



Northern Ireland  
Assembly

Committee for Finance

# Report on the 2022-25 Draft Budget

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Ordered by the Committee for Finance to be published 23 February 2022.

**This report is embargoed until the commencement of the debate in the Assembly on 7 March 2022.**

Report: NIA 186/17-22 Committee for Finance.

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# **Powers and Membership**

## **Powers**

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

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

## **Membership**

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

Dr Steve Aiken OBE (Chairperson)

Mr Keith Buchanan (Deputy Chairperson)<sup>1</sup>

Mr Jim Allister

Mr Pat Catney

Ms Jemma Dolan

Mr Philip McGuigan<sup>2</sup>

Mr Maolíosa McHugh

Mr Matthew O'Toole

Mr Jim Wells

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<sup>1</sup> Mr Keith Buchanan replaced Mr Paul Frew as Deputy Chairperson with effect from 15 June 2021

<sup>2</sup> Mr Philip McGuigan replaced Mr Seán Lynch with effect from 5 October 2020

# Introduction

1. The Minister of Finance launched a consultation on 13 December 2021 on a 2022-25 Draft Budget. This Draft Budget was not agreed by the Executive but set out proposed spending plans for the three year period from 1 April 2022 to 31 March 2025. It followed the Chancellor's Spending Review which was announced on 27 October 2021 and which set out the budget envelope for the Executive.
2. Although the 3 year Spending Review settlement provided an important opportunity for the Executive to develop and agree transformation plans for Health provision etc., it has apparently not been possible for the Executive to agree the 2022-25 Draft Budget prior to the consultation. Matters have been further complicated by the resignation of the First Minister and what is understood to be the collapse of the Executive until after the next Assembly election. The absence of agreement on a budget for 2022-23 will oblige departments to avail of existing legal provisions in order to ensure that day-to-day spending continues until an Executive is in place and an agreed budget is developed.
3. The 2022-25 Draft Budget is not linked to an up-to-date Programme for Government and this has not been developed for the period in question. Following the launch of the consultation, a further consultation on an Executive Investment Strategy was launched. It was presumed that the feedback from both consultations would be used by a successor Executive in order to develop a 3 year plan for spending and investment including transformation. However, the 2022-25 Draft Budget consultation was paused by the Minister on 15 February 2022.

4. The 2022-25 Draft Budget consultation document does not include proposals for savings on super-parity e.g. water charging; prescription charges and student fees but asks departments to make suggestions in this regard. The Draft Budget also doesn't spell out the cuts to services which departments may have to make in order to live within their new budgets and includes limited reference to priorities for spending other than the transformation of Health.
5. It is understood that Department of Finance devised the Draft Budget by developing a baseline for each department and then cutting this by 2% in all cases, except Health and then making specific allocations e.g. to DAERA for farming and fisheries etc., followed by general allocations largely to Health amounting to over £1bn pa for 2022-25. The upshot of this process is that most departments appear to gain some money though this will be limited by the effects of inflation.
6. The Draft Budget appears to indicate that domestic and non-domestic Regional Rates are to be frozen at current cash levels for 2022-25. This is at a possible cost to the Executive of £175m in addition to the £50m of costs associated with the non-domestic rates holiday in 2022-23. The Minister recently confirmed that the Regional Rate will be frozen for 2022-23 only pending the agreement of the 2022-25 Budget.
7. The consultation document also refers to departmental budget requests including: Green Growth (DAERA); Covid 19 benefit delivery (DfC); loss of EU structural funding (DfE); non-teaching pay awards (DE); rates revaluation (DoF); and NI Water (DfI). However, the consultation doesn't explore or challenge the significant associated costs as devised by the relevant departments.

8. The consultation document also appears to refer to a proposed Executive pay policy i.e. 2% increase pa in the departments with higher levels in the Health Service. The costs are estimated as £70m for every 1% increase in pay.

## **Committee Approach**

9. The Committee received oral and written evidence from the Minister of Finance on 15 December 2021 and from the Northern Ireland Fiscal Council on 26 January 2022. The Committee also commissioned the statutory committees of the Northern Ireland Assembly to review the anticipated impact of the 2022-25 Draft Budget proposals on their departments. Those submissions are appended.
10. The Committee also took evidence from the Department of Finance on 9 February 2022 in respect of its 2022-25 budget plans. The Committee deliberated on the 2022-25 Draft Budget at its meeting on 23 February 2022. The Committee agreed that a compilation report of all of the relevant evidence (this report) should be published and that this would inform a plenary debate at the start of March 2022.
11. Minutes of Proceedings are at Appendix 1. The Minutes of Evidence are included at Appendix 2. Written submissions from statutory committees are included at Appendix 3. The Northern Ireland Fiscal Council report is at Appendix 4. The draft 2022-25 Budget consultation document is at Appendix 5.

# Appendices

## Appendix 1: Links to Minutes of Proceedings

[15 December 2021](#)

[26 January 2022](#)

[9 February 2022](#)

[16 February 2022](#)

[23 February 2022](#)

## Appendix 2: Links to Minutes of Evidence

[15 December 2021](#)

[26 January 2022](#)

## Appendix 3: Written submissions

[Committee for Justice](#)

[Committee for Infrastructure](#)

[Committee for Communities](#)

[Committee for the Economy](#)

[Committee for Finance](#)

[Committee for The Executive Office](#)

[Committee for Agriculture, Environment and Rural Affairs](#)



[Committee for Health](#)

[Committee for Education](#)

## **Appendix 4: NI Fiscal Council Report**

[Northern Ireland Fiscal Council report](#)

## **Appendix 5: 2022-25 Draft Budget Consultation Document**

[2022-25 Draft Budget Consultation Document](#)

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