



Department of  
**Finance**  
An Roinn  
**Airgeadais**

[www.finance-ni.gov.uk](http://www.finance-ni.gov.uk)



# **2022-2025 DRAFT BUDGET**

# Draft Budget 2022-25

## CONTENTS

	<b>Page</b>
<b>Remarks by the Minister of Finance</b>	<b>2</b>
<b>Chapter One Introduction</b>	<b>3</b>
<b>Chapter Two Economic Context</b>	<b>5</b>
<b>Chapter Three Financing the Budget</b>	<b>12</b>
<b>Chapter Four Departmental Responsibilities</b>	<b>31</b>
<b>Chapter Five Budget Spend</b>	<b>65</b>
<b>Chapter Six Section 75 Equality Duty Requirements</b>	<b>81</b>
<b>Annex A Financial Tables</b>	<b>86</b>
<b>Annex B Consultation</b>	<b>94</b>

## REMARKS BY THE MINISTER OF FINANCE



Following many single year Budgets, the Executive is now in a position to deliver a three-year budget. This provides a more stable basis upon which public services can be planned, reformed, and improved.

Although the provision of a multi-year settlement is welcome, the Executive continues to face significant financial challenges. Years of austerity and the Covid pandemic have created severe pressures.

These pressures have been felt most acutely within the health and social care service. The Executive therefore agreed that its top budget priority is health. This draft budget would honour that commitment by providing funding for the Department of Health which is significantly above the relevant Barnett Consequential.

It is proposed that all Departments take a reduction in their baselines to divert resources to health and social care. This priority given to health would create significant challenges for all other Departments, demonstrating the ability of Ministers to work beyond Departmental boundaries.

It is important that transformation is now delivered so that health outcomes improve and so that the department does not represent an ever-growing proportion of the Executive's total budget.

This budget will not provide enough funding for all that we as an Executive aspire to do. Difficult choices will need to be taken. A balance will need to be struck on the level of funding for our many public services. More money for one area means less money for another. Ministers will have to prioritise.

This is where your voice is essential. We want to hear what is important to you so that Ministers can deliver the best possible use of the resources available.

**Conor Murphy**  
**Minister of Finance**

**13 December 2021**

## CHAPTER ONE: INTRODUCTION

- 1.1 This draft Budget document sets out the Executive's proposed spending plans for the three year period from 1 April 2022 to 31 March 2025.
- 1.2 The Executive's draft Budget follows the British Chancellor's Spending Review which was announced on 27 October 2021.
- 1.3 The Spending Review outcome sets the Budget envelope for the Executive. An October Spending Review announcement means that the time available for the Executive to construct a Budget for 2022-25 has been curtailed.
- 1.4 In addition to the outcome of the Spending Review, the Executive benefit from a number of Finance Packages. Details of these packages and the outcome of the Spending Review are confirmed to the Executive in writing by the Secretary of State. This letter forms the basis of the Written Ministerial Statement to the Assembly made on 4 November 2021. Further detail is set out in Chapter Three.
- 1.5 This document outlines how the Budget is funded, the draft Budget spending proposals and invites your views on those proposals.
- 1.6 The draft Budget consultation period runs until 7 March 2022 and more details about the survey and how to participate are found on the DoF website at:

<http://www.finance-ni.gov.uk/budget-consultation>

- 1.7 There are a number of financial terms within the Budget document and it may be helpful to refer to the Public Expenditure Terminology booklet.
- 1.8 Public Expenditure Terminology booklet can be found by following the link:

<https://www.finance-ni.gov.uk/publications/dof-public-expenditure-terminology>

# **BUDGET AT A GLANCE**

- **What Departments do is in Chapter 4, from page 31**
- **Key Departmental budgets are on pages 68 & 71**
- **A summary of our finances is on pages 87-90**
- **How to engage with the consultation is on page 94**

## **CHAPTER TWO: ECONOMIC CONTEXT**

### **Overview**

- 2.1 This Budget is being set at a very uncertain time for the local economy. As we emerge from the pandemic, the economy is thankfully recovering with robust growth in business activity and employment returning. However, the effects of COVID-19 are still being felt and many businesses and families continue to face significant pressures.
- 2.2 We face a range of challenges in the time ahead, including an emerging cost of living crisis, skill shortages and hard to fill vacancies across many sectors. Although its full benefits are yet to be realised, many businesses are taking advantage of the unique access to the British and European markets provided by the protocol. In addition, many of the historical structural issues that have limited our economic growth in the past are also still with us, some compounded by COVID-19 - issues such as relatively low productivity and competitiveness; low pay; regional imbalances; economic inactivity; and deprivation.
- 2.3 But as hugely difficult as the pandemic has been, it has also revealed the resilience of our businesses and workforces, and their ability to innovate and pivot in response to radically changing circumstances. This is a strength we need to build on, particularly as we support the transition to net zero, and take advantage of the huge opportunities offered by green growth.
- 2.4 The challenge for the Executive will of course be responding to these significant issues in what is a very constrained budgetary environment, and in the context of significant demands and pressures on our essential public services, especially in Health.

### **Economic Activity**

- 2.5 The overall impact of COVID-19 on the local economy is not expected to be as harsh as previously envisaged, with the significant support package put in place by both the Executive

and the Treasury providing a lifeline which sustained many businesses and families during the worst of the pandemic.

2.6 However the impact has still been significant. Research from the Department for the Economy<sup>1</sup> estimates that from March 2020 to March 2021, the lost economic activity due to Covid-19 in NI amounted to £6.1 billion in Gross Value Added (GVA)<sup>2</sup> terms. However, local forecasters expect the local economy to recover to 5.8% growth in 2021 and 4.1% in 2022<sup>3</sup> which is in line with the growth expected in Britain and Republic of Ireland.

**Table 2.1 - NI, UK and RoI Growth Forecasts (%)**

Region	2020	2021	2022	2023	2024	2025
NI	-10.4	5.8	4.1	2.2	1.8	-
UK	-9.8	6.5	6.0	2.1	1.3	1.6
RoI	-3.5	4.7	5.2	3.5	3.3	3.2

Sources: NI forecasts: UUEPC Summer Outlook 2021 ([link](#)); UK forecasts: OBR Economic and fiscal outlook – October 2021 ([link](#)); RoI forecasts: Irish Budget 2022 – Economic and fiscal outlook ([link](#)).

## Inflationary pressures

2.7 A cost of living crisis is emerging, with CPI inflation having risen sharply over the past number of months, reaching 4.2%<sup>4</sup> in October 2021 (see Figure 2.1). The Bank of England (BoE) note<sup>5</sup> that recent steep rises in inflation reflect the rapid pace at which the global demand for goods has increased, leading to supply bottlenecks in certain sectors, and increased consumer goods prices as a result, with this being further amplified by higher energy prices.

<sup>1</sup> DfE: Economic recovery from Covid-19 and restrictions – 12 August 2021

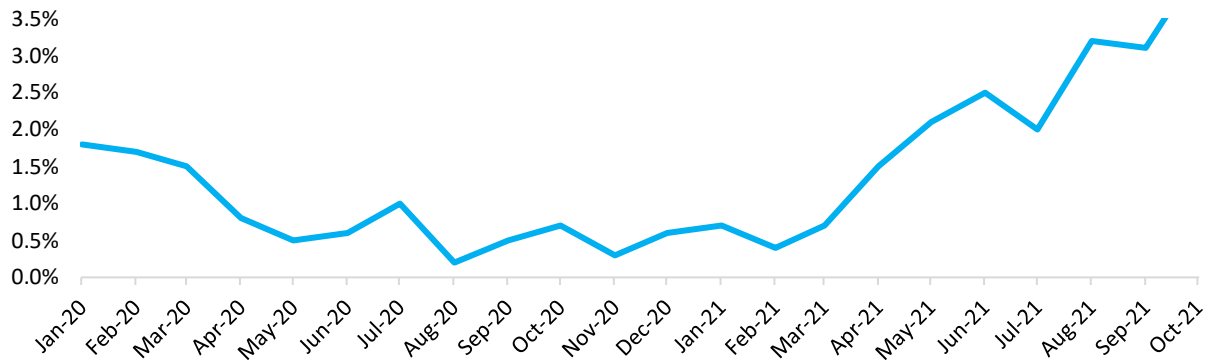
<sup>2</sup> Gross Value Added (GVA) is the measure of the value of goods and services produced in an area, industry or sector of an economy.

<sup>3</sup> Ulster University Economic Policy Centre – Summer 2021 Outlook

<sup>4</sup> ONS: CPI Inflation – November 2021 release

<sup>5</sup> Bank of England: Monetary Policy Report - November 2021

Figure 2.1 : Monthly CPI Inflation, Jan 2020 to Oct 2021



2.8 The latest release of the Northern Ireland Purchasing Managers Index (PMI)<sup>6</sup> also reiterates these concerns, with the rate of input price inflation hitting a record high for the second month running in October, being driven by higher energy charges, freight and fuel increases, rising staff costs and material price increases.

2.9 The BoE expect CPI inflation to peak at around 5% in April 2022, before falling back materially in the second half of 2022, and dropping back to levels closer to 2% throughout 2023. These increases in the cost of living will put households and businesses under further pressure, particularly over the winter period given the spiralling energy prices and other rising input costs.

## Labour Market

2.10 The economic support packages put in place from the onset of the pandemic prevented what would otherwise have been a devastating impact on the local labour market. Nevertheless, the claimant count<sup>7</sup> still saw significant increases, reaching 63,750 at its peak in May 2020. The number of people on the claimant count has reduced to around 47,000 by October 2021 – but this is still approximately 54% higher than in March 2020, just before the pandemic hit locally.

2.11 As illustrated in Figure 2.2, claimant count figures during 2020 were at levels last seen during the peaks in 2012-13, however

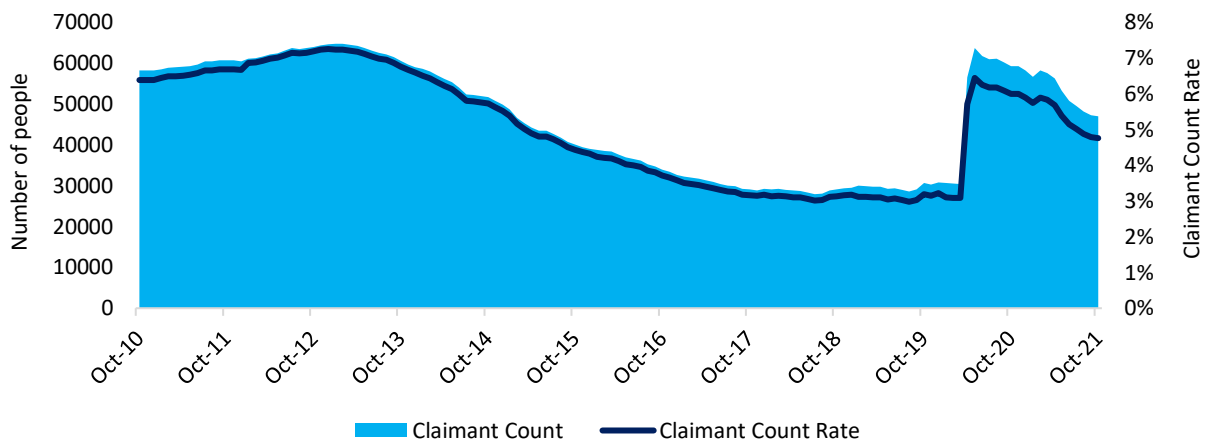
<sup>6</sup> Ulster Bank - NI Purchasing Managers Index – November 2021

<sup>7</sup> NIRSA: Labour Force Survey Time Series data, July-September 2021



a gradual decline in numbers can be seen towards the end of 2020 and throughout 2021.

Figure 2.2 : Claimant Count (seasonally adjusted), Jan 2010 - Oct 2021



2.12 Figure 2.3 shows the gradually increasing unemployment rate from January-March 2020 to July-September 2021 throughout the pandemic. Although the latest quarter of 4.0% is still well below the post 2007/08 recession peak unemployment rate of 8.3%<sup>8</sup> in early 2013.

Figure 2.3 : Unemployment and Economic Inactivity Rates, Jan-Mar 2020 to Jul-Sep 2021



2.13 It is expected that the current figure will rise slightly further given the ending of the Treasury support schemes for businesses and individuals that protected jobs, including the Coronavirus Job Retention Scheme (CJRS) and the Self-Employed Income Support Scheme (SEISS).

<sup>8</sup> NIRSA: Labour Force Survey Time Series data, July-September 2021

- 2.14 Similarly the OBR predict the UK unemployment rate is to rise to 5.25% this winter<sup>9</sup> from a current rate of 4.3%, however this estimate has been revised down from the 6.5% rate predicted in March of this year. The Irish Government have also forecast that the Covid-adjusted unemployment rate is expected to fall to reach 9.25%<sup>10</sup> by the end of 2021, falling further to 6.5% by the end of 2022.
- 2.15 Current data also indicate that the increase in the unemployment rate in NI over the most recent quarter was driven by those under 35 years of age, and within this, the youth unemployment rate (16-24 years) was estimated at 12.0% in July-September 2021 - around 6.5 percentage points higher compared to January-March 2020 (5.5%), which was before the onset of the pandemic. Research from the UUEPC<sup>11</sup> notes that young people have been affected from multiple angles, with them more likely to be working in sectors adversely affected during the crisis and with students unable to find employment opportunities to supplement their study.
- 2.16 NI continues to have the highest level of economic inactivity in these islands. The figure of 26.8% (see Figure 2.3 above) is approximately 5.7 percentage points higher than the UK average and similar to the RoI inactivity rate of 25.8%<sup>12</sup> for Q2 2021. This has been a long-standing structural issue for the NI labour market and which peaked at 27.5% in December 2020 – February 2021 during the pandemic.
- 2.17 The number of employees receiving pay through HMRC PAYE in NI in October 2021 was 768,200, an increase of 4.4% over the year and the highest on record. While a positive for the NI labour market, it is not to say that some employees won't have lost their jobs or are now on reduced hours. The total number of weekly hours worked in July-September 2021 was around 7% below that of July-September 2019.
- 2.18 Further, the most recent NI employment rate for July-September 2021 was estimated at 70.2% - this is the lowest of the twelve UK regions and well below the UK average

---

<sup>9</sup> Office for Budget Responsibility (OBR) : Economic and fiscal outlook – October 2021

<sup>10</sup> Irish Government – Budget 2021

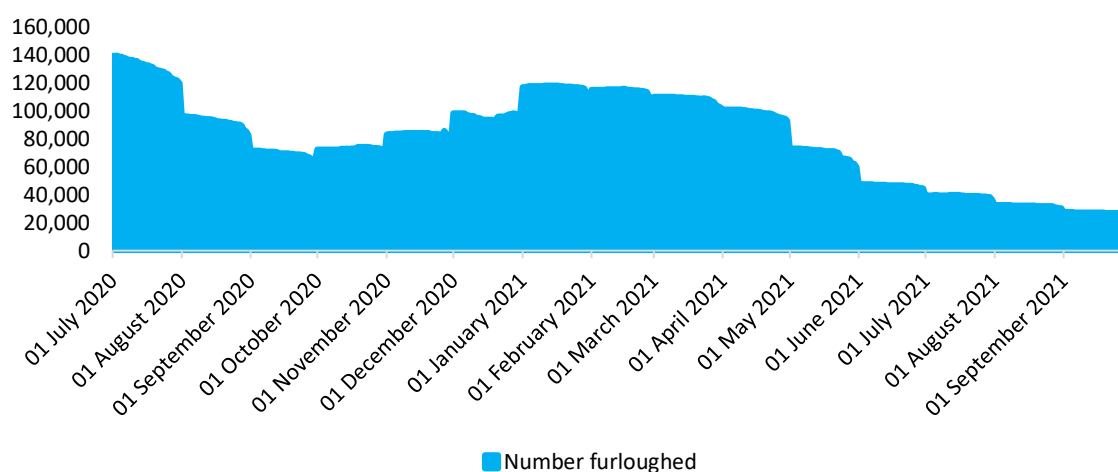
<sup>11</sup> UUEPC: NI Labour Market Briefing – March 2021

<sup>12</sup> Eurostat: Inactive population as a percentage of the total population, by sex and age (%)

(75.4%). In comparison, the employment rate for RoI was 72.2%<sup>13</sup> for Q3 2021.

