

**INTERIM FISCAL FRAMEWORK**

**WRITTEN MINISTERIAL STATEMENT**

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This statement updates Members on the Interim Fiscal Framework which has been signed today on behalf of the Executive securing a commitment from Treasury to review how the Executive is funded going forward.

The signing of the Interim Fiscal Framework is a significant and important early milestone as we work towards putting our finances onto a more sustainable footing.

Following intensive and constructive negotiations with the Treasury and approval from the Executive, this agreement marks substantial progress on the position within the financial package, with a firm commitment to review the Executive's funding before the cliff edge in 2026-27.

Importantly it also recognises the Executive will continue to plan on the assumption that it will be funded at or above the 124% level of relative need in future financial years.

In addition, Treasury has agreed to the 124% needs-based adjustment factor being applied from the date of restoration of the Executive. This means some £24 million from the Spring Budget Barnett consequentials will now be available for allocation as part of the upcoming June monitoring round. Any future Barnett in 2024-25 will be at this increased level meaning additional funding for public services.

The Treasury has also agreed to consider a review of the Executive's relative need if multiple independent and credible sources provide evidence that relative need is different to 124%.

The publication of the Interim Fiscal Framework includes the scope and structure of the Sustainability Plan which will be published by August 2024.

Also included is the scope of a Strategic Infrastructure Plan which was also a condition in the financial package. The development of these plans will be an important step towards sustainable finances.

This framework which has been secured at pace is a step towards a full fiscal framework which exists in the other Devolved Administrations and is critical for long term sustainability.

Work will now commence towards on a final Fiscal Framework to ensures the Executive has the financial tools and necessary taxation levers to deliver sustainable public finances and public services.

I have been clear since taking up the role of Finance Minister of my determination to have our finances put on a sustainable footing. This job of work is far from over.

The budgetary position facing the Executive remains incredibly challenging. I have been and will continue making the case for increased levels of funding in public services.

The Interim Fiscal Framework also sees the establishment of a Joint Exchequer Committee which formalises the arrangements for discussions on the wider final Fiscal Framework.

A copy of the Interim Fiscal Framework is attached at Annex A for information.