Department of Finance
An Roinn Airgeadais
www.finance-ni.gov.uk

2025–26 DRAFT BUDGET

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Foreword

Minister of Finance

While the Executive received additional funding from the Autumn Budget we still face an incredibly challenging financial environment with bids from departments far outweighing funding available.

We recognise this Budget won’t provide sufficient funding to do everything we would want to do.

Despite the challenges facing us this draft Budget demonstrates the Executive’s commitment to ‘Doing What Matters Most’ and our determination to work together to deliver a better future for all.

It delivers and prioritises additional investment in our public services allocating resources to where they are most needed to improve the lives of workers, families and communities.

Through this Budget we will:

- Deliver record funding of £8.4bn in health and social care.
- Invest in our children and young people with £3.2bn provided for education.
- Enable delivery of more affordable childcare doubling the investment in funding for the Childcare Strategy increasing it to £50 million.
- Fund actions to make our communities safer, including a particular focus on ending violence against women and girls.
- Focus efforts on our economy by investing in skills to create jobs and grow a sustainable economy that works for everyone.
- Support our farming community and agricultural industry by ring-fencing £332.5 million for Agriculture, Agri-environment, Fisheries and Rural Development.
- Invest in our wastewater infrastructure to reduce restrictions on increasing housing supply and provision of more social, affordable and sustainable housing.
- Provide capital investment in our hospitals, school estate, roads and transport network.

As a result of the Interim Fiscal Framework I signed on behalf of the Executive in May 2024 there is £248 million in additional funding in this Budget that otherwise wouldn’t have been available.

Continued work on Budget Sustainability and a Budget Improvement Plan will focus on developing long term plans for Departments and putting in place the building blocks for fiscal sustainability.

We must keep a firm and sustained focus on transforming our public services if the Executive is to put its finances on a sustainable footing. In parallel to this I will continue to make the case to Treasury for increased levels of funding in public services and to advance the development of a fiscal framework.

The financial challenges are considerable, however, this Executive is committed to changing the lives of our people and communities for the better.

We must work together to do what matters most and that is why I am encouraging people to get involved in the draft Budget consultation and have their say on how to prioritise the finite funding available to us.

Dr Caoimhe Archibald MLA
Minister of Finance

CHAPTER ONE: INTRODUCTION

1.1 This draft Budget document sets out the Northern Ireland Executive's proposed spending plans for the one-year period from 1 April 2025 to 31 March 2026.

1.2 The Treasury Spending Review sets the Budget envelope for the Executive. Given that the Chancellor's Autumn Budget 2024 announced the Spending Review outcome for 2025-26 only, the Executive can only set a one-year Budget before the start of the incoming financial year.

1.3 In addition to the funding envelope provided by the Spending Review, the Executive benefits from a number of Finance Packages. Details of these packages and the outcome of the Spending Review are confirmed to the Executive in a letter from the Secretary of State. This letter forms the basis of the Written Ministerial Statement to the Assembly made on 13 November 2024. Further detail is set out in Chapter Three.

CHAPTER TWO: ECONOMIC CONTEXT

Overview

2.1 As a small open economy, Northern Ireland (NI) is sensitive to evolving global economic and geo-political factors, with an inherent exposure to economic factors outside of the Executive's control.

2.2 The Executive's budget is strained. The additional funding made available by the UK Autumn Budget still falls short of the pressures facing NI departments.

2.3 Within this wider context, the local economy is improving modestly, albeit with significant challenges persisting. Against expectations, the NI economy had a relatively positive start to 2024[1], driven in particular by private services growth.

2.4 According to EY's Autumn 2024 Economic Eye report[2], the economic outlook for the NI economy is favourable in the main. NI economic output (Gross Value Added (GVA)) is projected to expand by 1.8% in 2025. This is broadly in line with expected UK growth[3], but lower than growth in the Republic of Ireland's domestic economy which is expected to be more robust.

2.5 The labour market remains tight, with a historically low unemployment rate, but relatively high levels of economic inactivity persist, driven by high and growing levels of long-term sickness amongst the 16- to 64-year-old population.

2.6 Whilst the Consumer Prices Index (CPI) inflation rate is currently close, but slightly above, to the Bank of England's target of 2%, the Office for Budget Responsibility expects CPI inflation to pick up slightly again in 2025.

2.7 Despite this outlook, the economy still faces longer-term economic challenges. These include global competitiveness in attracting FDI; skill gaps and high levels of economic

[1] According to NISRA's NI Composite Economic Index, economic output increased by 1.6% on an annualised basis to Q2 2024
[2] EY Economic Eye Autumn 2024
[3] EY ITEM Club Autumn Forecast

inactivity; the transition to greener energy and decarbonisation to combat climate change; and relatively low levels of productivity.

Economic Growth

2.8 NISRA's NI Composite Economic Index[4] (NICEI), the official short-term measure of local economic performance, indicates that economic output increased by 1.6% on an annualised basis and 0.4% over the Quarter to Quarter 2 2024.

2.9 The largest contribution to growth on an annualised basis was driven by increased activity in the private services sector (+1.7%). This positive contribution was partially offset by a decrease in output from the production sector (-0.7%). As of Quarter 2 2024, NI economic output is 8.1% above its pre-pandemic level seen in Quarter 4 2019.

2.10 PwC, in its Economic Outlook report[5], projects the local economy to grow by 1.2% this year, the joint highest in the UK of any region, alongside London. PwC cite greater access to the EU single market and greater political stability as significant factors in promoting economic growth and business confidence here.

2.11 Forecasts for this year are moderately optimistic with the UUEPC[6] forecasting a 1.5% increase in GVA in 2025, increasing to 1.6% in 2026, whilst Danske Bank[7] predicts a 1.4% increase in GVA in 2025. EY projects the local economy (GVA) to expand by 1.8% in 2025 but projects the RoI economy (Modified Domestic Demand) to outpace this with growth of 3.2% predicted.

Inflationary Pressures

[4] NICEI publication and tables Q2 2024 | Northern Ireland Statistics and Research Agency
[5] PWC UK Economic Outlook July 2024
[6] UUEPC Economic Outlook Report December 2024
[7] Northern Ireland Quarterly Sectoral Forecast - Danske Bank – Q4 2024

2.12 The headline UK inflation rate[8] (CPI) rose by 2.5% in the 12 months to December 2024, above the 2% target set by the Bank of England, but down slightly from 2.6% in November and below market expectations. The Office for Budget Responsibility expect CPI inflation to remain about 2.6% in 2025 partly due to the direct and indirect impact of UK Budget measures. It then projects that inflation will slowly return to 2% target as the effect of these measures fades.