2.19 As mentioned previously, the Treasury’s job support schemes have now ended and this is likely to impact labour market statistics as we move through the recovery phase. Figure 2.4 shows the number of employments furloughed through the CJRS in NI since 1 July 2020<sup>14</sup>. Over the course of the pandemic there has been around 287,000 employments (cumulative) furloughed here. The number of jobs furloughed per day decreased from 139,100 from 1 July 2020 to 26,300 on 30 September 2021 when the scheme ended. Of these approximately 13,300 employments were on full furlough and 13,000 were on flexible furlough i.e. furloughed for part of their usual hours.

Figure 2.4 : Number of employments furloughed per day in NI



2.20 The most recent SEISS figures show that 31,000 claims were made for the fifth and final grant by 7 October 2021<sup>15</sup>, providing wage subsidy support for eligible self-employed elements of the labour market. The take-up rate for the fifth grant in NI was 32% of the eligible self-employed equating to around £67 million in support.

2.21 The dependency therefore on these wage subsidy schemes continued to be important to some sectors of the economy when they ended in September 2021, in particular Arts, entertainment & recreation and other service activities who has the highest furlough take-up rates. Both the CJRS and

<sup>13</sup> CSO: Labour Force Survey Q3 2021

<sup>14</sup> HMRC - Coronavirus Job Retention Scheme statistics: November 2021

<sup>15</sup> HMRC - Self-Employment Income Support Scheme statistics: November 2020

SEISS were put in place to support and sustain employment where possible throughout the course of the pandemic, and early indications are showing that this has been successful. However, the long term scarring effects of COVID-19 on NI economic output and the local labour market are yet to be fully realised and this situation will be carefully monitored in the months ahead.

2.22 Therefore, in what remains a very constrained fiscal climate, and where significant resources continued to be required for the health response, the local economy will continue to face some significant headwinds during its recovery phase following the pandemic. Investment in skills and supporting those who lose their jobs or face reduced hours will therefore be vital to grow the local economy following the pandemic. And as we adapt to our new trading arrangements, transition to net zero and shift our focus to our areas of strength, and build a better, stronger and more sustainable and just economy.

## CHAPTER THREE: FINANCING THE BUDGET

### Introduction

3.1 This chapter sets out the overall financial context in which draft Budget 2022-25 has been proposed and provides an overview of the public expenditure control framework.



3.2 The main source of financing for public expenditure remains the Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME) from HM Treasury. Both DEL and AME are ultimately funded through the proceeds of general taxation across the UK as well as borrowing. The Executive does not have discretion over AME funding and the 2022-25 draft Budget is therefore concerned primarily with DEL allocations.

3.3 The infographic (left) illustrates how public spending is funded by allocations from Treasury. Citizens here pay taxes directly to the British Government. The British Government then allocates funding via DEL and AME budgets to its departments and the Devolved Administrations.

### ***Departmental Expenditure Limits (DEL)***

3.4 The most important point to note is that all DEL allocations, sometimes referred to as the NI Block Grant, are made on the basis of a clear separation between **Resource DEL** and **Capital DEL**.

3.5 Resource DEL is further broken down into ring-fenced Resource and non ring-fenced Resource. Ring-fenced Resource is a budget which has been ring-fenced by

Treasury to cover the cost of depreciation and impairments. These are accounting costs and do not result in an actual cash

cost. This ring-fenced budget cannot be used for any other purpose. A table setting out the Ring-fenced DEL confirmed by Treasury is set out in Annex A. This ring-fenced budget will be adjusted in-year following a further exercise with Treasury.

- 3.6 As a result, the focus of the draft Budget is on non ring-fenced Resource, which is the larger element of the Resource DEL. It reflects the ongoing cost of providing services (for example, pay, operating costs and grants to other bodies). From this point onwards we will refer to non ring-fenced Resource DEL simply as Resource DEL.
- 3.7 Any changes in the level of DEL funding for the Executive are determined via the application of the Barnett Formula. This adjusts the budgets of the Devolved Administrations using a population based share of changes made to that funding for comparable public services in England.
- 3.8 The most significant changes happen when the budgets for Whitehall departments are set as part of the Spending Review. Further adjustments are made for announcements in the Chancellor's Budget or Autumn Statement.
- 3.9 Allocations received through this mechanism are "unhypothecated". This means the Executive can determine allocations for specific priorities and programmes regardless of the nature of the comparable spending that gave rise to the Barnett allocation.
- 3.10 Capital DEL reflects investment in assets which will provide or underpin services in the longer term (for example, schools, hospitals, roads etc.). Capital DEL is also broken down into conventional Capital and Financial Transactions Capital (FTC).
- 3.11 FTC can only be used to provide loans to, or equity investment in, the private sector. It can therefore stimulate private sector investment in infrastructure projects that benefit the region, over and above the level of investment made by the Executive from its conventional Capital DEL budget.

### ***Annually Managed Expenditure (AME)***

- 3.12 The Executive has a budget for various volatile or demand-led programmes that have spend which is difficult to accurately forecast over a long period.
- 3.13 Treasury provide a separate budget for dealing with these areas called Annually Managed Expenditure or AME. Tables showing the programmes that come under the AME budget and what each department is predicted to spend are set out in Annex A. Please note whilst three year projections are set out in this document the forecasts may change.

## **Funding Sources**

3.14 A number of funding sources contribute to the Executive's DEL Budget. The sources of external funding that set the Executive's Budget are:

- The Spending Review Outcome
- British Government Financial Packages

3.15 These two funding sources are set by Treasury and make up the Executive's budget control totals (the overall Budget amounts that the Executive must adhere to).

3.16 The following sources contribute to overall departmental spending power, but do not increase the overall Budget control totals set by Treasury as the Executive record them with a central offsetting income line.

- Regional Rates
- Reinvestment and Reform Initiative (RRI) Borrowing
- Financing from the Irish Government for A5

3.17 In addition, the following sources contribute to overall departmental spending power, but are not reflected in departmental budget figure work as departmental budgets are presented on a net basis.

- European Union (EU) Income
- Other Income

3.18 The following pages set these areas out in more detail.



## ***The Spending Review Outcome***

- 3.19 The Spending Review outcome provides the largest portion of the Executive's Budget.
- 3.20 The Chancellor announced the outcome of the Spending Review on 27 October 2021 which set out the overall quantum of resources available to UK departments for 2022-25.
- 3.21 Changes to the level of funding for the Executive are automatically determined by changes in funding for comparable spending programmes in Whitehall departments.
- 3.22 As part of the Spending Review the Chancellor announced funding for specific purposes as well as general funding that is for use at the discretion of the Executive (core funding). Tables 3.1 and 3.2 below sets out the Resource and Capital DEL allocations received from the Spending Review for 2022-25.

**Table 3.1: NI Spending Review Specific Allocations**

<b>Resource DEL £million</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Security Funding	31.2	31.2	31.2
Farm Funding	312.8	327.2	329.4
Fisheries Funding	3.1	3.1	3.1
Tackling Paramilitary Activity	5.0	5.0	4.8
<b>Total</b>	<b>352.2</b>	<b>366.6</b>	<b>368.6</b>

- 3.23 The Spending Review provides funding for Farm Support Direct Payments and fisheries funding across the three years. These are British Government funds designed to replace the equivalent EU funds which have now ceased.

**Table 3.2: NI Spending Review Core Funding DEL**

<b>£million</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Resource DEL	12,583.9	12,788.7	12,982.3
Conventional Capital DEL	1,686.2	1,784.7	1,759.2
Financial Transactions Capital DEL	162.8	66.4	62.2

3.24 For comparison, Table 3.3 below sets out the Spending Review Resource and Capital funding for the 2021-22 Budget.

**Table 3.3: 2020 Spending Review DEL Funding - 2021-22**

<b>£million</b>	<b>2021-22</b>
Resource DEL	12,484.9
Conventional Capital DEL	1,610.9
Financial Transactions Capital	73.6

3.25 The overall funding position announced for the Executive is not enough to cover all that the Executive aspire to do. In simple language it represents a breakeven budget after factoring in inflation by 2024-25, however with costs increasing and new pressures emerging it means that difficult decisions will have to be taken.

3.26 In terms of Capital DEL, the position for the Executive is steadier with small year on year increases over the 2022-25 Budget period.

3.27 The Financial Transactions Capital available following the Spending Review outcome varies significantly year on year and the large increase in 2022-23 reflects the Barnett allocation related to the end of the Help to Buy scheme in England.

## ***British Government Financial Packages***

3.28 In addition to the funding available from the Spending Review, there are also a number of Financial Packages that contribute to the draft Budget. These are usually time bound and for a specific purpose. These include New Decade, New Approach (NDNA), Fresh Start, Confidence and Supply and City Deals.

3.29 These Financial Packages do not form part of a Spending Review outcome, but are confirmed separately by the Secretary of State who sets out the funding and any relevant conditions. The Executive's Budget must adhere to the control totals notified by the Secretary of State in his settlement letter.

3.30 Following the Spending Review the Secretary of State confirmed the following elements of the financial packages:

### **Fresh Start**

3.31 The Fresh Start Agreement included funding for a number of initiatives aimed at building a shared future. The financial package confirmed by the Secretary of State provides for the following additional amounts across the Budget period for shared education and housing:

- £51.3 million / £64.4 million / £37.2 million Capital DEL for shared education and housing.

3.32 Work will continue with the British Government on accessing shared education and housing funding in line with the latest profile for these schemes.

### **Security Funding**

3.33 This funding represents an ongoing commitment from the British Government to assist with reserved policing costs. The Secretary of State confirmed the following:

- £31.2 million Resource DEL per annum over the three year budget period.

### *New Decade, New Approach*

3.34 The British Government set out a financial package that accompanied the NDNA document. The anticipated financial package provided for the following additional amounts in 2022-25:

- £49 million per annum to support the transformation of public services;
- £5.0 million of Resource per annum and £15.0 million of Capital in 2022-23 to help deliver a Graduate Entry Medical School in Derry;
- £4.1 million in 2022-23 and £3.3 million in 2023-24 for Communities in Transition, allocated under the unique circumstances fund from NDNA. This fund is administered by the NI Office.

3.35 The amounts made available for the Graduate Entry Medical School will be held centrally pending agreement with the British Government on the most appropriate profile for this funding.

### *Confidence and Supply*

3.36 The financial package anticipated for 2022-25 is:

- £49.4 million / £37.2 million / £0 million Capital DEL for Ultra-fast Broadband;

3.37 Some £10.1 million of this funding will be held centrally in 2023-24 pending agreement with the British Government on the most appropriate profile for this funding.

3.38 In addition it is anticipated that a further £30 million will be provided in 2022-23 as the last year of the Confidence and Supply funding for tackling severe deprivation and addressing mental health issues, however as this funding has not been formally confirmed by the Secretary of State, it cannot be included in the draft Budget outcome. It is anticipated it will be allocated as part of 2022-23 In-year Monitoring.

### City and Growth Deals

- 3.39 In May 2020 the Executive agreed the overall City and Growth Deals policy and to match fund the British Government contribution.
- 3.40 The City/ Growth Deals initiative comprises four separate Deals and represents a £1.3 billion capital investment over the next 10-15 years. This is made up of Executive investment of over £700 million, along with the British Government investment of over £600 million.
- 3.41 This investment includes the £100 million Executive Complementary Fund that will provide additional capital funding to the three Deals not in receipt of Inclusive Future Funding (IFF), i.e. Belfast Region City Deal, Mid-South West Growth Deal and Causeway Coast and Glens Growth Deal, plus £110 million of IFF funding (£55 million from both Governments) for the Derry City and Strabane District Council City Deal.
- 3.42 City and Growth Deals provide an opportunity to reshape our approach to delivering place-based growth so it captures the strengths and opportunities of the Northern Ireland economy, helping to drive economic growth and prosperity for the benefit of all people across Northern Ireland.
- 3.43 It is anticipated that the central and local government funding supporting City/ Growth Deals will lever in significant investment by private sector partners supporting economic growth and regeneration across the region over the coming years.
- 3.44 The signing of the Deal document for the first of the four City and Growth Deals, the Belfast Region City Deal, is due to take place in the coming days. This represents a major milestone in the City/ Growth Deals process, and together with this Draft Budget 2022-25 will enable funding to begin to flow, and crucially will allow the Deal to proceed to delivery stage, particularly important post-COVID-19 in aiding economic recovery and growth.

3.45 Treasury has indicated that City/ Growth Deals funding will be provided on a flat profile, and the allocations set out in this Draft Budget 2022-25 are based on this profile. We will continue to work with Treasury to manage the profile of funding to suit the City/ Growth Deals annual requirements.

### Financial Packages Summary

3.46 The following tables set out a summary of the British Government Financial Packages amounts.

**Table 3.4: Financial Packages Funding – Resource DEL**

<b>£million</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
NDNA Medical School	5.0	5.0	5.0
NDNA – Communities in Transition	4.1	3.3	-
NDNA Transformation	49.0	49.0	49.0
<b>Total Resource</b>	<b>58.1</b>	<b>57.3</b>	<b>54.0</b>

**Table 3.5: Financial Packages Funding – Capital DEL**

<b>£million</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Fresh Start Agreement – Education and Housing	51.3	64.4	37.2
Confidence and Supply – Project Stratum	49.4	37.2	-
NDNA Medical School	15.0		
City Deals	41.7	41.7	41.7
<b>Total Capital</b>	<b>157.4</b>	<b>143.3</b>	<b>78.9</b>

### Funding the Protocol

3.47 Funding for the cost of implementing the Northern Ireland Protocol has not yet been formally confirmed by the Secretary of State, however the Executive anticipate that this funding will be formally confirmed in due course and provided in-year.

## **Spending Review and British Government Financial Packages Summary**

3.48 Table 3.6 sets out a summary of the Spending Review and British Government Financial Packages amounts. This funding make up the control totals that the Executive Budget must adhere to and reconciliations between these amounts and planned departmental spend are provided in Annex A to this document.

**Table 3.6: Spending Review and UK Government Financial Packages Control Totals**

<b>£million</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Resource DEL</b>			
Spending Review - Core Funding	12,583.9	12,788.7	12,982.3
Spending Review – Specific allocations	352.2	366.6	368.6
Financial Packages	58.1	57.3	54.0
<b>Total Non-Ring Fenced Resource DEL</b>	<b>12,994.2</b>	<b>13,212.6</b>	<b>13,404.9</b>
<b>Capital DEL</b>			
SR - Core Funding	1,686.2	1,784.7	1,759.2
Financial Packages	157.4	143.3	78.9
<b>Total Capital DEL</b>	<b>1,843.6</b>	<b>1,927.9</b>	<b>1,838.1</b>
<b>FTC DEL</b>			
Spending Review - Core Funding	162.8	66.4	62.2
<b>Total FTC DEL</b>	<b>162.8</b>	<b>66.4</b>	<b>62.2</b>

## ***Regional Rates***

3.49 Aside from the British Government funding, the most significant source of funding for central public services is the revenue generated locally through the Regional Rates.

3.50 There are two elements to the rates bills paid by both households and the non-domestic sector. The District Rate, set by each of the District Councils, is used to finance the services provided by District Councils. The Regional Rate, set as part of the Budget process, then generates additional resources to support central public services and the work of central government departments.

