.5	332.5	997.5
	EU Match Funding	4.4	6.2	5.4	16
	City Deals CPD Costs	0.1	0.2	0.1	0.4
Communities	Welfare Mitigations	48.2	48.9	49.5	146.6
	Housing Benefit	60.1	57.9	60.6	178.6
	De-rating Grant	47.3	50.2	53.2	150.7
	EU Match Funding	0.7	1.2	1.7	3.6
	City Deals CPD Costs	0.4	0.4	0.3	1.1
Economy	EU Match Funding	2.7	3.4	6.2	12.3
	City Deals CPD Costs	0.6	0.7	0.7	2
	Graduate Entry Medical School	4.5	4.6	4.8	13.9
Education	Childcare	55	65	75	195
Finance	Cyber Security	1.2	1.2	1.2	3.6
	Rates Rebate	93.3	99.9	104.8	298
	EU Match Funding	1.8	1.8	0.2	3.8
	Integr8	22.5	34.6	25.4	82.5
Health	EU Match Funding	1.9	3.7	3.8	9.4
	Graduate Entry Medical School	4.5	4.4	4.2	13.1
Justice	Executive Programme on Paramilitarism & Organised Crime	8	0	0	8
	Statutory Salaries	3.3	3.7	4.2	11.2
The Executive Office	EU Match Funding	6.7	6.5	3.7	16.9
	HIA, Victims, Truth Recovery	115	125	125	365
Total		814.7	852	862.5	2529.2

Source: [DoF - Draft Budget 2026-2029/30](#)

3.3 Additional Executive Earmarked Funding

In addition to providing earmarked funding for previous Executive commitments, the Draft Budget 2026-2029/30 also provides Executive Earmarked funding – “reflecting Programme for Government priorities”¹⁸.

¹⁸ [Draft Budget Document 2026-29/30](#) (21/01/2026) – Pg. 30

Table 7. Additional Executive earmarked proposed Resource DEL allocations

£million

Department	Priority Area	2026-27	2027-28	2028-29	Total spend over budget period
Agriculture, Environment and Rural Affairs	Lough Neagh	5.0	5.0	5.0	15.0
Communities	Social Housing	8.0	8.0	8.0	24.0
Economy	Skills	7.0	7.0	7.0	21.0
Finance	Census	3.3	4.4	6.3	14.0
Health	Waiting Lists & Elective Care	165.0	165.0	165.0	495.0
	Graduate Entry Medical School	7.9	9.1	9.3	26.3
Justice	Police Service of Northern Ireland (PSNI) Data Breach	119.0	-	-	119.0
	PSNI Workforce Recovery	25.8	48.1	59.4	133.3
The Executive Office	Ending Violence Against Women & Girls	3.6	5.8	5.8	15.2
	Language Bodies	2.4	2.5	4.7	9.6
	Climate Commissioner	1.0	1.0	1.0	3.0
Total		348.1	255.9	271.5	875.4

Source: [DoF - Draft Budget 2026-2029/30](#)

3.4 Proposed “Set Aside” Funding

Notably, the Draft Budget included a number of allocations for specific purposes that the Finance Minister described as “set aside”, without having allocated them to any specific Department. That “set aside” funding appears across the Draft Budget period and is designated as representing both Transformation and the Strategic Reserve. The Draft Budget 2026-2029/30 has allocated:

Table 8. Proposed “Set Aside” Funding over Draft Budget 2026-29/30

£million

“Set Aside” Funding Allocation	2026/27	2027/28	2028/29
Transformation	10.0	40.0	45.0
Strategic Reserve	-	200.0	400.0

Source: [DoF - Draft Budget 2026-2029/30](#)

In relation to the Transformation allocation, the Draft Budget details:

The Executive has a shared commitment to the transformation of public services to ensure long term sustainability. Therefore, the Finance Minister has proposed that £95 million Resource DEL is set aside across the budget period. This will be used to support projects recommended by the Public Sector Transformation Board.¹⁹