2.13 The ONS has started developing a NI CPI [9] which is still in its early stages. This data suggests that NI had a lower rate of inflation than that of the UK up until October 2023. The North has since maintained a higher inflation rate. The most recent month of comparable data, July 2024, shows UK inflation at 2.2% and the NI rate at 3.3%. Much of this difference is explained by changes in the price of oil. Heating oil is a critical component of the NI CPI basket because 68% of NI households are reliant on kerosene oil as a source of home heating, compared with just 4% of the UK.

2.14 The Bank of England lowered interest rates in August 2024 by 0.25 bases points from 5.25% to 5%, and again to 4.75% in November. It is likely interest rates will take longer to fall much further as the Bank of England predicts inflation to gradually rise again following the Autumn Budget.[10]

Labour Market

2.15 Employee jobs reached a new series high of 831,780 in September 2024[11], increasing by more than 9,000 (+1.1%) over the year. However, the employment rate[12], at 72.3% for August-October 2024, is 2.6 percentage points below the UK average, ranking NI the fourth lowest of all UK regions.

2.16 According to HMRC's PAYE data[13], employees here had a median monthly pay of £2,288 in November 2024, an increase

[8] Consumer price inflation December 2024, UK - Office for National Statistics
[9] Developing a Northern Ireland Consumer Prices Index - Office for National Statistics
[10] Monetary Policy Report - November 2024 | Bank of England
[11] Northern Ireland Labour Market Report | Northern Ireland Statistics and Research Agency
[12] Ibid
[13] Earnings and employment from Pay As You Earn Real Time Information, non-seasonally adjusted - Office for National Statistics

of £158 (7.4%) over the year but 7.4% lower compared with the UK median monthly pay of £2,472. The NI median wage has largely remained between 92% and 94% of the UK median wage for the last decade. This gap shrunk to its smallest level in June 2024 when the NI monthly median wage peaked at £2,317, or 97% of the UK median wage.[14]

2.17 The NI labour market remains tight with a 1.6% unemployment rate for August to October 2024. This is less than half the rate of the UK (4.3%). In addition to this, the North has the lowest unemployment rate of the 12 UK regions, the lowest proportion of workers underemployed, and also the lowest proportion of economically inactive that want to work in the UK.

2.18 The North has persistently had the highest proportion of economically inactive aged 16-64 across the UK – currently at 26.6%, 4.9 percentage points above the UK average. This is mainly driven by those with a long-term illness which currently accounts for 39.6% of all economically inactive and 10.6% of the 16-64 population, the second highest in the UK[15].

Business Confidence

2.19 According to the NI Chamber of Commerce's Quarterly Economic Survey for Q3 2024[16], inflation continues to be one of the most pressing concerns for members but shows signs of easing for manufacturing, although less so for services. The primary concern of businesses in both the manufacturing and services sector is global competitiveness whilst labour costs remain the biggest price pressure for both sectors but particularly services.

2.20 The survey reported that 78% of businesses were trading 'well' or 'reasonably'. However, only 27% of members reported that they were trading 'well' which is the lowest figure in four years. Additionally, 22% of NI Chamber members reported that they are struggling to cover costs which is up from 16% in the previous quarter.

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[14] Ibid

[15] Northern Ireland Labour Market Report | Northern Ireland Statistics and Research Agency

[16] NI Chamber of Commerce's Quarterly Economic Survey for Q3 2024

2.21 The Ulster Bank's Growth Tracker[17], measuring combined private sector output, signalled that the private sector here expanded at the fastest rate of the 12 UK regions from July to October 2024 before falling to fourth place in November and signalling its first reduction in 13 months in December 2024. New orders increased every month between January and October before declining in November and further gain in December. However, employment continued to rise for its 24rd month in a row.

[17] Ulster Bank Regional Growth Tracker report for December 2024

Economy Snapshot

The NI economy expanded by 1.6% in year to June 2024, mainly driven by growth in the private services sector.

The headline UK inflation rate (CPI) was 2.5% (December 2024), just above the 2% target set by the Bank of England.

The NI labour market remains tight with a 1.6% unemployment rate but economic inactivity remains relatively high (26.6%).

Independent economic forecasters predict the economy will grow by 1.4% to 1.8% in 2025.

CHAPTER THREE: FINANCING

Introduction

3.1 This chapter sets out the overall financial context in which draft Budget 2025-26 has been proposed and provides an overview of the public expenditure control framework for both the UK and Northern Ireland.

3.2 The main source of financing for public expenditure here remains the Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME) from Treasury. Both DEL and AME are ultimately funded through the proceeds of general taxation across the UK. The Executive does not have discretion over AME funding and the 2025-26 Budget is therefore concerned primarily with DEL allocations.

3.3 The infographic (left) illustrates how public spending is funded by allocations from Treasury. Citizens pay taxes directly to the UK Government. The UK Government then allocates the 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 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 budget which has been ring-fenced by Treasury to cover the cost of depreciation and impairments. These are accounting transactions that do not result in an actual cash cost. The ring-fenced Resource DEL budget cannot be used for any other purpose.

3.6 Treasury has not provided the Executive with a ring-fenced Resource DEL control total in time for this draft Budget. Allocations to departments will be made as part of the in-year process.

3.7 Non ring-fenced Resource DEL, 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). For ease non ring-fenced Resource DEL will be referred to hereafter as Resource DEL.

3.8 The majority of the changes in the level of the Executive's DEL funding are determined via the application of the Barnett formula. Under this the budgets of the Devolved Administrations are adjusted by a population-based share of changes made to the funding for comparable public services in England. The resulting increases or decreases are known as Barnett consequentials.

3.9 The most significant changes happen when budgets for Whitehall departments are set as part of the Spending Review. Further adjustments are made for announcements in the Chancellor's Spring or Autumn Budget.

3.10 Allocations received through this mechanism are "unhypothecated" meaning that 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.

3.11 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 disaggregated into conventional Capital and Financial Transactions Capital (FTC).

3.12 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)

3.13 Separate funding is provided to the Executive by the Treasury for programmes that are volatile or demand-led and therefore, result in expenditure which is difficult to accurately forecast or control, for example most welfare payments and public sector pensions.

3.14 This funding is 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.

Funding Sources

3.15 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 and subsequent Barnett consequentials.

- Financial Packages, including the financial package that accompanied the restoration of the Executive.

3.16 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).