### ***Regional Rates in the 2022-25 Budget***

3.51 This Budget freezes both the domestic and non-domestic regional rate for the period 2022-25 at the same level as 2021-22 in cash terms. In addition it provides further relief for April 2022 for all businesses except utilities and larger food stores, and targeted relief for a further two months relief for retail, tourism, hospitality, leisure, childcare and airport sectors.



## ***RRI Borrowing***

- 3.52 The Reinvestment and Reform Initiative (RRI), announced in May 2002, included a new borrowing power intended to support a substantial infrastructure investment programme. A formal borrowing limit was agreed by Treasury and is set at £200 million per annum for 2022-25.
- 3.53 Table 3.7 below sets out actual and planned borrowing from the introduction of the RRI borrowing facility to the end of the 2024-25 period.
- 3.54 The table includes RRI borrowing used for on-balance sheet Private Finance Initiative (PFI). In 2007 Treasury granted the Executive a concession in respect of PFI projects. This allows the value of an on-balance sheet PFI project (which would otherwise be a direct charge to the Capital DEL) to be substituted for RRI borrowing on the basis that it essentially represents 'borrowing', although from a different source.
- 3.55 This has had the advantage of minimising the interest costs compared to the original agreement, where the Executive incurred the interest costs of both projects funded under RRI borrowing and those arising from a PFI contract. However, a change in the guidance used to assess PFI projects from 2009-10 has resulted in less PFI projects being regarded as 'on' balance sheet in the intervening years.

**Table 3.7: Actual and Planned Use of RRI Borrowing Facility**

	<b>£million</b>		
	<b>NLF Borrowing</b>	<b>On-Balance Sheet PFI</b>	<b>Total Use of RRI Borrowing Facility <sup>3</sup></b>
2003-04	79.4	-	79.4
2004-05	168.7	-	168.7
2005-06	162.9	-	162.9
2006-07	214.6	-	214.6
2007-08	97.6	-	97.6
2008-09	16.6	243.4	260.0
2009-10	113.1	132.9	246.0
2010-11	<sup>1</sup> 36.9	200.0	236.9
2011-12	<sup>2</sup> 375.0	-	375.0
2012-13	150.9	-	150.9
2013-14	195.9	-	195.9
2014-15	259.2	-	259.2
2015-16	294.3	-	294.3
2016-17	213.7	-	213.7
2017-18	33.5	-	33.5
2018-19	66.7	-	66.7
2019-20	9.6	-	9.6
2020-21	-	-	-
2021-22	140.0	-	140.0
2022-23	140.0	-	140.0
2023-24	194.0	-	194.0
2024-25	200.0	-	200.0
<b>TOTAL</b>	<b>3,162.9</b>	<b>576.3</b>	<b>3,739.2</b>

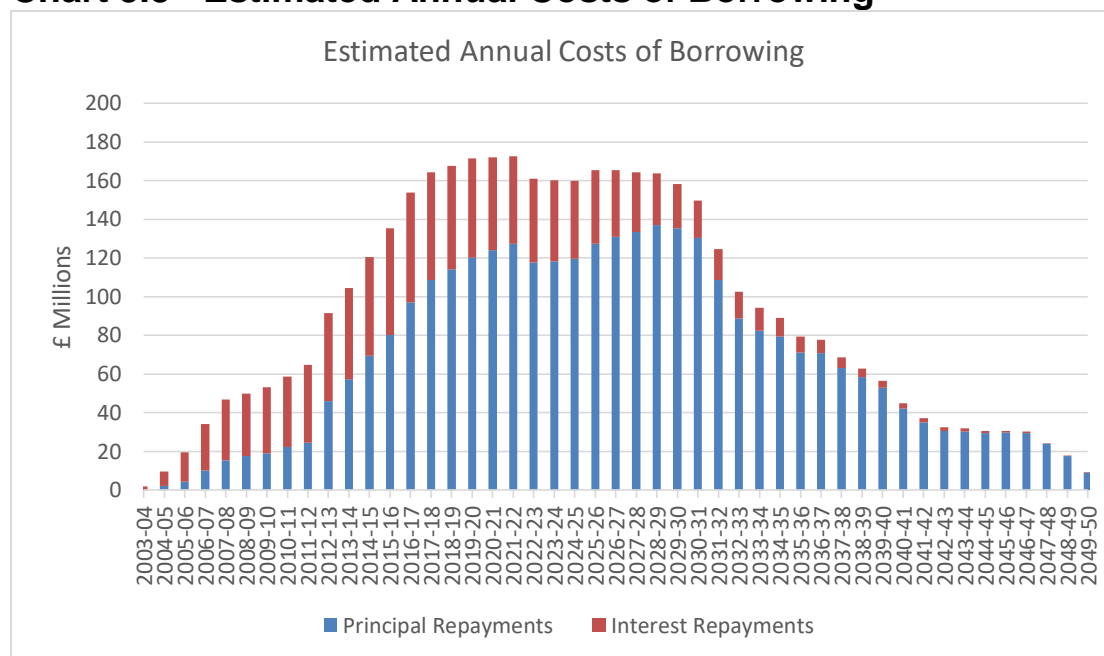
<sup>1</sup> 2010-11 includes borrowing to fund NICS Equal Pay claim – funded from previously undrawn borrowing

<sup>2</sup> 2011-12 includes £175 million additional borrowing power in respect of Presbyterian Mutual Society rescue package

<sup>3</sup> In any other year total use of borrowing in excess of £200 million is due to HM Treasury approved access to previously undrawn borrowing, or new borrowing under T:BUC or the Stormont House Agreement

3.56 Chart 3.8 sets out the principal and interest repayments on the total borrowing of £3,163 million. (£1,569 million of which is outstanding). Data is provided in Annex A.

**Chart 3.8 Estimated Annual Costs of Borrowing**



***Borrowing in the 2022-25 Budget***

3.57 The 2022-25 draft Budget includes RRI borrowing of £140 million in 2022-23, £194 million in 2023-24 and £200 million in 2024-25 to supplement the Executive’s Capital DEL budget.

3.58 RRI principal repayments are a first call on the Regional Rates collected and the difference between the Regional Rates collected and that available for allocation by the Executive is set out in the table below

**Table 3.9: Regional Rates and RRI Principal Repayment**

£million	Regional Rates Income	RRI Principal Repayment	Draft Budget Rates
2022-23	694.9	-117.7	577.2
2023-24	748.6	-120.5	628.1
2024-25	751.9	-121.9	630.0

Note: 2022-23 Regional Rates is lower due to further COVID reliefs

3.59 RRI Interest repayments are a cost to the Executive and are set out in chapter five.

### ***ROI A5 Contribution***

3.60 In NDNA, the Irish Government reaffirmed its commitment to provide £75 million to fund the A5 Road project.

3.61 Construction of the A5 Road has been subject to a number of delays however construction of Phase 1a (New Buildings to North of Strabane) is expected to commence during 2022-23. The Irish Government's contribution of £7.4 million in 2022-23, £25.0 million in 2023-24 and 2024-25 is shown centrally and reflects the income anticipated in the budget period.

3.62 In summary, for the purposes of the draft Budget which is presented on a net basis, the tables below set out how the Executive's Budget is financed.

**TABLE 3.10 RESOURCE FINANCING**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Spending Review Core Funding	12,583.9	12,788.7	12,982.3
Spending Review – Specific Allocations	352.2	366.6	368.6
UK Financial Packages	58.1	57.3	54.0
<b>Total UKG Control Totals</b>	<b>12,994.2</b>	<b>13,212.6</b>	<b>13,404.9</b>
Regional Rates Income	577.2	628.1	630.0
<b>Total Resource Financing</b>	<b>13,571.4</b>	<b>13,840.7</b>	<b>14,034.9</b>

**TABLE 3.11 CAPITAL FINANCING**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Spending Review Core Funding	1,686.2	1,784.7	1,759.2
UK Financial Packages	157.4	143.3	78.9
<b>Total UKG Control Totals</b>	<b>1,843.6</b>	<b>1,927.9</b>	<b>1,838.1</b>
RRI Borrowing	140.0	194.0	200.0
RoI Funding for A5	7.4	25.0	25.0
<b>Total Capital Financing</b>	<b>1,991.0</b>	<b>2,146.9</b>	<b>2,063.1</b>

**TABLE 3.12 FTC FINANCING**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Spending Review Core Funding	162.8	66.4	62.2
<b>Total FTC Financing</b>	<b>162.8</b>	<b>66.4</b>	<b>62.2</b>

## ***Other Sources of Funding***

- 3.63 As set out above there are funds that will boost the spending power of the Executive but as they are presented on a net basis in departments they will not impact the Budget figure work.
- 3.64 These funds (EU Income and Other Income) are not specified in the Budget as the precise amounts for each department are not yet known.

### ***EU Income***

- 3.65 EU Programmes under the 2014-20 Multiannual Financial Framework (MFF) will continue to receive funding from the EU as they wind down.
- 3.66 In 2020-21 receipts from EU programmes funded under the 2014-2020 EU MFF equated to £135.7 million.
- 3.67 The equivalent EU income in 2019-20 was £466.5 million with the majority of the difference (£330.8 million) due to the current equivalent of the EU Common Agricultural Policy (CAP) payments being funded from Treasury rather than via the winding down being experienced in other EU Funding areas.
- 3.68 Under the Withdrawal Agreement, the UK will continue to receive funds in relation to programmes established in the 2014-2020 period in 2021-22 and beyond under the n+3 arrangements. These programmes are fully committed and therefore any tails received relate to the 2014-20 programme period and cannot fund new activity.
- 3.69 An allocation in the last Financial Year of £42.5 million was made to the Department for the Economy to enable them to extend their European Social Fund and European Regional Development Fund programmes for an additional year in an effort help alleviate immediate pressures. Given the huge pressures on our budget, this will not be possible in future years.

- 3.70 In line with commitments from the EU and British Government, it is expected that the PEACE PLUS programme will provide replacement for PEACE IV and INTERREG VA (*pronounced "Five A"*) funding.
- 3.71 The recent Spending Review provided limited information on the Shared Prosperity Fund (SPF), which is proposed by the UK Government as a successor to EU Structural Funds. Further detail on the SPF remains subject to clarification by the Westminster Government, however it is clear that SPF will not provide for full replacement of EU Structural Funds in 2021-22 and based on the approach to other recent Westminster funds is unlikely to provide any funding to the local budget at all.
- 3.72 As set out above, the Spending Review also provided funding for Farm Support Direct Payments and fisheries funding which are EU replacement programmes.

### ***Other Income***

- 3.73 In addition to the above funding, departments are able to make use of funding generated by recovering the costs of delivering services (e.g. charging for vehicle tests), the sale of assets and certain levies.
- 3.74 These all provide additional spending power to provide public services. There are certain restrictions to what departments can do locally in order to raise additional funding. For example, the retention of income from licences and levies or fines and penalties is subject to Treasury agreement. Tax policy is generally a matter reserved for the British Government and is beyond the scope of this document.
- 3.75 It is important to note that whilst this form of income provides spending power for departments it does not impact on departmental budget outcomes as the Budget is presented on a net basis.

## CHAPTER FOUR: DEPARTMENTAL RESPONSIBILITIES

### Introduction

4.1 This chapter outlines the role and responsibilities of each department along with details of their Resource and Capital Budget outcome.

### DEPARTMENT OF AGRICULTURE, ENVIRONMENT AND RURAL AFFAIRS

DAERA's Purpose is "Sustainability at the heart of a *living, working, active landscape valued by everyone*". DAERA has a key co-ordination role in:

- (1) working with other departments, to reduce carbon emissions; and
- (2) adapting NI to the change that is already underway.

In pursuit of this Purpose, the existing four key strategic outcomes of the Department are:

- **Economic Growth:** to enhance our food, forestry, fisheries and farming sectors using efficient and environmentally sustainable models which support economic growth;
- **Natural Environment:** to protect and enhance our natural environment now and for the future whilst advocating its value to and wellbeing for all;
- **Rural Communities:** to champion thriving rural communities that contribute to prosperity and wellbeing; and
- **Exemplar Organisation:** to be an exemplar, people focused organisation, committed to making a difference to the people we serve.

DAERA has an important role in delivering the following eight of the nine proposed cross departmental outcomes of the draft Programme for Government (PfG):

- Our children and young people have the best start in life;
- We live and work sustainably – protecting the environment;



- We have an equal and inclusive society where everyone is valued and treated with respect;
- We all enjoy long, healthy, active lives;
- Everyone can reach their potential;
- Our economy is globally competitive, regionally balanced and carbon neutral;
- We have a caring society that supports people throughout their lives; and
- People want to live, work, and visit here.

The sectors which they cover include environment, agriculture (including forestry), fisheries, animal health and welfare and rural society. Together they play a key role in underpinning the social and economic fabric of both urban and rural communities.

## **Green Growth**

On 21 October 2021 the Executive agreed the draft Green Growth Strategy which outlines its vision for a low carbon, nature rich society and sustainable economy by 2050. DAERA is leading this work on the Executive's behalf. It is a cross cutting area that has been prioritised in the Building Forward – Consolidated Covid-19 Recovery Plan published in August 2021. Green Growth seeks to adopt a holistic approach to tackling the climate crisis by balancing climate action with environmental and economic needs in a way that benefits all our people.

NI's environment is perhaps its most important asset. The local and global impacts of climate change along with other key pressures on local water quality, air quality and biodiversity are the challenges facing NI and the wider world. Growing public and media awareness, particularly following COP 26, has focused attention on environmental issues. Actions are underway now to address these challenges and reverse the decline in environmental quality, deliver against national and international commitments and build the sustainable future the Green Growth Strategy envisions.

In line with the environment draft PfG Outcome, DAERA will lead on or significantly contribute to priorities as follows:

- protecting and enhancing biodiversity and the natural environment, supporting sustainable practices and resource use

in the energy, agri-food, fishing and forestry sectors and ensuring human, animal and plant health;

- creating economic opportunity through tackling climate change and reducing greenhouse gas emissions (including energy decarbonisation);
- reducing and reusing the waste we produce by improving the services and infrastructure; and
- enhancing and improving the existing water and wastewater network and infrastructure to ensure service delivery and sustainable environmental management.

## **EU Exit**

DAERA is uniquely placed to promote prosperity across NI by supporting a competitive, regionally balanced economy and sustainable environment. It is essential that DAERA remains equipped to support the agri-food sector which is vital to the local economy. This is a sector that has an annual turnover of £5 billion and supports well in excess of 100,000 jobs either directly or indirectly.

The UK's departure from the EU provided an unprecedented level of regional discretion and flexibility with regard to future agricultural support in NI. This is the most significant change in policy affecting the agricultural sector in over 40 years.

It represents a unique opportunity to develop a new dynamic for key stakeholders across the food, agricultural and environmental spectrum to work with the NI Executive to chart a new way forward with common purpose. DAERA launched a new Future Agricultural Policy Framework for NI in August 2021 and is now working towards a Consultation on Future Agricultural Policy Proposals. Based on the four key outcomes of increased productivity, environmental sustainability, improved resilience and a responsive supply chain, it charts the way forward for a future agricultural policy which better meets NI's needs now that it has exited the EU. These four outcomes are synergistic and improvement in one outcome can provide a positive effect on one or more of the other outcomes.

In 2021 the Department also produced a new draft Bovine Tb Strategy and undertook a public consultation on the detail. The results of this consultation will be evaluated and it is expected that the strategy will be progressed during 2022.

## **Rural Development**

DAERA is also responsible for both the policy and delivery aspects of rural development. It has an important role in strengthening the social and economic infrastructure of rural areas and communities and this is taken forward through a range of key programmes. The Department is developing a Rural Policy Framework (RPF) for NI in consultation with key rural stakeholders. The RPF will form the basis of the Rural Business and Communities Investment Programme which will ultimately replace the EU Rural Development Programme.