On the creation of the Strategic Reserve, the Draft Budget noted:

...the Finance Minister’s draft Budget proposals include setting aside a Strategic Reserve of £200.0 million in 2027-28 and £400.0 million in 2028-29 to be used to respond to issues that may emerge over the budget period.²⁰

¹⁹ See footnote 2

²⁰ See footnote 2

3.5 General Allocations

Following the allocation to Departmental baselines, specific allocations, previous Executive commitments, Executive earmarked funding and “Set Aside” Funding, there remains funding for General Allocations. Table 9 below details those proposed, as shown in 2026-27. It is proposed that a majority of the Departments would not receive the remaining funding for General Allocations. Moreover, of those proposed to receive, Health and Education, those proposals account for over 86% of it.

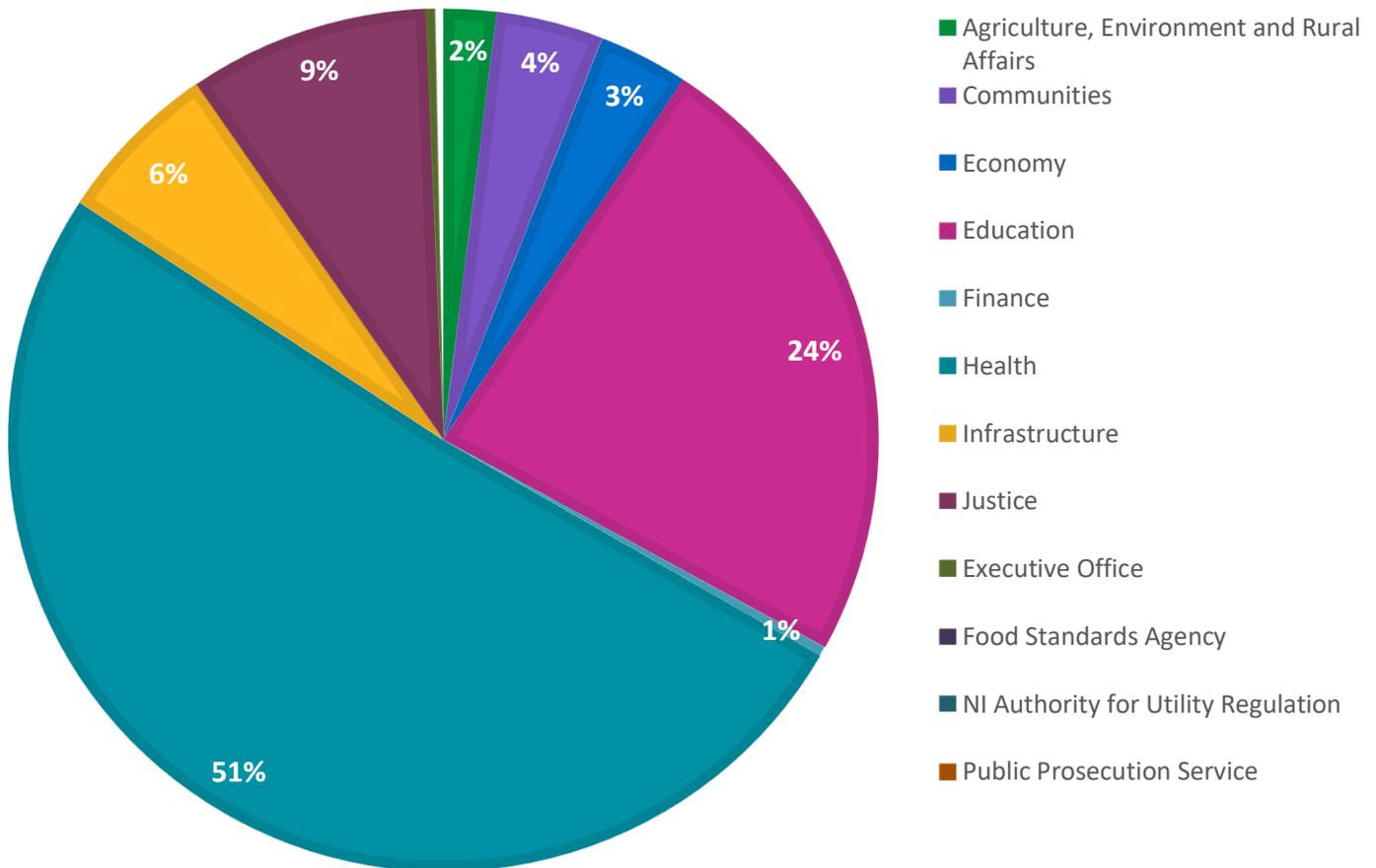
Table 9. Resource DEL Funding Available for General Allocations during Draft Budget period