3.17 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

3.18 In addition, income from fees, charges or other sources contribute to overall departmental spending power but are not reflected in departmental budget figurework as departmental budgets are presented on a net basis.

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

Treasury DEL Funding

3.20 The Spending Review outcome provides the largest portion of the Executive's Budget.

3.21 The Chancellor announced the outcome of the Spending Review on 30 October 2024 which set out the overall quantum of resources available to UK departments for 2025-26.

3.22 Changes to the level of funding for the Executive are automatically determined by changes in funding for comparable spending programmes in Whitehall departments.

3.23 These changes are applied to the Executive baseline funding which is usually based on the outcome of the previous Spending Review. Exceptionally for 2025-26 the Treasury uplifted the Executive's baseline funding to reflect the outcome of the Autumn Budget for 2024-25 for Resource DEL.

3.24 For 2025-26, the Treasury removed the ring-fence on Agriculture Support funds, meaning that the 2024-25 level of funding, £332.5 million, has been included in the Executive's Resource DEL baseline. These funds are intended to replace the equivalent EU funds which have now ceased.

3.25 As well as general funding that is for use at the discretion of the Executive the Spending Review outcome also included funding which is earmarked by Treasury for specific purposes, Table 3.1 below sets out the Treasury earmarked Resource DEL allocations received in the Spending Review for 2025-26.

Table 3.1: Treasury Earmarked Funding

Resource DEL	£million
Security Funding	37.8
Tackling Paramilitary Activity (EPPOC)	8.0
Executive Restoration Package - Transformation	47.0
Total	**92.8**

Financial Packages

3.26 The Executive also receives funding from a number of Financial Packages. These are usually time bound and may be for a specific purpose.

3.27 For 2025-26 these include New Decade New Approach, Fresh Start Shared Housing and Education and the Executive Restoration Package.

3.28 These Financial Packages 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 this settlement letter.

3.29 The Secretary of State confirmed funding for, Shared Education and Housing and New Decade New Approach, and the Restoration Package as set out in Table 3.2 below.

Table 3.2: 2025-26 Funding from Financial Packages

	Resource DEL £ million	Capital DEL £million
Shared Education and Housing		48.3
New Decade New Approach		1.6
Executive Restoration Package	614.6	
Total	**614.6**	**49.9**

New Decade, New Approach

3.30 £1.6 million is anticipated for NDNA. Of this £0.5 million is for An Ciste, and £1.1 for the Medical School at Magee.

Shared Education and Housing

3.31 Funding of £48.3 million from the Fresh Start Agreement for Shared Education and Housing was included in the settlement letter from the Secretary of State.

The Executive's Restoration Package

3.32 The Secretary of State's settlement letter also set out the funding from the Executive's Restoration package. This includes £520.0 million stabilisation funding, £94.6 million of repurposed funds for which the Executive can decide their use. There is also £47.0 million of repurposed funds to be used for Transformation earmarked by Treasury.

Other Treasury Funding

3.33 In addition to financial packages, the Executive also receives funding for City and Growth Deals and NI Protocol/Windsor framework.

City and Growth Deals

3.34 In May 2020 the Executive agreed the overall City and Growth Deals policy and to match fund the British Government contribution.

3.35 The City and 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.

3.36 This investment includes the £100 million Executive Complementary Fund that will be solely funded by the Executive, and which 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.

3.37 IFF funding is additional investment which was announced specifically for the North West region by the Secretary of State for NI in May 2019, at the same time as the Derry and Strabane City Deal was announced. The UKG investment was £55 million, which the Executive subsequently match funded, bringing a total additional investment of £110 million. This additional funding will complement the Derry and Strabane City Deal projects and includes funding for the Medical School.

3.38 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 North's economy, helping to drive economic growth and prosperity for the benefit of all people across the North.

3.39 The Secretary of State has confirmed, funding of £41.1 million for City Deals together with £0.5 million of Inclusive Future funding for 2025-26. Due to the timing of the first phase of the Spending Review, this funding is less than the requirement identified by departments for the projects to be funded from the Treasury contribution. However, it is anticipated that this funding will be provided by the Treasury in year and allocated to departments through the in-year monitoring process.

NI Protocol/Windsor Framework

3.40 Funding for NI Protocol/Windsor Framework 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 allocated to departments through the in-year monitoring process.

Executive’s Treasury DEL Control Totals

3.41 These funding streams are included in the Executives’ Treasury DEL controls, also referred to as the Block Grant, which are set out in Table 3.3 below.

Table 3.3: 2025-26 Executive’s Treasury DEL Controls

	Resource DEL £ million	Capital DEL £million	Financial Transactions Capital
General DEL	15,338.7	2,049.4	57.6
Treasury Earmarked	92.8		
Financial Packages	614.6	49.9	
Other Treasury Funding		41.6	
Executive’s DEL Control	**16,046.1**	**2,141.0**	**57.6**

3.42 For comparison the equivalent Treasury Controls for the opening 2024-25 Budget are set out in Table 3.4 below:

Table 3.4: 2024-25 Executive’s Treasury DEL Controls

	Resource DEL £ million	Capital DEL £million	Financial Transactions Capital
General DEL	13,531.2	1,778.9	62.2
Treasury Earmarked	368.6		
Financial Packages	648.6		
Other Treasury Funding			
Executive’s DEL Control	**14,548.3**	**1,778.9**	**62.2**

Other Funding Sources

Regional Rates

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

3.44 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.

3.45 The Regional Rates is the primary fiscal lever that the Executive can currently deploy to increase the funding available for the delivery of public services. Setting a Regional Rate that takes account of inflation and the wider social and financial context was noted as an important feature of the Department's Budget Sustainability Plan published in October 2024.

3.46 This draft Budget is predicated on a proposed uplift to the Regional Rate of 5% for domestic properties and an increase of 3% for non-domestic properties for the April 2025 - March 2026, providing a total of £732.3 million income in 2025-26.

3.47 The increase to the Regional Rates proposed, will provide £42.6 million towards the requirement in the Restoration Package to raise £113 million of additional income from local funding streams. The outstanding amount required in 2025-26 is £33.0 million.

3.48 The Finance Minister intends to write to the Executive in relation to the Regional Rate and the associated timing implications in January 2025.

3.49 Moving forward the Finance Minister announced on 9 December in her Statement to the Assembly on her Strategic Roadmap for Rating Policy that Department of Finance will be monitoring rate support provision on an ongoing basis to ensure that revenue foregone by way of rate support continues to reflect the Executive's strategic priorities, and that support provision is fit for purpose. It is the Department of Finance's intention to continue to progress work on the strategic rolling review of rating support in the 2025-26 year. The process will then continue until every single support measure within the rating system is evaluated.