## **Covid-19 Recovery**

As well as the significant investment planned for Green Growth which will be key to Covid-19 Recovery, the new RPF will also provide support to rural communities impacted by Covid-19. This includes a range of interventions targeting support for Rural Tourism, Rural Business and Rural Communities.

The Tackling Rural Poverty and Social Isolation (TRPSI) programme is also being deployed to provide support for rural communities affected by Covid-19.

In addition the Department's Environment Fund is being utilised to provide funding to support environment based Covid-19 recovery measures by eNGOs and other not for profit organisations particularly in relation to additional pressures on outdoor recreation facilities.

## **DEPARTMENT FOR COMMUNITIES**

The Department for Communities (DfC) delivers a wide range of services to the public – both directly and through its Arm's Length Bodies (ALBs). The functions of the Department include:

- Promoting work, wellbeing and fairness, and providing important support to those most in need through the delivery of a social welfare system and pension service;
- Supporting people to find work and the provision of a tailored recruitment service for employers across the region;
- The delivery of a Child Maintenance Service, geared to promote the financial responsibility of parents for their children;
- The provision of social and affordable housing, sustainable homes and housing support services;
- Regulation of the private rented sector, addressing homelessness and supporting independent living;
- Enabling, encouraging and promoting social inclusion, diversity, and participation in society;
- Reducing fraud and error and protecting public funds;
- Bringing communities together and delivering programmes that target social need through social, economic and physical regeneration of cities, towns and villages;
- The administration of sport, promoting a culture of lifelong enjoyment and success in sport;
- Supporting the work of the Community and Voluntary sector;
- Supporting District Councils to deliver strong and effective local government;
- Realising the value of built heritage;
- Supporting creative industries, oversight and delivery for the arts, cultural and language sectors; and
- Supporting museums and libraries whilst protecting and providing access to public archives and records.

Throughout the Covid pandemic, DfC has worked in partnership with its ALBs, local government and stakeholders to ensure that necessary support programmes are developed and implemented for individuals, communities and organisations impacted by the pandemic. As we move through the recovery phase the Department will continue to support those most adversely affected by the pandemic to get the support they require.

The Department's Strategy, Building Inclusive Communities 2020-2025, sets out how the Department will work across government, our ALBs and with communities in delivering our common purpose of Supporting People, Building Communities and Shaping Places.

The strategy sets out four cross cutting themes for our work of Anti-Poverty, Wellbeing and Inclusion, Sustainability and Inclusive Growth and Agility and Innovation and the outcomes we will work to achieve against these themes including developing and supporting green growth. This will seek to realise the Department's vision of working together for a fair and inclusive society by transforming support for people, communities and places to improve lives and deliver generational change.

## **DEPARTMENT FOR THE ECONOMY**

The work of the Department for Economy (DfE) is crucial to building a healthy, globally competitive economy that delivers opportunity for everyone. This has never been more important as we assist people and businesses to adjust to the changing economic fundamentals caused by Covid-19 and EU Exit.

DfE's Mission is to develop and implement agile policies and programmes which promote a competitive, sustainable and inclusive economy through investment in:

- Skills;
- Economic infrastructure;
- Research and innovation; and
- Business development.

DfE pursues its strategic objectives through the following areas of activity:

- Accelerate innovation and research;
- Enhance education, skills and employability;
- Drive inclusive, sustainable growth;
- Succeed in global markets;
- Build the best economic infrastructure;
- Deliver a regulatory environment that optimises economic opportunities for business and commerce, while also protecting consumers and workers; and
- Ensure the Department has effective governance, including programme and project management, and manages its resources, both financial and staff.

Once a new Programme for Government and associated Outcomes Framework is agreed by the Executive, DfE will lead on the economy-focussed outcomes and will have key contributions to make to various other outcomes.

### **Economic Recovery to Support Attainment of a 10x Economy**

The Covid-19 pandemic has created extreme challenges for the Northern Ireland economy and the work of DfE has been focused on minimising the devastating impacts.

While it is clear that economic activity was severely dampened by Covid-19 and the restrictions in the early months of 2021-22, there are signs that the steps taken to re-open the Northern Ireland Economy have had a positive impact. However, there is still a long way to go and there are numerous risks to a full recovery and sustained growth.

In February 2021 DfE launched its Economic Recovery Action Plan (ERAP) which set out a range of decisive actions to kick-start economic recovery and build a more competitive, inclusive and greener economy. Fully funded in the 2021-22 financial year, the Plan continues to deliver positive outcomes for businesses and citizens as we recover from the effects of the pandemic.

However, economic recovery will not be delivered in one year alone and there is no ERAP funding within DfE beyond the current financial year. Rebuilding the economy requires sustained investment in the longer term to respond to the unprecedented challenges arising from the pandemic and to lay the early building blocks of the Vision for a 10x Economy.

Economic recovery and growth in line with our Vision for a 10x Economy must be a priority across the 2022-25 budget period. On this basis DfE has identified actions that could be taken forward to accelerate recovery should funding be made available. Focused funding will allow DfE to continue to deliver the commitments made in ERAP, and in doing so deliver outcomes in all four of the pillars in the Northern Ireland Executive's Consolidated Covid Recovery Plan, 'Building Forward'.

## **EU Exit**

Although the UK has now left the EU, there are likely to continue to be developments to which DfE must respond in this area. This includes both the statutory responsibilities of DfE for a range of policies around goods together with work to ensure businesses are prepared for any changes to the terms of trade.

Expenditure under EU Structural Funds managed by DfE will cease on 31 December 2023. Over half of this funding was used to deliver core DfE services in respect of apprenticeships and business support for research, development and innovation. In addition, post

2023, there will be unfunded legacy costs associated with closure of EU Programmes (2023-2025).

These huge gaps in funding put the delivery of key skills and innovation projects, for the citizens of Northern Ireland, at risk.

### **DfE Core Activities**

In addition to the work required to deliver economic recovery to support attainment of the 10x Economy and address the outworking of the UK's exit from the EU, DfE seeks to deliver all the essential elements of its normal recurring business, namely:

- leading on economic policy and strategy, working with delivery partners such as Invest NI on the programmes and projects that support business development and investment and job creation;
- supporting the further education sector in its pivotal role of generating a strong and vibrant economy through the development and delivery of world class professional and technical skills, in a modern, flexible, state of the art estate, by helping employers to innovate and grow and by providing those with barriers to learning, or low or no qualifications, with the skills and qualifications to find employment, improve their well-being and become economically active;
- supporting higher education institutions in their provision of higher level skills, effecting a positive contribution to the labour market to contribute to economic recovery and improved social well-being;
- supporting higher education institutions to fulfil their key missions of research and knowledge exchange, to maximise their achievement of excellent research and its translation into economic and societal impact;
- supporting economic recovery by continuing to deliver apprenticeship programmes, supporting youth employment and improving the Northern Ireland skills base by expanding provision, widening access and improving the economic relevance through working with employers to develop pathways, qualifications and curriculum;
- supporting economic recovery by continuing to deliver and introduce reformed vocational education programmes, Youth Training and Youth Inclusion programmes providing access to vocational education training and employability



skills aimed at reducing the number of young people not in employment, education or training and supporting their progression into employment, higher levels of education and training;

- championing economic, social and personal development by providing relevant high quality learning, research and skills;
- continuing to support the tourism sector in Northern Ireland working with delivery partners Tourism NI and Tourism Ireland to deliver the Tourism Recovery Plan and to maximise visitor numbers and associated revenue spend for the benefit of the Northern Ireland economy and to support job creation;
- supporting cross-border and all island trade and innovation through the activities of InterTradeIreland;
- continuing to support NI Screen through the delivery of the 'Opening Doors 2' strategy to maximise screen industry expenditure in Northern Ireland, and build the skills capacity and reputation of the local screen industry internationally;
- maintaining the operation of the energy system and appropriate policies;
- setting the strategic direction for how the energy sector can contribute towards addressing climate change and supporting a green economic recovery;
- overseeing the delivery of City and Growth Deals and supporting Inclusive Future Fund and Complementary Funds, an approximately £800 million programme of investment that will bring sustained and inclusive economic growth across Northern Ireland, covering tourism, innovation, digital and skills projects;
- delivering broadband in hard to reach areas across Northern Ireland through Project Stratum, a £165 million project that will bring gigabit-cable broadband infrastructure to over 76,000 premises across Northern Ireland;
- continuing to respond to developments in respect of EU Exit including supporting businesses through any changes;
- providing regulatory services including Health and Safety Executive NI, Trading Standards, Consumer Affairs, Consumer Council and Insolvency Service, as well as labour market services such as Labour Relations Agency, tribunals, employment law and redundancy payments;

- continuing to deliver careers guidance and advice in line with strategic commitments;
- ensuring that the European Regional Development Fund Investment for Growth and Jobs and the Northern Ireland European Social Fund Programmes continue to be managed and implemented until cessation; and
- maintaining and enhancing Northern Ireland's domestic and international air connectivity.

Due to significant gaps in the DfE baseline some core activities, including apprenticeships, innovation, research and development and further education, are unfunded which presents a risk to delivery.

In addition to DfE's normal recurring business, which straddles support for investment in skills, business development and business regulation, DfE has launched a **Vision for a 10x Economy**. This Vision sets out a longer term path for Northern Ireland's economy to become 10 times better through a decade of innovation. The Vision sets out the economic priorities for DfE going forward. Some of the key policy initiatives that need to be funded and implemented across 2022-25 to support the attainment of a 10x Economy, include:

- **Skills Strategy**, which will support a dynamic skills system capable of responding to the changing needs of individuals and the economy;
- **Women in STEM Action Plan**, to address skills imbalances and drive increased and inclusive participation in the in-demand STEM subjects that will underpin our economic success;
- **Tourism Strategy**, covering the period to 2030, with the objective of both supporting recovery and setting a sustainable vision for the next decade to maximise Northern Ireland's tourism potential, increasing visitor numbers and revenue, and supporting job creation;
- **Energy Strategy**, which is being developed to outline Northern Ireland's roadmap to achieving net zero carbon and affordable energy; and
- **Development of a Circular Economy Strategic Framework**, to provide a first step in setting out a clear vision and ambition for a Circular Economy in Northern Ireland which

will encourage innovation and resilience, create new green jobs, and support sustainable economic growth, while reducing carbon emissions, waste and pollution.

All of the initiatives highlighted above are key to the achievement of the Executive's Recovery Plan. As they are currently unfunded they present a risk to the delivery of the Executive's Consolidated Covid Recovery Plan and the building blocks required to support the achievement of a 10x Economy.

## **DEPARTMENT OF EDUCATION**

The Department of Education's (DE) primary statutory duty is to promote the education of children and young people in NI and to ensure the effective implementation of education policy. This includes primary and post-primary education (including Special Educational Needs (SEN)), special schools and the youth service. DE aims to provide a network of sustainable schools providing quality education for all children and young people and has lead responsibility for the development and management of the Executive's Childcare Strategy and an Executive Strategy for Children and Young People.

DE is supported in delivering its functions by the following ALBs, each of which is accountable to the Minister of Education:

- the Education Authority;
- the NI Council for the Curriculum Examinations and Assessment;
- the Council for Catholic Maintained Schools;
- the Youth Council for NI;
- the NI Council for Integrated Education;
- Comhairle na Gaelscolaíochta;
- the General Teaching Council for NI; and
- Middletown Centre for Autism.

DE's activities focus on the outcomes contained in the draft PFG, in particular Outcome 12: "*we give our children and young people the best start in life*".

The majority of DE's budget (i.e. over 90% in 2020-21) directly funds schools and pupils. The balance of funding is spent on supporting children and young people through providing early intervention initiatives e.g. pre-school education provision and Sure Start, supporting ChildLine and Young Enterprise, tackling educational under-achievement programmes; providing youth and other children's services e.g. regional voluntary youth organisations and child protection; supporting the above mentioned ALBs in meeting their objectives; and meeting Departmental running costs.

DE continues to ensure that its statutory duties are met in the face of the COVID-19 pandemic through continued provision of a safe learning environment for children and young people and a range of response measures to support our schools, children and young people and the wider education community.

## **DEPARTMENT OF FINANCE**

The Department of Finance (DOF) is responsible for the delivery of a wide range of public services. Its overall purpose is to provide Government Departments and other public bodies with money, staff, professional services and business support systems, helping them to deliver excellent, value for money public services.

The Department does this by:

- Managing public expenditure and effectively allocating resources to where they are most needed to support the delivery of public services;
- Collecting rates revenue to provide funding for public services such as health, education and infrastructure as well as council services;
- Recruiting, developing and supporting the best people for the NI Civil Service (NICS) and providing opportunities for individuals to reach their full potential;
- Providing a range of expert shared and professional services to the NICS and other parts of the public sector;
- Improving effectiveness across the public sector by transforming the way the NICS works; and
- Making the way the NICS works more open and transparent and promoting the release of government data in an accessible format.

DOF provides statistical and research services through NI Statistics and Research Agency (NISRA) including the conduct of the Census of Population and Housing, and delivers a wide range of shared services (e.g. Information Technology (IT), Accommodation, Finance, HR, Procurement, Pensions and Legal services to the public sector.

DOF has responsibility for rate collection (£1.3bn per year) and a range of frontline services including: registry of births, adoptions, deaths, marriages and civil partnerships; maintenance of the Land Register; provision of valuation and mapping services.

### **EU EXIT**

DoF leads the Future Policy and Finance Workstream of the NICS Future Relations Programme engaging with Treasury and other Devolved Areas on all aspects of work to ensure the remaining delivery of current EU Programmes and to enable the operation

replacement Programmes including the Shared Prosperity Fund. Work will continue on the agreement and delivery of the PEACE Plus programme.

### **Covid-19 Recovery**

DoF is a key enabler for the achievement of the Executive's PfG outcomes and other key strategies, including COVID recovery. The Department will continue to consider how best to continue supporting the economy, businesses and citizens through allocation of resources to where it is most needed. DoF will continue to provide statistics on the progress of the pandemic and its impact on the economy and society through NISRA

## **DEPARTMENT OF HEALTH**

The Department of Health (DoH) has a statutory responsibility to promote an integrated system of Health and Social Care (HSC) designed to secure improvement in:

- The physical and mental health of people in Northern Ireland;
- The prevention, diagnosis and treatment of illness; and
- The social wellbeing of the people in Northern Ireland.

Under the Health and Social Care (Reform) Act (Northern Ireland) 2009, the Department is required to:

- Develop policies;
- Determine priorities;
- Secure and allocate resources;
- Set standards and guidelines;
- Secure the commissioning of relevant programmes and initiatives;
- Monitor and hold to account its ALBs; and
- Promote a whole system approach.

DoH is also responsible for establishing arrangements for the efficient and effective management of the Northern Ireland Fire and Rescue Service (NIFRS). It discharges these duties both by direct departmental action and through its 17 Arm's Length Bodies (ALB's).

The cost of providing the services DOH delivers is increasing, with estimates suggesting some 6.5% annually. This is due to an increasing ageing population with greater and more complex needs, increasing costs for goods/services, and growing expertise and innovation which means an increased range of services, supporting improvement in our population health. All of these bring increases in the funding required each year to maintain services and meet demand.

It has been acknowledged through several strategic reviews that there is a need for service transformation. Through Delivering Together and the rebuilding work in response to the pandemic the Department seeks to radically reform the way HSC is designed and



delivered with a focus on person centred care rather than the current emphasis on buildings and structures. It requires a whole system transformation across primary, secondary and community care and, a radical change to the way services are accessed.

To achieve whole system transformation the Department must:

- Build capacity in communities and in prevention to reduce inequalities and ensure the next generation is healthy and well;
- Provide more support in primary care to enable more preventive and proactive care, and earlier detection and treatment of physical and mental health problems;
- Reform our community and hospital services so that they are organised to provide care when and where it is needed; and
- Organise ourselves to deliver by ensuring that the administrative and management structures make it easier for staff to look after the public, patients and clients.