	£million			
Department	2026/27	2027/28	2028/29	Total over Draft Budget period
Agriculture, Environment and Rural Affairs	-	10.0	14.7	24.7
Communities	-	20.5	29.7	50.2
Economy	-	19.0	23.1	42.1
Education	35.9	93.3	169.3	298.5
Finance	-	2.2	2.2	4.4
Health	63.2	210	368.5	641.7
Infrastructure	5.0	29.3	43.3	77.6
Justice	10.0	43.3	59.4	112.7
Executive Office	-	1.8	2.5	4.3
Food Standards Agency	-	0.5	0.5	1
NI Authority for Utility Regulation	-	0.1	0.1	0.2
Public Prosecution Service	0.5	1	1	2.5
Total	114.7	430.9	714.2	1,259.8

Source: [DoF - Draft Budget 2026-2029/30](#)

Figure 2 below shows the percentage each Department receives over the total Draft Budget period 2026-2029. The Figure highlights again that Health and Education are proposed to receive the majority of the general allocation; amounting to 75% over the Draft Budget period.

Figure 2. Percentage share by Department of General Allocation during Draft Budget period 2026-2029



Source: [DoF - Draft Budget 2026-2029/30](#)

4 Summary

Table 10 below summarises the amount of Resource DEL funding available to the Executive at each stage of the Budget formulation process and the prioritisation given to allocations. Note, the Table shows that after baseline Departmental allocations, as well as allocations that have “first call” on funding due to statutory duties, along with previous and current Executive commitments; the Executive has little discretionary Resource DEL to allocate – especially in 2026/27, where only £124.7m remains. While the £124.7m rises over the remainder of this Budget period,

the Finance Minister proposed “Set Aside” Funding for Transformation and the Strategic Reserve, which would account for 35% and 39% respectively of the remaining Resource DEL available for allocation in 2027/28 and 2028/29. That reduces the General Allocations to Departments (see [sub-section 3.5](#) of this Briefing Paper). Furthermore, as individual Departments cannot guarantee access to this Set-Aside Funding and may not receive allocations from either source over the Draft Budget period. Consequently, Departmental spending plans may need to be prepared on the assumption that no additional funding will materialise over that period.

Potential Scrutiny Point

3. Have Northern Ireland Departments spending plans to date included potential additional funding arising from Set-Aside funding allocations? If so, what contingency planning has been carried out if such additional funding is not forthcoming?