3.50 The Department of Finance will also be advancing work in the period ahead on a cross-Departmental basis, and with District Councils, to progress a wider goal of increasing rate revenue through growth in the taxbase.

RRI Borrowing

3.51 The Capital DEL funding provided by Treasury is supplemented by borrowing from the Reinvestment and Reform Initiative.

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 set at £200 million per annum up to 2022-25 The Restoration Package provided a further £20 million in 2024-25, with an inflationary rise in following years. Therefore, the Executive is able to access up to £225.7 million of borrowing in 2025-26.

3.53 Table 3.5 below sets out actual and planned borrowing from the introduction of the RRI borrowing facility to the end of the 2025-26 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 3.5: Actual and Planned Use of RRI Borrowing Facility

£million

	NLF Borrowing	On-Balance Sheet PFI	Total Use of RRI Borrowing Facility [3]
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	[1] 36.9	200.0	236.9
2011-12	[2] 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	80.0	-	80.0
2022-23	200.0	-	200.0
2023-24	150.0	-	150.0
2024-25	220.0	-	220.0
2025-26	225.7	-	225.7
TOTAL	**3,364.6**	**576.3**	**3,940.9**

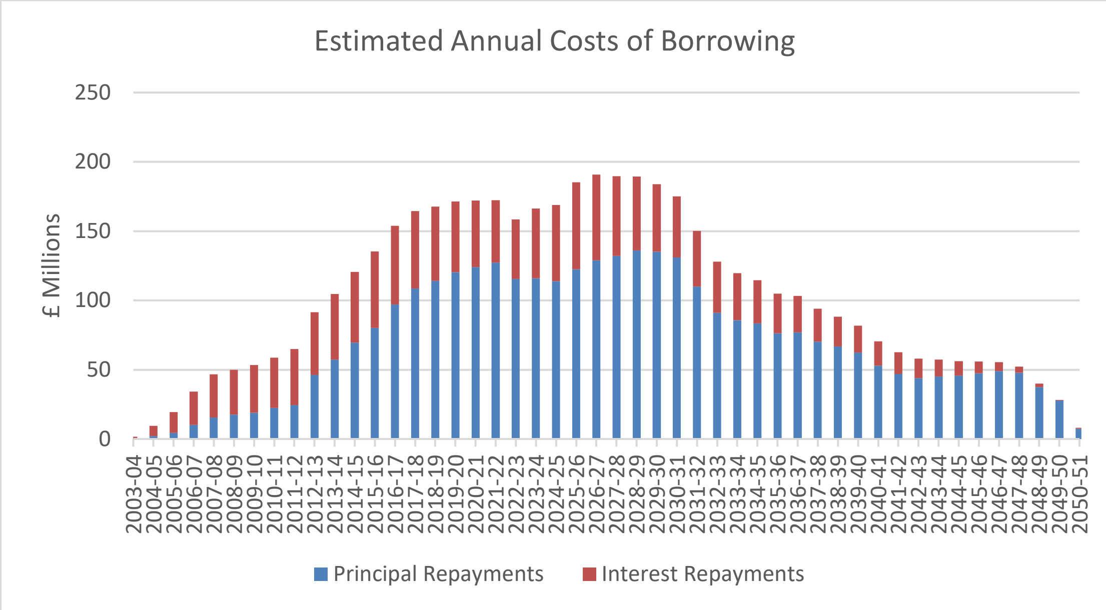
[1] 2010-11 includes borrowing to fund NICS Equal Pay claim – funded from previously undrawn borrowing

[2] 2011-12 includes £175 million additional borrowing power in respect of Presbyterian Mutual Society rescue package

[3] In any other year total use of borrowing in excess of £200 million is due to Treasury approved access to previously undrawn borrowing, or new borrowing under T:BUC, the Stormont House Agreement or Executive Restoration Package

3.56 Chart 3.6 sets out the principal and interest repayments on the overall borrowing of £3,364.6 million.

Chart 3.6 Estimated Annual Costs of Borrowing



Borrowing in the 2025-26 Budget

3.57 The draft Budget 2025-26 has been based on accessing the full £225.7 million of RRI borrowing. The Executive has agreed that the additional funding provided by this will be used for strategic issues. Therefore, £100 million has been allocated for social housing, £105.7 million for NI Water and £20 million for schools to prevent further deterioration in the schools' estate, assisting with the management of future years capital pressures. These will be treated as being earmarked for the purpose provided.

3.58 RRI principal repayments are a first call on the Regional Rates collected and the Regional Rates income is presented net of these repayments in the Budget.

3.59 RRI Interest repayments are a direct cost to the Executive's Resource DEL. RRI Principal and interest costs are set out in Table 7 in Annex A.

Irish Government A5 Contribution

3.60 The Irish Government has committed to provide €600 million to fund the A5 Road project.

3.61 For 2025-26 DfI has been allocated £190 million for the A5, of which £87 million will be funded by the Irish Government contribution.

Income

EU Income

3.62 EU Programmes under the 2014-20 Multiannual Financial Framework (MFF) will continue to receive funding from the EU as they close.

3.63 These are accounted for by individual departments as an income line which increases each department's spending power but does not increase their net DEL budget.

3.64 Under the Withdrawal Agreement, the UK will continue to receive funds in relation to programmes established in the 2014-2020 period in 2024-25 and beyond under the n+3 arrangements.

3.65 In line with commitments from the EU and UK Government, the PEACE PLUS programme will provide replacement for PEACE IV and Interreg VA funding. These programmes are fully committed and therefore any tails received relate to the 2014-20 programme period and cannot fund new activity. These programmes are moving to closure in 2025-26.

3.66 The 2021-27 PEACE PLUS Programme, as per commitments made by the Executive, the UK and Irish Governments and the European Commission, will deliver approximately £1 billion to the programme area during the programming period.

3.67 Shared Prosperity Fund (SPF) is the UK Government successor to EU European Social Fund (ESF) and European Regional Development Fund (ERDF). This funding does not provide full replacement of EU Structural Funds and does not flow through the Executive's Budget. This fund is delivered centrally by the Ministry of Housing Communities and Local Government (MHCLG).

3.68 This fund will move to a transition year in 2025-26. This transition year is intended to allow work to commence on a longer-term plan to move successor funding back under devolved control from April 2026.

Other Income

3.69 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. These are shown as negative income lines in departmental budgets, increasing spending power without increase their net DEL budget.