## **Covid-19 Recovery**

Much of the transformation work has continued throughout the pandemic, with 93 projects delivered in 2020-21. This is evidence of the excellent and dedicated staff we have delivering services on the ground.

However, it must be accepted that even though there has been investment for change and with new innovative projects, most of the challenges that existed before the transformation of the HSC started still exists. There has been significant progress at trying new things, and at improving services. But there has been less progress at changing what is being done and how it is being done, and there has been little progress at stopping things that don't work.

The health and social care system has not transformed how health and social care is organised and the system is therefore faced with continued challenges. Going forward the Department renew the transformation ambition and ensure that change for the better does happen. To achieve this, and as part of the rebuild from the pandemic, the Department has developed 17 actions to rebuilding

the HSC, which include changing how the HSC operates to ensure we get the best outcomes possible.

The Department's 17 rebuild actions forms the health actions of the Executive's cross cutting Building Forward Consolidated COVID Recovery Plan. In practical terms, this means implementing the elective care framework, and continuing with the structural changes of implementing a new Integrated Care System and closing the Health and Social Care Board. It also includes the recovery of cancer services; support for mental health services service; the reform of adult social care services and the further roll-out of multi-disciplinary teams.

Implementation of the 17 actions is likely to require a significant amount of additional recurrent funding – not just to continue to improve population health but also to achieve the overall outcome of a resilient health sector with adequate access to health and social care.

## **EU Exit and Northern Ireland Protocol**

The Department has entered a new phase of implementation of the Trade and Cooperation Agreement (TCA) and the NI Protocol (NIP) which will include changes to legislation, managing divergence and activities to ensure operational readiness for the end of the medicines grace period on 31<sup>st</sup> December 2021 and beyond.

There has been a significant increase in workload for the Department and a work plan has been developed to identify the priority areas for action. The aim is to support the transition of issues affected by the TCA and NIP plus the development of new DoH and HSC functions where needed.

On 1<sup>st</sup> November 2021 the Department's EU Exit Transition Unit was replaced by two new Directorates with an EU Exit/NI Protocol Focus in order to deliver this work plan:

1. Medical Supplies Directorate
2. Healthcare Access and EU Relations Directorate

It is envisaged that the work plan may extend until March 2023, subject to regular review.

## **DEPARTMENT FOR INFRASTRUCTURE**

The Department for Infrastructure (DfI) is a large and complex department, comprising around 3000 staff, most of whom are in customer facing roles or delivering core front line services.

Its responsibilities are wide-ranging and include:

- Responsibility for **planning policy legislation and promoting good place-making**, including acting as the planning authority for regionally significant planning applications and overseeing the effectiveness of the two-tier planning process that came into effect in 2015.
- Policy and legislation for **water and sewerage** including discharging the Department's responsibilities, including as Shareholder, for oversight of NI Water.
- Responsibility for **rivers and drainage** policy and legislation and for oversight of the Drainage Council.
- The assessment and management of **flood risk** and for the strategic co-ordination of the cross-governmental response to significant flooding and other severe weather incidents. In June 2021, the statutory responsibility for the Reservoirs Act transferred to the Department.
- Almost all aspects of **transport policy** including public transport, delivery on the department's statutory duty of raising awareness of road safety issues, promotion of active and sustainable travel, the development and implementation of a transport strategy and the provision, management and maintenance of all public roads.
- **Road safety and vehicle regulation** including through the licensing, testing, and enforcement activities carried out by the **Driver and Vehicle Agency**.
- Oversight of the **NI Transport Holding Company (Translink)**.
- Delivery of a range of (often major) **transport-related projects** including the flagship A5 and A6 roads schemes and the Belfast Transport Hub.
- Responsibility for developing the recreational and navigational potential of **inland waterways** and oversight, along with the Department of Housing, Local Government and Heritage in Dublin, of Waterways Ireland, a north-south body.
- Some responsibilities for policy development and regulatory oversight of the activities of our **Trust Ports** and some limited

responsibilities in relation to **Airports** (maritime and aviation policy is however reserved).

- Promotion of the **Crumlin Road Gaol** and the development of the **St Lucia Barracks** in Omagh.
- Progressing infrastructure projects outlined within **New Decade, New Approach**. Delivery of infrastructure projects within the Belfast Region and Derry City and Strabane District **City Deals** and supporting the emerging priorities from the **Growth Deals** for Mid-South West Northern Ireland and Causeway Coast and Glens.

The Department's priorities are:

- Fulfilling our Statutory Duties;
- Connecting People and Communities;
- Growing the All Island Economy and Addressing Regional Imbalance;
- Tackling the Climate Emergency; and
- COVID-19 Green Recovery.

### **Plans for COVID-19 Recovery**

As we emerge from the COVID pandemic, our water, wastewater and transport infrastructure will have a key role to play in underpinning our economic and societal recovery.

The Department's role is recognised within the Executive's 'Building Forward – Consolidated Covid Recovery Plan'. As well as containing a commitment to establish an Infrastructure Commission to provide an expert led, strategic and public engagement approach to long term infrastructure planning, the Plan outlines a number of interventions being led by DfI. These are:

- Contribute to net zero efforts, provide sustainable and inclusive transport and support connectivity, health and wellbeing by transforming travel and our towns and cities by encouraging citizens to increase the proportion of journeys undertaken by foot, wheeling, cycling and public transport through investment in our greenways, blue ways, and bus and rail network;
- Invest in our waste water infrastructure to enable economic growth and societal wellbeing;
- Invest in structural maintenance, road schemes and other measures to maximise road safety, connectivity and economic

opportunities including increasing resources to meet the high demand for driving and vehicle tests; and

- Invest for the future with a strategic rail review promoting all island economic opportunities, connectivity and opportunities for growth.

The key challenges facing the Department are:

### **Climate change**

The impact of climate change is already presenting challenges for our strategic infrastructure and the demands from the public for the greening of our transport system and for improvements in air and water quality are becoming more vocal. While DAERA leads on climate change, this is clearly a cross-cutting issue as transport is the second largest contributor to greenhouse gas emissions after agriculture and it is clear that we need new policies and programmes to encourage more walking, cycling and use of public transport and to promote greener and more sustainable approaches. NI Water is the single largest consumer of electricity in NI and aspires to reaching 100% renewable energy by 2027, subject to investment funding being available. The Department is also responding to the dramatic impacts of our changing climate including increasing severe weather events, rising sea levels, and coastal erosion by enhancing investment in flood risk management such as the Belfast Tidal Flood Alleviation Scheme, the Living with Water Programme and promoting adaptation by supporting community resilience groups.

### **Maintaining our infrastructure**

The Department has custodianship over, and a duty to maintain adequately, the majority of Northern Ireland's c. £40bn major public infrastructure assets: the Water and Sewerage Network; the Roads, Footways and Street Lighting Networks; and the Public Transport, Rail and Bus systems. In the years ahead, there will be a clear need to take a more focused approach to maintaining our existing infrastructure and advancing other new developments, if we are to achieve the Executive's societal and economic objectives.

Years of underinvestment are now presenting us with significant challenges in relation to our water and sewerage infrastructure. The lack of investment not only creates risks of

supply interruption and environmental damage, it also prevents economic growth. New development is already constrained in over 100 locations across Northern Ireland where wastewater treatment works are at capacity. Without change, development will be further constrained. Also, the impact of rising energy costs has placed the sustainability of an effective and efficient water and sewerage service under extreme pressure. It is also uncertain if energy prices will remain high going forward, and create similar funding pressures beyond this financial year.

Additionally, and as highlighted in the Northern Ireland Audit Office's 'Structural Maintenance of the Road Network' report, we must do more to safeguard public assets. Insufficient investment on preventative maintenance is accelerating the rate of network deterioration and leading to the need to spend more on, often more costly, reactive maintenance and on claims for vehicle damage which represents poor value for money.

### **Investing in new transport infrastructure**

In common with all other departments, DfI has been operating in a very difficult financial environment. *Planning for the Future of Transport – Time for Change* was published earlier this year and outlines how the Executive's commitment to *Green Growth* needs to be supported by the improved planning, management and development of the transport networks, integrated with land-use planning, over the next 10 to 15 years. Our public transport network requires significant investment if we are to build on the early success of Glider and encourage more people out of their cars onto more sustainable modes of transport, helping to ease congestion and reduce emissions, and, in turn, improving our living places and health. The infrastructure improvement required to achieve these sustainable transport goals will be determined through the development of a new suite of local and regional transport plans. These transport plans including the Regional Strategic Transport Network Transport Plan 2035 (RSTNTP) which will drive our investment decisions on transport.

Further significant investment is also required in order to bring our network of vehicle test centres up to date to meet environmental requirements and to protect and develop our

network of inland waterways, greenways and blueways. The Northern Ireland Audit Office's report on the delivery of major projects recognised the need for a higher level of project and programme management skills across the NICS. In this regard DfI is advancing the establishment of a Portfolio, Programme or Project Office (P3O) to ensure visibility on programme and project delivery and assurance as well as providing support for governance, oversight and transparency of reporting.

### **Improving the Planning Process**

The planning process is a strategic enabler for economic growth across Northern Ireland. However, there are ongoing challenges, particularly in relation to response times for the processing of major applications.

A Planning Forum has therefore been established whose key focus is to oversee the implementation of recommendations made in an independent report on the role of statutory consultees in the planning process. Whilst good progress has been made, given the increasing numbers of consultations, more investment is needed in resourcing statutory consultees so that performance is improved in order to support economic development. There are also challenges for the role of planning in supporting economic development and place-making, whilst protecting the environment and addressing climate change.

The Review of the Implementation of the Planning Act (NI) 2011 has been commenced which is considering how to improve the system for all stakeholders and the Department has convened the Planning Engagement Partnership to look at how to enhance the quality and depth of community engagement in planning and place shaping. In addition, the Department and 10 councils are working together to take forward a new Regional Planning IT system to provide a more modern planning service to the public, consultees and staff including the ability for the public to submit planning applications on-line. This is expected to be operational in 2022.

## **DEPARTMENT OF JUSTICE**

The role of the Department of Justice (DoJ) is to support the Minister of Justice to deliver on the mission of “***working in partnership to create a fair, just and safe community where we respect the law and each other***”.

In addition to its statutory functions, the DoJ provides resources and a legislative framework for its 5 Executive Agencies and 8 NDPBs, which jointly constitute most of the justice system in NI. Together with these organisations, the DoJ is responsible for the resourcing, legislative and policy framework of the justice system.

Throughout the pandemic, the DoJ has continued to deliver its key services through an innovative and flexible response continuing to assist in the recovery of the justice system from the impact of the pandemic and maintaining service delivery remains the DoJ’s priority.

In that context, the DoJ contributes to the Building Forward: Consolidated Covid 19 Recovery Plan published by the Executive in July 2021. In particular, this includes assisting with the delivery of the Executive’s strategic intent of Addressing Vulnerability through the Covid Strategy Recovery Pillars of Tackling Inequality and Health of the population.

The DoJ cannot deliver effectively without working together with its delivery partners across the wider justice system, with other Government departments, and with the community and voluntary sector. Together with these delivery partners the DoJ delivers on its mission by focussing on five priorities:

1. ***Supporting safe and resilient communities***, by informing and empowering communities, businesses and individuals to take the necessary steps to protect themselves from becoming a victim of crime, and by providing support where people do become victims of crime. The DoJ is working to ensure effective law enforcement is in place and has the appropriate tools to address criminality, including issues of coercive control within our communities. The DoJ is working with partners to promote a cohesive society.

2. ***Addressing harm and vulnerability*** including through the provision of early stage diversionary approaches to address the



issues that contribute to offending behaviours. The DoJ is providing practical support to victims, and developing policies and legislation to protect those most vulnerable in our society.

3. ***Challenging offending behaviours and supporting rehabilitation*** through working with those who offend to challenge and support the behavioural change necessary for them to become active and responsible citizens. The DoJ is working with partners to promote rehabilitation; and when a custodial sentence is imposed, the DoJ is focussing on resettlement leading to reintegration back into society.

4. ***Delivering an effective Justice System***, a system which is faster, more accessible, and which serves the needs of those who engage with it. The DoJ is delivering a system which supports court users in the early and proportionate resolution of civil and family proceedings.

5. ***Securing confidence in the Justice System***, by using new and innovative ways of engaging with communities, partners and stakeholders to explain the work that the DoJ does and build broad support for it. The DoJ is working to ensure it is responsive to the needs of citizens, and to enhance accountability around what the DoJ does.

## **THE EXECUTIVE OFFICE**

The Executive Office's (TEO) vision as currently drafted is to build a peaceful and prosperous society with respect for the rule of law, where everyone can enjoy a better quality of life now and in years to come. Our efforts are on recovery by accelerating: sustainable economic development; green growth and sustainability; tackling inequalities and health of the population.

TEO's vision and aim are supported through the following key functions and objectives:

- The effective operation of the institutions of government in the delivery of an agreed Programme for Government;
- Delivering the Executive's Good Relations strategy: *Together: Building a United Community*, including promoting racial equality and implementing NDNA proposals on language, identity and cultural expression;
- Tackling Disadvantage and Promoting Equality of Opportunity, including coordinating the Executive's cross-Departmental programme of Delivering Social Change;
- Leading implementation of the recommendations of the Historical Institutional Abuse Inquiry, the Victims' Strategy, the Troubles Permanent Disablement Payment Scheme, and the Truth Recovery Design project on Mother and Baby Institutions, Magdalene Laundries and Workhouses;
- Driving investment and sustainable development, including promotion of the Executive's policy interests internationally;
- Leading the Executive's response to EU Exit, including both the implications and opportunities, to ensure the best possible outcome for our society, businesses and economy;
- Managing and co-ordinating the Executive's response to, and recovery from, the Covid-19 pandemic; and
- Leading the development of the Executive's strategy on tackling violence against women and girls;

These key functions are delivered directly by TEO and its ALBs and also by working in collaboration with other relevant Departments, ALBs, District Councils and the Voluntary and Community sector.

## **NON MINISTERIAL DEPARTMENTS**

The following departments, also known as minor departments, are not represented by a Minister. The budget for these departments, although relatively small, must still be found from within the NI Executive's DEL.

Given the independence of the NI Assembly Commission, the NI Audit Office and the NI Public Sector Ombudsman, these budgets are agreed by the Audit Committee and any additional funding must be provided by the Executive.

### **FOOD STANDARDS AGENCY**

The Food Standards Agency (FSA) protects public health from risks which may arise in connection with the consumption of food (including risks caused by the way food is produced or supplied), and to protect the interests of consumers in relation to food.

The FSA works collaboratively across the four countries of the UK, with District Councils and with other government departments with an interest in food and feed safety to mitigate and deal with any impacts to the food safety regulatory system resulting from the UK leaving the EU.

### **NI ASSEMBLY COMMISSION**

The NI Assembly Commission (NIAC) is the body corporate for the NI Assembly ('the Assembly'). Established in 1998, the Assembly is responsible for making laws on transferred matters in NI and for scrutinising the work of Ministers and Government Departments.

The NIAC's role is defined in Section 40 of the NI Act 1998. It ensures that the Assembly is provided with the property, staff and services required for the Assembly to carry out its work. This includes the provision of support to Members of the Legislative Assembly in discharging their duties in their constituencies, in the Assembly and elsewhere and enhances public awareness of and involvement in the working of the Assembly.

## **THE NI AUDIT OFFICE**

The NI Audit Office (NIAO), established in 1987, has a pivotal role in helping to build a modern, high performing public service that is accountable to taxpayers and citizens. The NIAO provides the NIA with independent assurance about the performance and accountability of the public sector and encourages best standards in financial management, good governance and propriety in the conduct of public business.