Table 10. Summary of the Resource DEL Funding Available and Allocations

£million	2026/27	2027/28	2028/29	Comment
General DEL – Treasury Resource Control Total	16,253.4	16,740.1	17,239.7	General DEL – Resource DEL funding that is for use at the discretion of the Executive arising from the Spending Review outcome.
Financial Packages (non-earmarked)	94.6	94.6	94.6	<i>This funding is to be used by the Executive as it sees fit and is not earmarked by Treasury. It is therefore treated as General DEL in each</i>

				<i>year of the budget period.</i>
Treasury Resource DEL Control Total	16,348.0	16,834.7	17,334.3	
Treasury Earmarked	223.7	228.0	235.6	As these are earmarked by Treasury, the funding is not available to the Executive to allocate. These allocations must be used for a specific purpose.
Resource DEL excluding Treasury Earmarked	16,124.3	16,606.7	17,098.6	The Block Grant allocation, which the Executive has control to spend.
Regional Rates	771.6	800.8	830.5	Additional funding raised locally, which is then included in the overall Resource DEL allocation that the Executive can spend as it sees fit.
Resource DEL for Executive Allocation	16,895.8	17,407.5	17,929.2	Total funding available to the Executive to allocate.
Departmental Baselines	15,532.4	15,532.4	15,532.4	<i>The baseline for each department was set by taking the previous year's Budget, in this case the Budget 2025-26, and adjusting it to remove time-bound or</i>

				<i>earmarked allocations. This allows the Budget process to begin with a starting position where budgets are not influenced by time-limited factors.</i>
RRI Interest Payments	72.4	80.3	88.1	<i>On the assumption that the full amount available is borrowed over this budget period the estimated interest will be held centrally to meet the costs in-year</i>
Increase in Budgets for Oversight Bodies	3.7	8.1	7.5	<i>Due to the independent nature of oversight bodies, the budget for the Assembly, Audit Office and Public services Ombudsman are set independently approved of the Audit Committee and have first call on funding available.</i>
Statutory salaries	3.3	3.7	4.2	<i>Under legislation, the salaries of statutory office holders are met directly from the NI Consolidated fund but as Resource DEL cover is required, these are also a first call on available funding.</i>

Total available for allocation before Executive Commitments		1,284.1	1,783.0	2,297.0	Remaining amount available for allocation after baseline departmental budgets are allocated and specific allocations are made.
Total available for allocation after previous Executive commitments		472.7	926.8	1,430.7	Earmarked funding allocated to departments for previous Executive Commitments.
Total available after additional Executive earmarked allocations		124.7	670.9	1,159.2	Additional funding commitments for Executive Earmarked funding, reflecting Programme for Government priorities.
Funding "set aside" by Finance Minister	Transformation	10.0	40.0	45.5	Executive Commitment to Transformation. Funding to be used to support projects recommended by the Public Sector Transformation Board.
	Strategic Reserve	-	200.0	400.0	Setting aside a Strategic Reserve to be used to respond to issues that may emerge over the Budget period.
Available for General Allocation		114.7	430.9	714.2	General allocation is non-earmarked funding

				allocated to Departments.
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Source: [DoF - Draft Budget 2026-2029/30](#)

4.1 Summary of Proposed Departmental Resource DEL Allocations 2026/27-2028/29

Table 11 below presents the proposed Resource DEL Departmental Budget outcome for 2026-29:

Table 11. Proposed Departmental Budget Outcome 2026-29 – Resource DEL

DEPARTMENT	£million			
	2026-27	2027-28	2028-29	Total
AGRICULTURE, ENVIRONMENT AND RURAL AFFAIRS	674.3	687.3	692.9	2054.5
COMMUNITIES	922	944.3	960.3	2826.6
ECONOMY	815.4	836.1	844.7	2496.2
EDUCATION	3244.6	3313	3393.1	9950.7
FINANCE	284.6	306.2	302.2	893
HEALTH	8481.4	8636.2	8803.5	25921.1
INFRASTRUCTURE	654.9	680	694.4	2029.3
JUSTICE	1575.4	1497.2	1525.7	4598.3
THE EXECUTIVE OFFICE	217	230.9	231	678.9
FOOD STANDARDS AGENCY	17.7	18.3	18.5	54.5
NI ASSEMBLY COMMISSION	63.1	66.6	65.3	195
NI AUDIT OFFICE	11.7	12.3	12.8	36.8
NI AUTHORITY FOR UTILITY REGULATION	0.3	0.5	0.5	1.3
NI PUBLIC SECTOR OMBUDSMAN	5.5	5.8	6	17.3
PUBLIC PROSECUTION SERVICE	41.8	42.3	42.3	126.4
TOTAL DEPARTMENTAL PLANNED SPEND	17,009.7	17,276.9	17,593.2	51,879.9