3.70 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 UK Government and is beyond the scope of this document.

Budget 2025-26 Funding Available

3.71 Taking account of RRI Borrowing, income from the Irish Government and the projected levels of regional rates income, the DEL funding available in Budget 2025-26 is set out in Table 3.7 below. As explained above, this is net of any EU or other income.

Table 3.7: Total DEL Funding Available

	Resource DEL £ million	Capital DEL £million	Financial Transaction Capital
Treasury DEL Control	16,046.1	2,141.0	57.6
Regional Rates	732.3		
RRI Borrowing		225.7	
Irish Government Funding		87.0	
Total DEL Funding	**16,778.4**	**2,453.7**	**57.6**

CHAPTER FOUR: PROPOSED DRAFT BUDGET OUTCOME

Resource Approach

4.1 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.

4.2 The baseline for each department was set by taking the previous year's Budget, in this case the Budget 2024-25 and adjusting it to remove time-bound or earmarked allocations. This allows the Executive to begin the Budget process with a starting position where budgets are not influenced by time-limited factors. As a result, the baseline is not directly equivalent to the published 2024-25 budget position.

Specific Allocations

4.3 The Treasury earmarked funding, set out in Table 3.1, was allocated to the relevant department. Earmarked allocations were also provided to departments for Executive commitments. This funding must be used for the purpose for which it was provided or surrendered to allow it to be returned to the Treasury or reallocated by the Executive.

4.4 These proposed allocations are set out on Table 4.1 below.

Table 4.1: Treasury and Executive Earmarked Allocations

Description	£million
Treasury Earmarked: Security	37.8
Treasury Earmarked: Tackling Paramilitarism (EPPOC)	8.0
Agriculture, Agri-environment, Fisheries & Rural Dev.	332.5
HIA, Victims, Truth Recovery	150.0
Rates Rebate (Housing)	122.3
EA Pay and Grading Review	75.0
Welfare Mitigations	47.3
Derating Grant	44.1
Integr8	25.4
EU Peace Plus Match Funding	17.8
Social Security	16.9
NDNA Medical School at Magee	9.0
Tackling Paramilitaries (EPOCC) Match Funding	8.0
Skills	7.0
Medical School at Magee	6.8
Budget Increase for Oversight Bodies	6.3
Major Sporting Events (The Open)	4.2
Debt Advice	2.9
Violence Against Women and Girls Strategy	2.0
Statutory Salaries	1.9
Cyber Security	1.2
City and Growth Deals CPD Costs	1.1
Total	**927.4**

4.5 Departments have also received general allocations, which combined with their baseline funding provides each department with a Resource DEL funding envelope within which individual Ministers can prioritise their spending.

4.6 No department has a lower level of general funding than their 2024-25 October monitoring position.

4.7 Table 1 in Annex A sets out the Resource DEL outcome for 2025-26 for each department.

Capital Approach

4.8 Departmental Capital DEL 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, Departmental Ministers will have the flexibility to allocate funding to individual projects.

Table 4.2: Treasury and Executive Earmarked Allocations

Description	£million
Treasury Earmarked: City Deals	41.1
Treasury Earmarked: IFF	0.5
Treasury Earmarked: NDNA An Ciste	0.5
Treasury Earmarked: NDN Medical School at Magee	1.1
Treasury Earmarked: Fresh Start Shared Education & Housing	48.3
Flagships	251.4
RRI Borrowing	225.7
Strule	102.8
A5 (Irish Government Funded)	87.0
City Deals	57.0
Just Transition	12.3
Fresh Start Shared Education & Housing	11.6
Complementary Fund	11.3
EU Peace Plus Match Funding	6.9
IFF	4.7
Total	**862.2**

4.9 Tables 3 and 4 in Annex A sets out the proposed Capital DEL and Financial Transactions Capital DEL outcome for each department.

4.10 The draft Budget considered the Programme for Government (PfG) alongside the need to maintain existing services. The earmarked allocations for Childcare, Skills, Social Housing, Just Transition, Violence Against Women and Girls and Integr8 directly support PfG priorities in these areas. General allocations to departments should also contribute to PfG and work is underway to ascertain how proposed departmental spending will align with PfG priorities, missions and wellbeing domains.

Central Items

4.11 As well as allocations to individual departments, the draft 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 departments 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 department but are a cost to the Executive as a whole. For this Budget the only central costs are RRI interest repayments.

4.12 Details of these centrally held items, along with centrally recorded income or financing, are set out in Table 4.3 below.

TABLE 4.3: Central Funding

2024-25 Centrally Held Funding (£million)	Resource	Capital	FTC
Funding Held for Allocation			
NICS Pay	26.0		
Treasury Earmarked: Transformation	47.0		
Childcare Strategy	50.0		
Unallocated Funding			8.4
Central Costs			
RRI Interest Repayments	62.9		
Financing Items			
ROI A5 Contribution		-87.0	
RRI Borrowing		-225.7	
Regional Rates Income	-732.3		

<u>NICS Pay</u>

4.13 Budget 2024-25 included a planning assumption of 3% plus progression for Civil Service pay. Due to budgetary constraints, it was not possible to make a pay offer to recognised Civil Service unions for 2024 pay above those planning assumptions. However, it is unsustainable in terms of industrial relations and other factors that those on NICS terms and conditions can be treated less favourably than other public sector pay groups here. To address this, the proposed NICS pay offer has been widened to a twenty-month pay deal to the end of March 2026. Funding of £26 million has been set aside for the purpose of negotiation on this with the Trade Union side.

<u>Public Sector Transformation Programme</u>

4.14 The Spending Review outcome included £47.0 million from the Executive Restoration package which is earmarked for public sector transformation. The Finance Minister has received advice from the interim Public Sector Transformation Board on the first tranche of transformation proposals and will shortly bring her recommendations, informed by that advice, to the Executive for consideration and agreement. Once Executive agreement has been reached and following approval processes, allocations will be made to successful departments.

Childcare Costs

4.15 The Executive indicated support for a Childcare Strategy and therefore £50 million, an increase of £25 million from the 2024-25 allocation, has been held centrally for allocation in year. The Department of Education has established an Early Years and Childcare Task and Finish Group, with representatives from across departments, to take forward the development of this. This funding will be for new or additional actions to those undertaken by departments within their remits on childcare.

RRI Interest Payments

4.16 Of the total RRI borrowing of £3,365 million, the Executive currently has outstanding borrowing of £1,734 million. The interest on this borrowing for 2025-26 is an estimated £62.9 million. This funding is held centrally to meet these costs in-year.