The head of the NIAO, the Comptroller and Auditor General (“the C&AG”), is an Officer of the NIA and a Crown appointment made on the nomination of the Assembly. Under the Audit (NI) Order 1987, the holder of the office is a corporation sole, and responsible for the appointment of NIAO staff who assist him in the delivery of his statutory functions. The C&AG and the NIAO are totally independent of government. The NIAO’s funding is normally considered and approved by the NIA’s Audit Committee.

The C&AG has a statutory responsibility to audit the financial statements of all NI departments, executive agencies and other central government bodies, including NDPB’s, HSC bodies and some public sector companies, and to report the results to the Assembly.

A senior member of NIAO staff is designated by the Department for Communities, with the consent of the C&AG, as the Local Government Auditor. The Local Government Auditor, assisted by NIAO staff, is responsible for the audit of all local government bodies.

The NIAO conducts examinations into the economy, efficiency and effectiveness (value for money) of how public bodies use their resources. This work aims to:

- provide the Assembly with independent information and advice about how economically, efficiently and effectively departments, agencies and other public bodies have used their resources;
- encourage audited bodies to improve their performance in achieving value for money and implementing policy; and

- identify good practice and suggest ways in which public services could be improved.

The C&AG is also responsible for authorising the issue of public funds from the Consolidated Fund for NI.

### **NI AUTHORITY FOR UTILITY REGULATION**

The Northern Ireland Authority for Utility Regulation (NIAUR) is an independent non-ministerial government department responsible for regulating NI's electricity, gas, water and sewerage industries, in the short and long-term interests of consumers. NIAUR is largely funded by income generated through annual charges levied to gas, electricity and water licence holders. A small element of funding is provided to the NIAUR to support the costs of administering programmes that are not charged out to licence holders. It manages any inescapable pressures on expenditure by a corresponding adjustment to income. NIAUR has duties regarding protection of vulnerable consumers and there is a read across to Section 75 obligations in that context. NIAUR is accountable to a Board (members of the Authority) and is also accountable to the NIA through financial and annual reporting obligations.

### **NI PUBLIC SERVICES OMBUDSMAN**

The office of the NI Public Services Ombudsman (NIPSO) was established under new legislation from April 2016. NIPSO's principal purpose is to independently investigate complaints of maladministration in respect of almost all public service providers in NI. This includes the power to publish investigation reports where it is in the public interest to do so.

The Office-holder also acts as NI Judicial Appointments Ombudsman.

Thirdly the Ombudsman undertakes the statutory function of NI Local Government Commissioner for Standards; investigating and adjudicating on complaints about the conduct of Councillors in NI.

In performing its functions NIPSO and the Ombudsman are entirely independent of Government. In keeping with this, NIPSO's funding has been considered and approved directly by the NIA's Audit Committee.

NIPSO has a key role in contributing to the improvement of NI's public services, with its focus on learning from complaints. This includes the power to undertake 'Own Initiative' investigations, whether or not the Office has first received a complaint.

Also, in May 2021, the NIA commenced the outstanding part of NIPSO's founding legislation – that of Complaints Standards Authority for Northern Ireland public bodies. The additional resources necessary to discharge this function have been agreed by the NIA Audit Committee.

## **THE PUBLIC PROSECUTION SERVICE**

The aim of the Public Prosecution Service (PPS) is to provide the people of NI with an independent, fair and effective prosecution service.

The PPS provides a statutory function which is a demand-led frontline service responding to files submitted by the Police Service for NI (PSNI) and other investigating agencies, such as Her Majesty's Revenue & Customs (HMRC). PPS cannot limit the number of cases that are submitted for its consideration.

PPS's corporate planning is based around five strategic priorities. Within each priority area a number of objectives have been set as the focus of the PPS's work programme as follows:

Strategic Priority 1: Supporting a safer community by providing an effective and high quality prosecution service

Strategic Priority 2: Building confidence in the independence, fairness and effectiveness of the Service

Strategic Priority 3: Meeting the needs of victims and witnesses

Strategic Priority 4: Strengthening our capability by continuously improving the way we work

Strategic Priority 5: Supporting and empowering our people

***PPS Covid-19 Recovery Plan***

As the Northern Ireland Civil Service prepares for a return to normality following the global Covid pandemic, the PPS Covid Recovery Plan aims to align the PPS with recovery planning across the criminal justice system. The primary aim is to clear the backlog of cases due to be heard in the Crown and Magistrates' Court, while ensuring that a high quality of decision making and services to victims and witnesses is maintained within budgetary limits. This will be achieved through PPS operating at 115% of typical throughput levels over a two period to clear existing backlogs resulting from the pandemic.

The plan looks at a number of key business areas including Case Prep, Casework Support, and Victim Witness Care Unit to ensure any barriers to meeting the increased demands are understood and where possible removed.

The plan included recommendations on the following:

- Additional recruitment;
- Training;
- Accommodation;
- Trade Union Consultation;
- Staff health and safety;
- Additional ICT Support and Functionality;
- Stakeholder engagement (including criminal justice partners).

The PPS will continue to follow government guidance in response to the Coronavirus Covid-19 pandemic as it works with the wider Justice network to recover from the impacts of the pandemic and address the backlogs incurred as a direct result.



Further information on departmental activities can be found by accessing the departmental websites below:

**Department for Agriculture, Environment and Rural Affairs**

[www.daera-ni.gov.uk](http://www.daera-ni.gov.uk)

**Department for Communities**

[www.comunities-ni.gov.uk](http://www.comunities-ni.gov.uk)

**Department for the Economy**

[www.economy-ni.gov.uk](http://www.economy-ni.gov.uk)

**Department of Education**

[www.education-ni.gov.uk](http://www.education-ni.gov.uk)

**Department of Finance**

[www.finance-ni.gov.uk](http://www.finance-ni.gov.uk)

**Department of Health**

[www.health-ni.gov.uk](http://www.health-ni.gov.uk)

**Department for Infrastructure**

[www.infrastructure-ni.gov.uk](http://www.infrastructure-ni.gov.uk)

**Department of Justice**

[www.justice-ni.gov.uk](http://www.justice-ni.gov.uk)

**The Executive Office**

[www.executiveoffice-ni.gov.uk](http://www.executiveoffice-ni.gov.uk)

## CHAPTER FIVE: BUDGET SPEND

### Overall Approach

5.1 Following the publication of the Executive Covid-19 Recovery Action Plan, Executive Ministers are focused on delivering on the four key cross-departmental priorities, with health being the top priority. The four priorities of the Action Plan are:

- Health of the Population
- Sustainable Economic Development
- Tackling Inequalities
- Green Growth and Sustainability

5.2 More information on what the Executive are planning to do can be found here:

[www.executiveoffice-ni.gov.uk/publications/building-forward-consolidated-covid-19-recovery-plan](http://www.executiveoffice-ni.gov.uk/publications/building-forward-consolidated-covid-19-recovery-plan)

### Resource Approach

5.3 Resource Budgets are set on an incremental basis - that is they are substantially based on the previous year's budget with additions or reductions applied as appropriate

5.4 The baseline for each department was set by taking the previous year's budget and adjusting it for certain factors including time-bound allocations. This allows the Executive to begin the Budget process with a starting position where budgets are not influenced by time-limited factors. The baseline is not equivalent to the 2021-22 budget position.

5.5 Even before the pandemic struck the returning Executive had agreed that health would be its top priority. This commitment was confirmed as discussion began on agreeing this draft Budget.

5.6 Therefore the focus of this draft budget has very much been on providing significant additional resources for our

transforming health service and for improving health outcomes overall.

- 5.7 With the funding provided by the Chancellor's Spending Review falling short of what was needed to fund Executive's priorities, this draft Budget proposes that other departments contribute 2% of their opening baseline towards the health service.
- 5.8 The Health Minister has already set out a number of strategies for improving health outcomes and it is proposed that his bids for the Elective Care, Cancer and Mental Health rebuild strategies are met in full, providing £120.9 million / £182.4 million / £255.3 million over the budget period.
- 5.9 A general allocation of some £1.9 billion across the Budget period (above the baseline) has also been proposed for use at the Health Minister's discretion to help address the significant funding pressures identified. It is proposed that some £523 million of this will be funded by contributions from other departments. It is envisaged that the Health Minister will publish more detail on how this funding would be used as part of the draft Budget consultation process.
- 5.10 While Barnett consequentials are unhypothecated and may therefore be spent at the Executive's discretion it is worth highlighting that this proposed draft Budget settlement provides the Department for Health with a budget allocation which is significantly in excess of the funding received from Barnett consequentials on health related allocations in the Spending Review.
- 5.11 The Executive also has a responsibility to fund other vital public services and this draft Budget will allow departments to fund other priorities and pressures.
- 5.12 In setting departmental budgets, the underpinning assumption has been that departments will find the proposed 2% reduction required to provide additional funding to health from efficiencies in the existing budgets. The challenges of doing this cannot be under-estimated. However, it is a measure of the priority given to our health service that this approach has been agreed.

## Specific Allocations

5.13 It is proposed that a number of allocations are provided to departments on a ring-fenced basis for specific purposes.

5.14 These proposed allocations are set out in Table 5.1 below.

**Table 5.1: Proposed Allocations**

		£m		
Dept	Description	2022-23	2023-34	2024-25
<b>DfC</b>	Translation Hub	0.3	0.3	0.3
	Supporting People	5.2	8.0	10.9
	Children's Funeral Fund	0.8	0.8	0.9
	Special Rules on Terminal Illness	2.7	2.7	2.7
	Welfare Reform Mitigations	41.5	43.0	44.0
<b>DfE</b>	Previous Executive Commitments	3.7	3.0	3.0
<b>DE</b>	Addressing Food Poverty/School Holiday Food Grant	22.0	22.0	22.0
<b>DfI</b>	NI Water – Price Control 21	13.0	11.9	12.1
	Concessionary Fares	2.5	3.3	3.4
<b>DOJ</b>	PSNI Staffing	14.8	14.8	14.8
	Domestic & Sexual Abuse	1.6	4.2	4.9
<b>TEO</b>	Victims/Historical Institutional Abuse/Mother & Baby Homes	126.2	146.9	146.2
	Shared Future	12.0	12.0	12.0
<b>Total</b>		<b>246.2</b>	<b>272.9</b>	<b>277.2</b>

5.15 As well as these proposed ring-fenced allocations, under this draft Budget departments would also receive general allocations, which along with their baseline funding, may be spent at the discretion of Departmental Ministers.

5.16 The proposed outcome of the budget would see no department facing a reduction on its opening baseline position.

5.17 Set out in Table 5.2 is the baseline and proposed budget outcome for 2022-25.

**TABLE 5.2: DEPARTMENTAL RESOURCE OUTCOME**

£million

	2022-25 Baseline Position	2022-23 Draft Budget	2023-24 Draft Budget	2024-25 Draft Budget
Agriculture, Environment and Rural Affairs	**539.8	550.7	566.6	571.2
Communities	781.7	839.1	838.5	840.4
Economy	817.8	832.1	842.1	841.3
Education	2,269.6	2,431.2	2,471.2	2,503.2
Finance	168.5	168.5	172.1	174.1
Health	6,069.8	6,782.4	6,947.4	7,109.2
Infrastructure	420.7	443.8	448.2	450.4
Justice	1,086.4	1,117.6	1,128.7	1,122.0
The Executive Office	60.7	210.7	231.4	230.7
Food Standards Agency	11.7	11.7	11.7	11.7
NI Assembly Commission	45.8	47.6	47.6	48.4
NI Audit Office	8.6	8.8	9.0	9.4
NI Authority for Utility Regulation	0.2	0.2	0.2	0.2
NI Public Services Ombudsman	3.6	3.9	3.9	4.0
Public Prosecution Service	35.2	35.2	35.2	35.2
<b>Total Planned Spend*</b>	<b>12,320.1</b>	<b>13,483.7</b>	<b>13,753.8</b>	<b>13,951.5</b>

\*totals may not add due to roundings

\*\*DAERA Baseline adjusted for Farm Payments: £315.6 million provided in 2021-22

5.18 Table 5.3 sets out the 2021-22 Budget outcome and the proposed 2022-25 draft Budget outcome. Please note that Budget 2021-22 included one-off COVID funding for departments.

**TABLE 5.3: DEPARTMENTAL RESOURCE AGAINST BUDGET 2021-22**

	£million			
	2021-22 Budget	2022-23 Draft Budget	2023-24 Draft Budget	2024-25 Draft Budget
Agriculture, Environment and Rural Affairs	553.8	550.7	566.6	571.2
Communities	876.3	839.1	838.5	840.4
Economy	821.3	832.1	842.1	841.3
Education	2,345.1	2,431.2	2,471.2	2,503.2
Finance	172.1	168.5	172.1	174.1
Health	6,451.9	6,782.4	6,947.4	7,109.2
Infrastructure	429.9	443.8	448.2	450.4
Justice	1,125.3	1,117.6	1,128.7	1,122.0
The Executive Office	120.5	210.7	231.4	230.7
Food Standards Agency	11.7	11.7	11.7	11.7
NI Assembly Commission	45.8	47.6	47.6	48.4
NI Audit Office	8.6	8.8	9.0	9.4
NI Authority for Utility Regulation	0.2	0.2	0.2	0.2
NI Public Services Ombudsman	3.6	3.9	3.9	4.0
Public Prosecution Service	35.3	35.2	35.2	35.2
<b>Total Planned Spend*</b>	<b>13,001.5</b>	<b>13,483.7</b>	<b>13,753.8</b>	<b>13,951.5</b>

\*totals may not add due to roundings

## Capital Approach

- 5.19 Departmental Capital allocations were determined on a zero-based approach informed by an assessment of the capital requirements of individual departments. With the exception of allocations for specific purposes, such as Flagship projects, City Deals and Green Growth, Departmental Ministers will have the flexibility to allocate funding to individual projects.
- 5.20 The previous Executive designated a number of strategic Capital schemes as flagship projects. These projects receive specific ring-fenced funding which means the funding must be used for these projects or returned to the Executive. Flagship projects include the A6 Road, the Belfast Transport Hub, Casement Park, the Mothers and Children's Hospital and the NI Community Safety College. The draft departmental Capital Budgets provide funding to progress these strategic projects in 2021-22.
- 5.21 Set out in Table 5.4 is the proposed Capital Budget outcome for each department. The departmental allocations include £30.5 million / £100.9 million / £184.5 million for City deals funding, reflecting the progress that will be made over the next three years on City Deals, primarily the Belfast Region City Deal.
- 5.22 Some £116.8 million / £101.1 million / £86.5 million is provided in the budget for green growth projects over the 2022-25 Budget period. More detail will be set out by DAERA and DfI in due course.
- 5.23 Comparisons to previous years are not meaningful due to the nature of Capital funding. For example, a department may require significant construction costs for a large project in the first year of the budget but not need the same amount of Capital in future years.