Source: [DoF - Draft Budget 2026-2029/30](#)

5 Key Takeaways

- The Draft Budget 2026/27–2029/30 is framed within what the Finance Minister has described as an “extremely constrained” Resource DEL position, with limited real-terms growth and significant pre-existing pressures before new priorities can be considered. While total Resource DEL available to the Executive increases over the three-year period, the majority is absorbed by Departmental baselines, statutory obligations, and previous Executive commitments. As a result, the Executive has relatively little flexibility to redirect resources in 2026-27, with only £124.7m available for General Allocations after accounting for prior commitments and earmarked funding.
- Departmental baselines alone account for more than £15.5bn each year, reflecting the continuation of existing service levels and the removal of time-bound allocations. Additional “first call” allocations – including RRI interest payments, budgets for oversight bodies, and statutory salaries – further limit discretion over Resource DEL distribution. Previous Executive commitments (for example, agri-environment schemes, welfare mitigations, match funding, childcare, HIA/Victims support, cyber security) absorb over £2.5bn across the period, with allocations that must be used for specified purposes or surrendered for reallocation.
- The Budget features substantial Treasury-earmarked funding streams that do not form part of the Executive’s discretionary spending envelope. These include allocations for security funding, the Windsor Framework, transformation, and EPPOC successor programmes. Earmarked totals rise modestly over the period, from £223.7m to £235.6m, ensuring that a sizeable portion of available Resource DEL is tied to UK-level priorities rather than Executive-driven intentions.
- In addition to Treasury-earmarked funding, the Executive introduces its own earmarked allocations reflecting Programme for Government-aligned priorities. These include allocations for Lough Neagh, social housing, skills, the Census, elective care/waiting lists, PSNI workforce recovery, and ending violence against women and girls. Health receives

the largest share of this category (notably £495m for waiting lists), underscoring the centrality of health pressures in budgetary decision-making.

- A key feature of the draft Budget is the decision to “set aside” funding for Transformation and the creation of the Strategic Reserve. Over the period, £9m is set aside for Transformation and £600m for the Strategic Reserve. While these measures aim to support long-term public sector sustainability and provide contingency for emerging pressures, they also reduce the amount available for immediate allocation – particularly in the early years of the Budget period. Departments therefore cannot assume access to these sums, and their spending plans may have to be prepared on the basis that no additional funding will materialise.
- Once all other commitments and set-asides are applied, the remaining general allocations are limited – especially in 2026-27 – and are dominated by Health and Education, which together receive around 75% of General Allocations across the Budget period. Most other Departments receive minimal additional funding in early years, with modest increases from 2027/28 onward. This heavily constrained pattern limits the Executive’s ability to pursue new initiatives or expand programmes outside of core services.
- Given the combination of ring-fencing, prior commitments, set-asides, and relatively low general allocation levels, Departments face significant challenges in planning for service delivery and reform. In particular:
 - Flexibility is largely deferred to later years of the Budget.
 - Access to set-aside funds is uncertain and not guaranteed.
 - Departments may need to prepare plans on a flat-budget or minimal-growth basis.
 - This challenge is compounded by the broader economic and fiscal environment in which the Budget is formulated, considered, agreed and scrutinised. Inflationary pressures, demographic trends – including an ageing population driving increased demand for health and social care – rising costs associated, with global instability, all collectively translate into a flat or minimal-growth

Budget, which may represent real-terms reductions in Department spending power and, thus, reduced public service delivery. Departments therefore may face increasing difficulty in maintaining existing service levels, let alone pursuing reform or expansion, over the Budget period