Irish Government A5 Contribution

4.17 The Irish Government reaffirmed its commitment to the A5 Road project, which will provide €600 million.

4.18 For 2025-26 DfI has been allocated £190 million for the A5, of which £87 million will be funded by the Irish Government contribution.

Unallocated Funding

4.19 There is £57.6 million financial transactions capital available from the Spending Review. However, current requirements are for £49.2 million. The remaining funding of £8.4 million will be held for allocation as part of the in-year monitoring process.

Public Sector Pay Policy

4.20 The funding of public sector pay, which 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. Therefore, it is important that Public Sector Pay Policy is set as an integral part of the budget process, and this draft Budget sets out the approach to that.

4.21 The overarching Public Sector Pay Policy as part of the 2025-26 Budget continues to be that pay must be affordable within each department's budget settlement. The Executive continues to recognise that public sector workers deserve to be paid fairly for their dedication and the vital role they play in delivering essential public services for citizens daily. There is also a need to transform, to manage workforces and to make productivity improvements, if pay is to be affordable going forward given the incredibly challenging financial environment the Executive faces.

4.22 Public Sector Pay Policy in 2025-26 also continues to stipulate that consideration should also be given to how awards can be targeted to address low pay and the payment of the real Living Wage. Indeed, 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.

4.23 Finally, the principle of fairness remains, which should be given appropriate consideration in setting awards for Senior Executives. This is the overarching approach to setting pay for the coming year.

CHAPTER FIVE: DEPARTMENTAL RESPONSIBILITIES

Introduction

5.1 This chapter outlines the role and responsibilities of each department along with details of their Resource and Capital Budget outcome. This information has been provided by each department.

DEPARTMENT OF AGRICULTURE, ENVIRONMENT AND RURAL AFFAIRS

DAERA's vision is "*Sustainability at the heart of a living, working, active landscape valued by everyone*".

DAERA leads on Climate Change agenda, has responsibility for environmental, food, farming, fisheries, forestry and sustainability policy, and the development of the rural sector in Northern Ireland.

The work of the Department touches the lives of everyone in Northern Ireland on a daily basis and staff play a key role in supporting the agri-food sector, our environment, our rural communities and broader economy.

DAERA:

- leads on the Executive's climate change and Green Growth agendas, working with all NICS departments and sectors to develop and implement Northern Ireland's first Climate Action Plan (CAP) and reduce carbon emissions;

- assists the sustainable development of the agri-food, environmental, fishing and forestry sectors of the Northern Ireland economy, having regard to the protection of human, animal and plant health, the welfare of animals, the conservation and enhancement of the environment and the needs of the consumer;

- provides knowledge transfer and innovation programmes to upskill people working within the agri-food industry and a veterinary service for administration of animal health and welfare; and

- delivers further and higher education courses in the agri-food sector.

The Windsor Framework (Implementation) Regulations 2024 transferred direction and control over some of DAERA's functions contained within Articles 5 to 7 and Annex 2 of the Windsor Framework from the DAERA Minister to the Defra Secretary of State. As a result, accountability for these functions does not rest with the Northern Ireland Assembly or the Executive, but with the UK Government and Parliament.

Climate Action and Green Growth

The Department leads on the Executive's climate change and Green Growth agendas. This includes working with all NICS departments and sectors to develop Northern Ireland's first CAP and bringing forward policies and programmes to reduce greenhouse gas emissions for the sectors the Department has lead responsibly for as required by the Climate Change Act (Northern Ireland) 2022 (the 2022 Act). DAERA is required to bring forward regulations to set five yearly carbon budgets and our 2040 emissions reduction target via regulation. The first CAP will set out Northern Ireland's approach to meeting the first carbon budget for 2023 to 2027 through a set of policies and proposals for emissions reductions. The CAP will also establish a longer-term pathway towards meeting the interim targets for 2030 and 2040 and the overall net zero by 2050 target. The Department will lead on the monitoring of progress of delivery against the CAP; and the carbon budgets and the associated reporting.

In line with the requirements of the 2022 Act the Department brought forward regulations that placed reporting requirements on specified Public Bodies which require them to report on climate change adaptation and mitigation and is progressing the development of supporting guidance and reporting arrangements. The Act also requires the Department to bring forward legislation to establish a Just Transition Commission. Once approved by the Executive and Assembly the Department will be responsible for leading on the establishment of the Commission and supporting the functioning of it.

DAERA also leads on UK and international engagement on climate change and in delivering against the requirements of the UK wide Climate Change Act 2008. This includes leading on the development of Northern Ireland's Climate Change Adaptation Programme (NICCAP) on behalf of all NICS departments, with input from key stakeholders to set out our policies and proposals in response to the latest UK Climate Change Risk Assessment (CCRA), leading on sponsorship of and appointments to the UK

Climate Change Committee and the delivery of the UK Emissions Trading Scheme.

In addition, DAERA is leading on the development of a draft Green Growth Strategy which, subject to Executive agreement, would ensure that all future government policy making has climate action, the economy and the environment at its core. The Department would be responsible for leading on the implementation of several key commitments in this Strategy.

Science and Innovation across the Department will also help support the climate agenda. DAERA is a data and science driven department, whose evidence will be used to inform, monitor and evaluate policy development and help meet our statutory obligations, particularly in relation to the CAP and NICCAP.

Protecting and Enhancing Northern Ireland's Environment

Our natural environment is under significant pressure and urgent action is needed to tackle what the public increasingly see as joint climate and biodiversity crises. The Blue Green Algae issue, most notably seen in Lough Neagh, but also across various other water bodies in Northern Ireland, cannot be seen in isolation from the natural environment more generally and its problems cannot be tackled in isolation either. There are no quick fixes to the occurrence and probable recurrence of blue green algal blooms. DAERA along with other stakeholders, such as DfI, are working urgently to implement the Lough Neagh Action Plan which has been approved by the Executive.

DAERA has also developed an Environmental Improvement Plan (EIP) as required as set out in statute (the Environment Act 2021) which has been approved by the Executive. The EIP is defined as a plan for significantly improving the natural environment.

Food, Farming and Rural Affairs

The Department is responsible for the administration of farm payments, rural development measures and working with stakeholders to develop strategies to ensure the sustainable development of the agri-food sector in Northern Ireland. DAERA continues to lead the development and implementation of the transformational Farm Support and Development Programme and associated legislation for Northern Ireland. This area of work seeks to deliver the four outcomes of increased productivity, environmental sustainability, improved long-term resilience and an effective functioning supply chain. DAERA's delivery of specialist Education, Knowledge Transfer and Innovation Programmes to those entering and working in the agri-food and land-based sectors underpins these outcomes.