**TABLE 5.4: DEPARTMENTAL CAPITAL OUTCOME**

	<b>£million</b>		
	<b>2022-23 Draft Budget</b>	<b>2023-24 Draft Budget</b>	<b>2024-25 Draft Budget</b>
Agriculture, Environment and Rural Affairs	101.2	116.0	109.8
Communities	214.1	231.5	185.3
Economy	187.2	196.6	198.1
Education	199.4	217.6	203.9
Finance	35.0	40.0	29.9
Health	349.9	369.8	368.3
Infrastructure	767.0	821.7	822.7
Justice	100.0	124.9	128.5
The Executive Office	15.0	15.0	15.0
Food Standards Agency	0.1	0.1	0.1
NI Assembly Commission	3.9	3.2	1.0
NI Audit Office	2.5	0.0	0.0
NI Authority for Utility Regulation	0.0	0.0	0.0
NI Public Services Ombudsman	0.1	0.1	0.1
Public Prosecution Service	0.4	0.4	0.4
<b>Total Planned Spend*</b>	<b>1,976.0</b>	<b>2,136.8</b>	<b>2,063.1</b>

\*totals may not add due to roundings



**TABLE 5.5: DEPARTMENTAL FINANCIAL TRANSACTIONS  
CAPITAL OUTCOME**

	<b>£million</b>		
	<b>2022-23 Draft Budget</b>	<b>2023-24 Draft Budget</b>	<b>2024-25 Draft Budget</b>
Communities	52.1	54.7	52.4
Economy	3.5	11.7	9.8
<b>Total Planned Spend*</b>	<b>55.5</b>	<b>66.4</b>	<b>62.2</b>

\*totals may not add due to roundings

## Central Items

5.24 As well as allocations to individual departments the proposed Budget outcome also includes a number of items that are not attributable to a specific department. These items are referred to as central items. There are two types of central items:

- **Funding held for allocation.** This is funding that will ultimately be provided to department but is retained centrally pending decisions on timing of allocations or decisions on specific projects or programmes. Funding may also be held if further negotiations with Treasury are required on the precise profile of the funding across the budget period.
- **Central costs.** These are costs which are not attributable to a specific departments but are a cost to the Executive as a whole. For this Budget the only Central costs are RRI interest repayments.

5.25 Details of these central items are set out in Tables 5.6 to 5.8 below

**TABLE 5.6: RESOURCE CENTRAL ITEMS**

<b>Resource Central Items (£million)</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b><i>Funding Held for Allocation</i></b>			
Delivering Social Change	7.7	7.7	7.7
EU Match Funding	11.0	11.0	11.0
Collaborative Procurement	1.3	1.3	1.3
Tackling Paramilitary Activity	13.0	13.0	12.8
NDNA – Communities in Transition	4.1	3.3	-
NDNA – Magee Medical School	5.0	5.0	5.0
<b><i>Central Costs</i></b>			
RRI Interest Repayments	45.5	45.5	45.5

**TABLE 5.7: CAPITAL CENTRAL ITEMS**

<b>Capital Central Items (£million)</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b><i>Funding Held for Allocation</i></b>			
Confidence & Supply - Broadband	-	10.1	-
NDNA – Magee Medical School	15.0	-	-

**TABLE 5.8: FTC CENTRAL ITEMS**

<b>Capital Central Items (£million)</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b><i>Funding Held for Allocation</i></b>			
Unallocated Funding	57.3	-	-
NI Investment Fund	50.0		

***Funding Held for Allocation***

***Delivering Social Change***

5.26 The Executive approved a Delivering Social Change programme in May 2014. Funding is held centrally to permit the Executive some time to consider whether it supports a future programme of centrally led action in a similar vein.

***EU Match Funding***

5.27 EU Match Funding will be required by departments for future PEACE programmes and funding is held centrally pending finalisation of programmes.

***Collaborative Procurement***

5.28 Funding is held centrally for costs related to improving collaborative procurement. This is expected to be finalised and allocated as part of final Budget.

***Tackling Paramilitary Activity/ Communities in Transition***

5.29 Funding is held centrally pending finalisation of the TPA programmes. It is anticipated that this funding will be released to departments each year as part of the in-year monitoring process.

***Magee Medical School***

- 5.30 Funding is held centrally pending agreement with Treasury on precise profiling of the funding in line with the progress on the Medical School build.

***Confidence and Supply Broadband***

- 5.31 Funding is held centrally pending agreement with Treasury on precise profiling of the funding required.

***NI Investment Fund***

- 5.32 The Northern Ireland Investment Fund is private sector organisation that works alongside government investing in the transformation of the region for the long-term, supporting economic growth and the low carbon economy.

***Central Costs***

***RRI Interest Payments***

- 5.33 Of the total RRI borrowing of £3,163 million, the Executive will have outstanding borrowing of £1,569 million at the end of 2021-22. The interest on borrowing for 2022-23 is £43.4 million, for 2023-24 is £41.8 million and for 2024-25 is £40.4 million. Funding of £45.5 million per annum is held at the centre to meet these costs each year and the precise amounts will be determined in the final Budget when decisions on RRI borrowing over the budget period are finalised. Further detail on RRI is included in Chapter Three.

5.34 A summary of what we spend is set out in the tables below:

**TABLE 5.9: TOTAL SPENDING**

<b>Resource Spending (£m)</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Departmental Planned Spend</b>	<b>13,483.7</b>	<b>13,753.8</b>	<b>13,951.5</b>
<b><i>Held Centrally for Allocation</i></b>			
Delivering Social Change	7.7	7.7	7.7
EU Match Funding	11.0	11.0	11.0
Collaborative Procurement	1.3	1.3	1.3
Tackling Paramilitary Activity	13.0	13.0	12.8
NDNA – Communities in Transition	4.1	3.3	
NDNA – Magee Medical School	5.0	5.0	5.0
<b><i>Central Costs</i></b>			
RRI Interest Repayments	45.5	45.5	45.5
<b>Total Spending</b>	<b>13,571.4</b>	<b>13,840.7</b>	<b>14,034.9</b>

<b>Capital Spending (£m)</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Departmental Planned Spend</b>	<b>1,976.0</b>	<b>2,136.8</b>	<b>2,063.1</b>
<b><i>Held Centrally for Allocation</i></b>			
NDNA – Magee Medical School	15.0		
Confidence & Supply - Broadband	-	10.1	-
<b>Total Spending</b>	<b>1,991.0</b>	<b>2,146.9</b>	<b>2,063.1</b>

<b>FTC Spending (£m)</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Departmental Planned Spend</b>	<b>55.5</b>	<b>66.4</b>	<b>62.2</b>
<b><i>Held Centrally for Allocation</i></b>			
NI Investment Fund	50.0	-	-
Unallocated Funding	57.3	-	-
<b>Total Spending</b>	<b>162.8</b>	<b>66.4</b>	<b>62.2</b>

## Other Areas of Note

### Public Private Partnerships / Private Finance Initiatives

5.35 Whilst the costs of Public Private Partnerships (PPP) and Private Finance Initiatives (PFI) are contained within the respective departmental budgets, a table of those combined costs are set out below to provide greater transparency around these long term commitments.

**TABLE 5.10: PPP/PFI SPENDING**

Department	Procuring Authority	Project Name	Estimated Unitary Charge Payment			Remaining lifetime Unitary charge costs
			2022-23 (£m)	2023-24 (£m)	2024-25 (£m)	
DoH	Belfast Health and Social Care Trust	Cancer Centre (equipment)	8.0	8.3	8.5	54.2
DoH	Belfast Health and Social Care Trust	Managed Equipment Service (MES) / ATICS	10.1	5.0		
DfE	Belfast Metropolitan College	Belfast Metropolitan College - Millfield Campus	4.7	4.7	4.8	9.6
DfE	Belfast Metropolitan College	Belfast Metropolitan College - Titanic Quarter	6.2	6.2	6.3	78.3
DfE	North West Regional College	North West Regional College - Northland Building	3.3	3.3	3.3	6.7
DfE	South Eastern Regional College	South Eastern Regional College - Downpatrick/Newcastle/Ballynahinch	5.3	5.3	5.4	63.5
DfE	South Eastern Regional College	South Eastern Regional College - Lisburn Campus	3.9	3.9	4.0	45.5
DfE	South West College	South West College - Dungannon Campus	3.9	4.0	4.0	47.0
DfE	South West College	South West College - Omagh Campus	4.3	4.3	4.4	55.3
DfI	Department for Infrastructure	Roads Service DBFO - Package 1	18.2	18.7	19.1	300.7
DfI	Department for Infrastructure	Roads Service DBFO - Package 2	39.0	40.0	41.0	775.4
DfC	Department for Communities	Lisburn City Library	0.5	0.5	0.6	3.7
DfE	Department for the Economy	Invest NI HQ Accommodation Project	5.3	5.5	5.6	34.6
DE	Department of Education	Bangor Academy / Nendrum College PPP Project	5.0	5.0	5.1	70.1
DE	Department of Education	Belfast Strategic Partnering PPP Project	15.2	15.4	15.6	247.8
DE	Department of Education	Derry Diocese St Cecilia's College / St Mary's College PPP Project	6.9	7.0	7.1	83.8
DE	Department of Education	Down & Connor / De la Salle Schools	10.0	10.1	10.2	113.2
DE	Department of Education	Drumglass High School PFI Project	1.3	1.3	1.3	0.5
DE	Department of Education	Holy Cross College PPP Project	5.7	5.8	5.8	51.2
DE	Department of Education	St Genevieve's High School PFI Project	3.0	3.0	3.1	5.9
DE	Department of Education	Wellington College/Balmoral High School PFI Project	1.5	1.5	1.6	2.9
DfI	Northern Ireland Water	Kinnegar WwTW	2.1	2.1	0.2	0.0

Department	Procuring Authority	Project Name	Estimated Unitary Charge Payment			Remaining lifetime Unitary charge costs
			2022-23 (£m)	2023-24 (£m)	2024-25 (£m)	
DFI	Northern Ireland Water	Project Alpha	24.0	24.8	25.2	184.4
Dfl	Northern Ireland Water	Project Omega	29.9	30.5	31.2	234.6
DoH	Western Health and Social Care Trust	Services Centre (New pathology pharmacy & changing rooms)	2.5	2.5	2.6	18.8
DoH	Western Health and Social Care Trust	Enniskillen Hospital	20.4	20.9	21.5	463.5
DE	Department of Education	Lagan College/Tor Bank Special School PPP Project	6.1	6.2	6.3	88.7
DoJ	Department of Justice	Laganside Courthouse	4.8	4.8	4.8	8.3
DoH	South Eastern Health and Social Care Trust	Lisburn Primary & Community Care Centre <b>3PD (Private Development) project</b>	3.0	2.8	3.0	68.3
DoH*	Southern Health and Social Care Trust	Newry Community Care and Treatment Centre Project <b>3PD (Private Development) project</b>	0.0	0.0	3.0	72.0
			<b>254.1</b>	<b>253.4</b>	<b>254.6</b>	<b>3,188.5</b>

\* Please note this is a best estimate - actual costs are not yet known as the project is still in procurement phase

## Public Sector Pay Policy

5.36 The funding of public sector pay, which stands at approximately £7bn, and represents over 50% of our total Resource DEL, is a major component of the Executive's Budget. Consequently, the approach that is taken on pay policy has significant implications for the funding that is available for other aspects of public services, and indeed the number of public sector workers that can be employed in delivering them. So a 3-year Public Sector Pay Policy is now being set as an integral part of the budget process, and this draft Budget sets out the Executive's proposed approach to this.

5.37 The Public Sector Pay Policy in this draft Budget builds on the Public Sector Pay Policy for 2021-22 where the Executive, in allowing limited pay awards locally, took a different approach to the Treasury's then pay freeze for most public sector workers. The Executive wants to recognise the contribution of public sector staff, and is also mindful of the significant increases in the cost of living, with inflation expected to peak in the spring on 2022, before being forecast to fall back materially in the second half of 2022 and throughout 2023.

- 5.38 The public sector workforce has and continues to play a vital role in the delivery of essential public services – particularly in the very challenging circumstances of the pandemic. However as set out previously, the funding provided to the Executive in the Spending Review has put us in a very challenging budget position, and unfortunately very difficult decisions are required.
- 5.39 Every 1 per cent increase in public sector pay adds around £70 million to the overall pay bill. So a difficult balance needs to be struck in seeking to fairly and consistently reward staff, while also ensuring sufficient funding remains for other aspects of the public services they deliver.
- 5.40 To this end, the proposed Public Sector Pay Policy for 2022-23 to 2024-25 is a flexible one where there is no overarching limit on awards. Pay awards can be informed by a range of factors, including recruitment & retention and the advice of independent Pay Review Bodies, but where increases must be carefully managed to ensure they are affordable within departmental budgets, and enable essential public services to be sustainably funded going forward.
- 5.41 Departmental pay increase assumptions typically average 2% per year for all pay elements (i.e. both revalorisation and progression), although for some staff groups these will be higher, particularly those in the Health Service. There is also scope to offer increased awards in support of efficiency and reform. And multi-year agreements in this regard are particularly encouraged given this is a 3-year policy.
- 5.42 Following the Executive's accreditation as a Living Wage Employer, other public sector employers outside of the Civil Service are also strongly encouraged to take the necessary steps to do likewise and to target awards to address any remaining instances of low pay.

### **City Deal Complementary Fund**

- 5.43 The Complementary Fund was announced as part of the City and Growth Deals and the Executive has committed to fund up to an additional £100 million for complementary projects



where partners can demonstrate a viable capital project which is complementary to the City/Growth deal proposals.

5.44 The Derry City & Strabane City Deal has received an additional £55 million through the Inclusive Future Fund for projects that are complementary to their City Deal. The up to £100 million Complementary Fund is for the other three City/Growth Deals if they also have projects that are complementary to their Deal.

5.45 The following table sets out the Complementary Fund projects that have been successful in the first round of funding.

**TABLE 5.11: COMPLEMENTARY FUND PROJECTS**

Lead NICS Dept	City/Growth Deal	Project Title	Lead Organisation	Allocation £m
DAERA	Belfast Region City Deal	Whitespots Country Park	Ards and North Down Borough Council (ANDBC)	7.4
DfE	Belfast Region City Deal	Ballymena Integrated Green Hydrogen Hub	Mid and East Antrim Borough Council (MEABC)	15.0
DfE	Belfast Region City Deal	Hydrogen Technologies Accelerator Hub for Northern Ireland	Belfast City Council, Mid and East Antrim Council, Antrim and Newtownabbey Borough Council	
DfE/Invest NI	Mid South West	Industrial Investment Challenge Fund (IICF) Phase 1	Armagh City, Banbridge & Craigavon Borough Council	7.5
DfC	Belfast Region City Deal	15 Acre Albert Basin park Newry	Newry Mourne and Down District Council (NMDDC)	16.2
DfE	All City & Growth Deals	Digital Transformation Fund	Belfast City Council	6.0
			<b>TOTAL</b>	<b>52.1</b>

5.46 As some of the projects have funding profiles over four years, £45.1 million of Complementary Fund allocations are recommended over this Budget period and £7.0 million will be allocated in 25-26. Departments have received the funding in their Capital allocation.

## CHAPTER SIX: SECTION 75 EQUALITY DUTY REQUIREMENTS

- 6.1 This Chapter sets out the actions to be taken by departments in assessing the potential equality impacts of the draft Budget 2022-25.
- 6.2 In particular, this chapter sets out the:
- Section 75 obligations placed on all Northern Ireland Civil Service (NICS) Departments, and as part of this the duty to follow equality scheme arrangements in assessing the likely impact of policies (screening/EQIA).
  - Role of the Department of Finance in compiling all Departmental Budget Equality Impact Assessments (screening/EQIA) so that due regard and regard may be paid by decision maker(s) in the budget decision making process.
- 6.3 Each of the NICS Departments are designated for the purposes of Section 75 of the Northern Ireland Act 1998.

### Section 75 Duties

- 6.4 The duties in Section 75 and Schedule 9 of the Northern Ireland Act 1998, apply to the preparation of the Northern Ireland Budget. The Act requires public authorities to ensure that they carry out their various functions relating to Northern Ireland with due regard to the need to promote equality of opportunity between:
- Persons of different religious belief;
  - Persons of different political opinion;
  - persons of different racial group;
  - persons of a different age;
  - persons of a different marital status;
  - persons of a different sexual orientation;
  - men and women generally;
  - persons with a disability and persons without; and,
  - persons with dependants and persons without.

- 6.5 In addition, and without prejudice to its (equality of opportunity) obligations public authorities are required, in carrying out their functions relating to NI, to have regard to the desirability to promoting good relations between persons of different religious belief, political opinion or racial group.

The duty to follow Equality Scheme arrangements in assessing the likely impact of policies (screening/EQIA).