Consistent with DAERA's aim to ensure that rural communities continue to flourish and support the wider economic drivers that influence Northern Ireland's prosperity, DAERA is developing proposals for a new, evidence-based rural policy. This will complement DAERA's responsibilities under the Rural Needs Act (Northern Ireland) 2016 and also its oversight and delivery roles associated with City & Growth Deals and the PEACEPLUS Programme.

DAERA has led the development of the recently published cross departmental NI Food Strategy Framework. Work is ongoing on the development of an implementation plan which will be subject to Executive approval in 2025.

Marine and Fisheries

DAERA has a statutory function to sustainably manage inland and sea fisheries resources and to protect the marine environment. The Department manages a diverse range of functions from policy development and legislation to operational delivery. It is important that DAERA fulfils its statutory responsibilities to assist, manage and protect our natural marine and fishery assets to enhance the sustainability of the marine and fish sector.

Veterinary Services Animal Health

The Department is responsible for the development of animal health and welfare policy for both farmed and non-farmed animals and the implementation of that policy in respect of farmed animals. It is also responsible for the policy development and implementation in respect of food animal identification and traceability, imports of livestock and products of animal origin into Northern Ireland and works with the Department for Environment, Food and Rural Affairs (Defra) in the exports of animals and their products internationally.

DAERA, through control of enzootic and epizootic diseases, ensures the health and welfare standards of the farmed animal population are such that Northern Ireland producers have the maximum access to European and overseas markets and that production costs associated with poor animal health and welfare are minimised. The Department supports the Food Standards Agency (FSA) with the delivery of veterinary public health controls through the discharge of official controls across primary production and animal processing establishments.

Northern Ireland Environment Agency (NIEA)

The NIEA's primary purpose is to protect and enhance Northern Ireland's environment, and in doing so, deliver health and well-being benefits and support economic growth. The Agency undertakes its functions by promoting a sustainable approach to managing waste and land resources in Northern Ireland. This encourages the better use of resources and supports economic growth in a co-ordinated and sustainable manner.

The Agency seeks to protect and improve the environment through risk-based regulation, compliance monitoring, enforcement and prosecution of environmental crime. As a statutory consultee in Northern Ireland's planning system, the Agency provides environmental advice to planning authorities that also helps to protect and enhance the environment.

NIEA monitors, audits, and regulates authorised and exempt waste facilities, waste carriers, certain waste movements and those organisations falling under the Producer Responsibility Regulations to protect and minimise impacts to the environment and human health.

The Agency also has a key role in regulating the quality of drinking water to protect public health and protecting water quality in general, with the aim of achieving 'good status' in groundwater and surface water systems.

Forestry

Forest Service delivers the policy and legislative responsibilities in relation to forestry and plant health on behalf of the Department. The Forestry Act (Northern Ireland) 2010 sets out the general duties for DAERA to promote afforestation and sustainable forestry. In this context, the Agency provides grant aid to landowners to create new woodlands; and manages its forest estate to produce timber, contribute to the protection of the environment and biodiversity; and support the mitigation of climate change.

Proposed Draft Budget 2025-26 Outcome

The proposed allocations would provide significant challenges for the Department to continue to take forward its existing schemes and programmes, and managing the issues and challenges set out above would be very difficult.

On Resource DEL, DAERA's proposed opening 2025-26 allocation is £596.1 million which is broken down as follows:

- £332.5 million is Executive Earmarked funding for agriculture, agri-environment, fisheries and rural development;
- £259.5 million is non-Executive Earmarked funding; and
- £4.2 million is Executive Earmarked PEACEPLUS funding.

The Executive has agreed to earmark the £332.5 million in 2025-26 and future years following the removal of the HM Treasury earmarking of this funding in October 2024. This is at the same level as in 2024-25 and would provide funding certainty for these sectors for 2025-26 and beyond. The proposed allocation would support the continued development and implementation of the transformational Farm Support and Development Programme alongside support for the fisheries sector and Rural Development activities.

The £259.5 million which includes a proposed additional £15.7 million allocation would help take forward the work of the Department set out earlier in this chapter.

The £4.2 million would allow DAERA to take forward work in two PEACEPLUS investment areas which have a focus on rural areas and three other investment areas which have a focus on the environment. This funding would lever in £16.5 million additional funding from the EU resulting in £20.7 million in total across the five investment areas in the next financial year.

On Capital DEL, the proposed opening 2025-26 allocation is £119.5 million which is broken down as follows:

- £107.0 million is non-Executive Earmarked funding;
- £12.3 million is Executive Earmarked for a Just Transition Fund for Agriculture; and
- £0.2 million is Executive Earmarked for the Complementary Fund.

Although the £107.0 million would not be sufficient to take forward all of the Department's inescapable requirements or any of its high priority projects, it would allow the Department to take forward some investment in helping to tackle the issues with Climate Change and the Environmental Improvement Plan including Lough Neagh. This allocation would also allow some investment in Green Growth, the Farm Support and Development Programme, Research and Development, IT systems and the DAERA estate. In addition, the Executive has agreed to earmark £12.3 million to support the agriculture sector through a just transition and £0.2 million for Whitespots Country Park.

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), which will support people, build communities and shape places. In supporting and advising the Minister, the Department's main functions include:

- delivery of social security, child maintenance and pensions;
- providing advice and support for those seeking employment and for those who are unable to work;
- ensuring the availability of good quality and affordable housing;
- Addressing place based deprivation through Neighbourhood Renewal;
- encouraging diversity and participation in society and promoting social inclusion;
- promoting sports and physical activity within our communities;
- supporting local government to deliver services;
- supporting the Voluntary and Community Sector;
- identifying and preserving records of historical, social and cultural importance to ensure they are available to the public and for future generations;
- realising the value of our historic environment;
- supporting creative industries, and promoting the arts, language and cultural sectors;
- providing free access to books, information, IT and community programmes through our libraries;
- maintaining museums;
- revitalising town and city centres;
- The Appeals Service;
- development of policies and proposals to reduce residential carbon emissions; and
- Residential Building Safety

Draft 2025-26 Budget Allocations - Outcome for DfC

DfC is responsible for significant levels of public expenditure and staffing. In the financial year 2025-26, the Department has a draft Resource and Capital DEL Budget of £1.25 billion and a forecast AME Budget of £10.5 billion for expenditure on social security and pension payments. The Department has over 11,000 staff most of whom are engaged in the front-line delivery of services, including

4,300 delivering services for the Department of Work and Pensions (GB), and works in conjunction with its Arm's Length Bodies and many diverse stakeholders to deliver vital public services across Northern Ireland.