- 6.6 Each of the Northern Ireland Civil Service (NICS) Departments has an Equality Scheme which sets out the arrangements for assessing the likely impact of policies, adopted or proposed to be adopted on the promotion of equality of opportunity. These arrangements include the tools of screening and equality impact assessment and commitments to following Equality Commission for Northern Ireland (ECNI) guidance.
- 6.7 The Scheme notes that Departments are responsible for ensuring any new or revised policies within their area of responsibility, before any decision on them is made, are subject to the scheme's commitments, in terms of 'screening 'and, if appropriate equality impact assessments', consultation, monitoring and reporting.

*Screening Requirements*

- 6.8 The purpose of screening is to identify those policies that are likely to have an impact on equality of opportunity and/or good relations.
- 6.9 Screening should be carried out at the earliest opportunity in the policy development process. It is carried out by answering a number of set screening questions by gathering relevant information both qualitative and quantitative.
- 6.10 The completion of screening will lead to one of three outcomes:
- The policy will be "screened in" for equality impact assessment;

- the policy will be screened out “with mitigation” or an alternative policy proposed for adoption;
  - The policy will be screened out “without mitigation” or an alternative policy proposed for adoption.
- 6.11 All departments will be expected to screen their budget outcome and complete and consult on a full EQIA where it is deemed appropriate. Note a general consultation on the Budget will be taken forward centrally by Department of Finance.
- 6.12 Following the completion of Screening, the Screening Template should be published on the department’s website. In addition, consultees should be advised of any policies that are “screened out”.
- 6.13 Further information on screening is included in the ECNI Guidance “Section 75 of the Northern Ireland Act 1998 – a Guide for Public Authorities” (April 2010).
- 6.14 Further information can be accessed here:

<https://www.equalityni.org/ECNI/media/ECNI/Publications/Employers%20and%20Service%20Providers/S75GuideforPublicAuthoritiesApril2010.pdf>

### *Equality Impact Assessments*

- 6.15 An Equality Impact Assessment (EQIA) is a thorough and systematic analysis of a policy. The primary function of an EQIA is to determine the extent of any impact of a policy on Section 75 categories and to determine if the impact is a negative one. It can also demonstrate the likely positive outcomes of policy and seek to more effectively promote equality of opportunity and good relations.
- 6.16 If policy screening identifies that an EQIA is needed, this should be a meaningful consultation carried out in line with the ECNI Guidance – “Practical Guidance on Equality Impact Assessment” (February 2005).
- 6.17 An Equality Impact Assessment is likely to be necessary:

- Where the policy is highly relevant to the promotion of equality of opportunity;
- Where it affects a large number of people;
- Where it affects fewer people but where its impact on them is likely to be significant;
- Where it is a strategic policy or has a significant budget attached; and
- Where further assessment provides a valuable opportunity to examine evidence and develop recommendations

6.18 The results of any EQIAs should be made publically available by the relevant department with details of the likely impact of policies on the promotion of equal opportunity and good relations.

### *Consultation*

6.19 Any EQIA is subject to meaningful consultation and should be carried out in line with the principles set out in the ECNI Guidance - "Section 75 of the Northern Ireland Act 1998 – a Guide for Public Authorities" (April 2010)."

6.20 Consultation should seek the views of those directly affected by the policy, the Equality Commission, representative groups of Section 75 categories, other public authorities, voluntary and community groups, staff and their Trade Unions, and other such groups that have a legitimate interest.

### *Monitoring and Reporting*

6.21 Monitoring can assist better delivery of public services and continuous improvements. As monitoring Section 75 information involves sensitive personal data guidance from the Office of the Information Commissioner and the Equality Commission should be followed.

6.22 Monitoring systems should be in place to monitor the impact of policies and identify opportunities to better promote equality of opportunity and good relations.

- 6.23 If monitoring shows that a policy results in a greater adverse impact that would have been predicted, or if opportunities arise which would allow for greater equality of opportunity to be promoted, the policy must be revisited to determine if better outcomes can be achieved.
- 6.24 Public Authorities are legally required by Schedule 9.4 (2) (d) of the Northern Ireland Act 1998 to publish the results of the monitoring of adverse impacts of the policies they adopt.

### Process

- 6.25 The ECNI has confirmed that the Section 75 equality and good relations duties apply to budget processes. Further information can be found in the ECNI guidance 'Budget & Section 75: A Short Guide'.
- 6.26 Therefore, following the publication of the draft Budget 2021-22, the Department of Finance will request and collate responses (screenings or impact assessments) from all NICS departments that have been developed in line with the commitments set out in their Equality Schemes.
- 6.27 The Finance Minister will provide these responses in full, to the Executive to enable due regard and regard to be paid by decision maker(s) to the Section 75 duties in the decision making process.

## **ANNEX A: FINANCIAL TABLES**

<b>Table 1</b>	Reconciliation of Planned Spend to HM Treasury Control Totals – Non Ring-Fenced Resource DEL
<b>Table 2</b>	Reconciliation of Planned Spend to HM Treasury Control Totals – Capital DEL
<b>Table 3</b>	Reconciliation of Planned Spend to HM Treasury Control Totals – FTC DEL
<b>Table 4</b>	Reconciliation of Planned Spend to HM Treasury Control Totals – Ring-Fenced Resource DEL
<b>Table 5</b>	Annually Managed Expenditure by Programme
<b>Table 6</b>	Annually Managed Expenditure by Department
<b>Table 7</b>	RRI Principal and Interest Repayments
<b>Table 8</b>	Ring-Fenced Resource DEL by Department

**Table 1: Reconciliation of HM Treasury Control Totals to  
Planned Spend – Non ring-Fenced Resource DEL**

**We are financed by:**

<b>Financing</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Spending Review Core Funding	12,583.9	12,788.7	12,982.3
Spending Review – Specific Allocations	352.2	366.6	368.6
UK Financial Packages	58.1	57.3	54.0
<b>Total UKG Control Totals</b>	<b>12,994.2</b>	<b>13,212.6</b>	<b>13,404.9</b>
Regional Rates Income	577.2	628.1	630.0
<b>Total Financing</b>	<b>13,571.4</b>	<b>13,840.7</b>	<b>14,034.9</b>

Totals may not add due to rounding

**This will fund:**

<b>Spending</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Funding Held for Allocation</b>			
Delivering Social Change	7.7	7.7	7.7
EU Match Funding	11.0	11.0	11.0
Collaborative Procurement	1.3	1.3	1.3
Tackling Paramilitary Activity	13.0	13.0	12.8
NDNA – Communities in Transition	4.1	3.3	
NDNA – Magee Medical School	5.0	5.0	5.0
<b>Central Costs</b>			
RRI Interest Repayments	45.5	45.5	45.5
<b>Departmental Planned Spend</b>	<b>13,483.7</b>	<b>13,753.8</b>	<b>13,951.5</b>
<b>Total Spending</b>	<b>13,571.4</b>	<b>13,840.7</b>	<b>14,034.9</b>

Totals may not add due to rounding



**Table 2: Reconciliation of Planned Spend to HM Treasury Control Totals - Capital DEL**

**We are financed by:**

<b>Financing</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Spending Review Core Funding	1,686.2	1,784.7	1,759.2
UK Financial Packages	157.4	143.3	78.9
<b>Total UKG Control Totals</b>	<b>1,843.6</b>	<b>1,927.9</b>	<b>1,838.1</b>
RRI Borrowing	140.0	194.0	200.0
RoI Funding for A5	7.4	25.0	25.0
<b>Total Financing</b>	<b>1,991.0</b>	<b>2,146.9</b>	<b>2,063.1</b>

Totals may not add due to rounding

**This will fund:**

<b>Spending</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Funding Held for Allocation</b>			
NDNA – Magee Medical School	15.0	-	-
C&S - Broadband	-	10.1	-
<b>Departmental Planned Spend</b>	<b>1,976.0</b>	<b>2,136.8</b>	<b>2,063.1</b>
<b>Total Spending</b>	<b>1,991.0</b>	<b>2,146.9</b>	<b>2,063.1</b>

Totals may not add due to rounding

**Table 3: Reconciliation of HM Treasury Control Totals to  
Planned Spend – FTC DEL**

**We are financed by:**

<b>Financing</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Spending Review Core Funding	162.8	66.4	62.2
<b>Total Financing</b>	<b>162.8</b>	<b>66.4</b>	<b>62.2</b>

Totals may not add due to rounding

**This will fund:**

<b>Spending (£m)</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Departmental Planned Spend</b>	<b>55.5</b>	<b>66.4</b>	<b>62.2</b>
<i><b>Held Centrally for Allocation</b></i>			
NI Investment Fund	50.0	-	-
Unallocated Funding	57.3	-	-
<b>Total Spending</b>	<b>162.8</b>	<b>66.4</b>	<b>62.2</b>

**Table 4: Reconciliation of HM Treasury Control Totals to  
Planned Spend – Ring Fenced Resource DEL**

**We are financed by:**

<b>Financing</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Confirmed by UKG	1,034.8	1,034.8	1,034.8
<b><i>Total UKG Control Totals</i></b>	<b>1,034.8</b>	<b>1,034.8</b>	<b>1,034.8</b>
<b>Total Financing</b>	<b>1,034.8</b>	<b>1,034.8</b>	<b>1,034.8</b>

Totals may not add due to rounding

**This will fund:**

<b>Spending (£m)</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Departmental Planned Spend</b>	<b>586.3</b>	<b>586.3</b>	<b>586.3</b>
<b><i>Held Centrally for Allocation</i></b> Unallocated Funding	448.5	448.5	448.5
<b>Total Spending</b>	<b>1,034.8</b>	<b>1,034.8</b>	<b>1,034.8</b>

Please note that more about ring-fenced Resource DEL can be found in Chapter Three

**Table 5 Annually Managed Expenditure by Programme**

	<b>£million</b>		
<b>PROGRAMME</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Benefits	7,592.2	8,041.5	8,378.1
Social Fund	62.9	64.1	65.4
Student Loans	230.6	226.4	223.5
Pensions	3,388.4	3,385.4	3,369.6
NI Renewable Heat Incentive Scheme	33.5	33.5	33.5
Corporation Tax	1.9	1.9	1.9
Non Cash	919.2	930.4	925.4
<b>Total</b>	<b>12,228.6</b>	<b>12,683.1</b>	<b>12,997.3</b>

Note: Totals may not add due to rounding

**Table 6 Annually Managed Expenditure by Department**

	<b>£million</b>		
<b>DEPARTMENT</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Agriculture, Environment and Rural Affairs	16.1	13.1	13.1
Communities	7,703.3	8,154.3	8,477.5
Economy	346.4	342.2	339.3
Education	906.4	911.1	907.9
Finance	631.7	647.7	667.8
Health	1,822.1	1,807.8	1,787.9
Infrastructure	231.8	237.3	235.7
Justice	561.6	560.0	557.9
The Executive Office	5.8	6.3	6.8
Food Standards Agency	0.3	0.3	0.3
NI Assembly Commission	2.2	2.2	2.2
Public Prosecution Service	1.0	0.8	0.8
<b>Total</b>	<b>12,228.6</b>	<b>12,683.1</b>	<b>12,997.3</b>

Note: Totals may not add due to rounding

**Please note that AME forecasts are subject to change**

**Table 7: RRI Principal and Interest Repayments**

£million

Year	Principal Repayments	Interest Repayments	Year	Principal Repayments	Interest Repayments
2003-04	0.0	1.8	2027-28	133.5	30.7
2004-05	2.0	7.5	2028-29	137.0	26.8
2005-06	4.4	15.0	2029-30	135.3	23.0
2006-07	10.2	23.9	2030-31	130.4	19.3
2007-08	15.4	31.3	2031-32	108.5	16.1
2008-09	17.6	32.3	2032-33	88.9	13.6
2009-10	19.0	34.3	2033-34	82.5	11.7
2010-11	22.3	36.3	2034-35	79.3	9.8
2011-12	24.6	40.3	2035-36	71.2	8.2
2012-13	46.1	45.4	2036-37	70.9	6.8
2013-14	57.3	47.2	2037-38	63.1	5.5
2014-15	69.5	51.0	2038-39	58.5	4.4
2015-16	80.2	55.1	2039-40	52.9	3.5
2016-17	96.9	57.0	2040-41	42.3	2.8
2017-18	108.6	55.8	2041-42	34.9	2.3
2018-19	114.0	53.6	2042-43	30.6	1.9
2019-20	120.3	51.2	2043-44	30.2	1.6
2020-21	124.1	47.9	2044-45	29.4	1.3
2021-22	127.3	45.2	2045-46	29.6	1.0
2022-23	117.7	43.4	2046-47	29.5	0.7
2023-24	118.3	41.8	2047-48	23.8	0.4
2024-25	119.5	40.4	2048-49	17.7	0.2
2025-26	127.5	38.0	2049-50	9.0	0.1
2026-27	130.9	34.4			

**Table 8: Ring-Fenced Resource DEL by Department**

	£million		
	2022-23 Draft Budget	2023-24 Draft Budget	2024-25 Draft Budget
Agriculture, Environment and Rural Affairs	24.8	24.8	24.8
Communities	14.1	14.1	14.1
Economy	151.7	151.7	151.7
Education	0.8	0.8	0.8
Finance	36.7	36.7	36.7
Health	158.4	158.4	158.4
Infrastructure	116.2	116.2	116.2
Justice	76.9	76.9	76.9
The Executive Office	1.2	1.2	1.2
Food Standards Agency	0.0	0.0	0.0
NI Assembly Commission	3.5	3.5	3.5
NI Audit Office	0.2	0.2	0.2
NI Authority for Utility Regulation	0.1	0.1	0.1
NI Public Services Ombudsman	0.1	0.1	0.1
Public Prosecution Service	1.7	1.7	1.7
<b>Total Departmental Planned Spend</b>	<b>586.3</b>	<b>586.3</b>	<b>586.3</b>
Unallocated	448.5	448.5	448.5
<b>Total Spending</b>	<b>1,034.8</b>	<b>1,034.8</b>	<b>1,034.8</b>

## **ANNEX B: CONSULTATION**

It is a statutory obligation for the Finance Minister to bring a Budget to the Assembly in advance of the new financial year commencing on 1 April 2022.

The delay in the announcement of the UK Spending Review outcome has meant a subsequent delay to the Executive's Budget process as the Spending Review outcome sets the Budget envelope for the Executive.

The delay means the consultation period will have to conclude on 7 March 2022 in order to have a budget in place for the commencement of the new financial year.

As set out in this document, given the constrained financial position and the growing demand, public services are facing significant challenges going forward. The Executive would welcome your views on the draft Budget. However, as the period for consultation is limited, it would be helpful if consultation responses were focused on the following questions:

### **Funding Our Budget:**

- *Should we in Northern Ireland raise more money for public services – if so, how?*
- *Is it right to freeze our household and business rates at current levels?*
- *Where should we look to save money through better efficiencies?*

### **Spending Our Budget:**

- *Do you think we have the right balance between health and other priorities?*
- *Do you agree with the proposal to direct 2% from other departments to health?*
- *Do we need to reduce or completely stop delivering any services? – If so, what are they and why?*
- *Do we need to re-direct spending? What needs more funding and where would you take it from?*

### **What Else?**

- *Is there anything else you would wish us to know about the draft budget?*

More details about the survey and how to participate are found on the DoF website at:

<http://www.finance-ni.gov.uk/budget-consultation>

Comments on the draft Budget 2022-25 can be submitted via the following:

- Submit your responses online:  
<https://consultations2.nidirect.gov.uk/dof/2022-25-draft-budget>
- Email your responses:  
[budgetconsultation@finance-ni.gov.uk](mailto:budgetconsultation@finance-ni.gov.uk)

**The deadline for responses is 7 March 2022.**





Department of

Finance

An Roinn

Airgeadais

[www.finance-ni.gov.uk](http://www.finance-ni.gov.uk)