The Resource DEL, Capital DEL and Financial Transactions Capital Budget 2025-26 Outcomes and indicative allocations for DfC are detailed in the tables below:

DfC – 2025-26 Resource DEL Outcome

Spending Area	2025-26 Budget* (£m)
Welfare and Employment	430.8
Local Government	57.8
Housing Benefit (Rates Element)	71.4
Housing and Regeneration	207.8
Culture, Arts, Heritage and Sport	100.7
Voluntary and Community Funding	52.7
Languages	8.5
TOTAL	**929.7**

*2025-26 Resource Budget allocation is indicative and subject to an EQIA.

DfC – 2025-26 Capital DEL Outcome

Spending Area	2025-26 Budget* (£m)		
	Conventional Capital	Financial Transactions Capital	Total Capital
Housing and Regeneration	222.9	42.7	265.6
Culture, Arts. Heritage and Sport	42.2	1.0	43.2
Voluntary and Community Funding (and Social Capital Loans)	5.0	4.3	9.3
TOTAL	**270.0**	**48.1**	**318.1**

*2025-26 Capital Budget allocation is indicative and subject to an EQIA.

DfC Spending Areas

Welfare and Employment
In 2025-26, the Department will pay around £10.5 billion to approximately 700,000 citizens in Northern Ireland. The Department's DEL Budget provides cover for the staffing and administration costs of delivering these social security benefit and pension payments. Social security benefit payments underpin the welfare system which supports vulnerable citizens when they most need it. The payments provide financial support to the unemployed and those looking for work, people on low incomes, those bringing up children, carers, the ill or disabled and those of State Pension age. Social Security payments enable citizens to lead fuller lives, help people achieve financial independence and assist people through significant life events.

The Department also has a statutory responsibility to support people to move into work and stay in work, which also is evidenced as the best route out of poverty. Work recognised as the best way out of poverty and an important step to wellbeing and mental health recovery, improving self-esteem and confidence and reducing psychological distress.

Local Government
Through its Local Government and Housing Regulation Division, the Department provides support to local government in areas including Governance, Policy and Legislation, Finance and Community Planning. It has responsibility for the regulation of Registered Housing Associations (RHAs), payment of council grants, inspections of the Social Housing Development Programme, The Appeals Service (TAS) and a range of social policies, including gambling and liquor licensing, Sunday trading etc.

The Department is also responsible for the oversight of the NI Local Government Officers' Superannuation Committee (NILGOSC) and the Local Government Staff Commission and the legislative & policy framework for LG & the LG Pension Scheme (NI).

Housing Benefit (Rates Element)
Housing Benefit Rates is a statutory, demand-led and means-tested benefit, administered on behalf of owner occupiers and tenants by NI Housing Executive (NIHE) in DfC (for those who have not yet

migrated to Universal Credit (UC)) and Land and Property Service (LPS) in DoF (for those on UC). The Benefit provides Rates Rebates to tenants living in private or public sector housing and covers the notional cost of exempting owner occupiers from paying rates under the Housing Benefit Scheme.

The DfC budget requirement for HB Rates is forecast to reduce over coming years due to the migration of cases to UC, after which the spend will be captured under the LPS Rate Rebate Scheme.

Housing and Regeneration
The Department is responsible for ensuring the provision of decent, affordable and sustainable homes, regulation and part-funding of the Co-ownership scheme, providing housing support and improving the safety in residential buildings.
The Department also has responsibility for the Northern Ireland Housing Executive (NIHE), the public housing authority for Northern Ireland, and the largest social housing landlord in NI (c.83,000 homes). The functions of the NIHE are split into two distinct bodies (*Landlord Services* & *Regional Services*).
Landlord Services is a Quasi-Public Corporation, mainly funded via rental income, which provides a range of services including housing management, repairing and improving their homes, and engaging with their customers and tenants at a community-based level.
Regional Services is a Non-Departmental Public Body, almost entirely funded by Government grant, whose remit includes delivery of the Social Housing Development Programme (SHDP) (mainly via Housing Associations), Homelessness services, the Housing Benefit Service and Private Sector Improvement Grants, tackling fuel poverty through the Affordable Warmth and Boiler Replacement schemes, delivery of the Supporting People Programme and conducting the NIHE Research programme.

Culture, Arts, Heritage and Sport
The Department has policy responsibility for these areas, with policy development work currently underway on Heritage, Culture and Creativity policies covering public libraries, museums, arts, and the historic environment. The Department sponsors a number of Arm’s Length Bodies, working through Partnership Agreements to align delivery with policy. These include Libraries NI, the Arts Council NI, the NI Museums Council, Sport NI, National Museums NI, and the Armagh Observatory and Planetarium.

Within the Department, Historic Environment Division is responsible for a range of statutory functions including the listing of buildings and scheduling of monuments, advising planning authorities on relevant planning applications, and custodianship of around 185 state care monuments.

The Public Record Office of Northern Ireland is under statute responsible for receiving, preserving and making available Northern Ireland's public records including both official and privately deposited archives.

These areas deliver significant social value and economic impact to individuals, communities and visitors to Northern Ireland.

The Department also leads on the development, publication, monitoring and reporting of the Executive's Strategies for Poverty, Disability, Active Ageing, LGBTI and Gender Equality through its Central Policy Division.

Voluntary and Community Funding
The Department has responsibility for oversight and support of the Voluntary and Community Sectors.

Its **Community Empowerment** Division delivers a number of programmes to provide support to disadvantaged areas in Northern Ireland, including: the *Neighbourhood Renewal Grant* Programme, which focuses support on the top 10% of deprived areas in NI, tackling the complex and multi-dimensional nature of deprivation in an integrated way, through both capital and revenue projects; the *'Areas at Risk' Grant Programme* targets communities which lie outside of the 10% most disadvantaged (specifically 11%-20%), that are at risk of decline, focusing on revenue projects to engender community empowerment and build social cohesion; the *Executive Programme on Paramilitarism & Organised Crime (EPPOC)* which supports communities to ensure they are safe from the harm caused by paramilitary gangs; *Social Supermarkets* programme which offers users access to food alongside wraparound services to address the underlying problems contributing to their financial position.

Through its **Voluntary & Community Division** the Department delivers the *Debt Respite Scheme*, which provides protections to those in problem debt by implementing a statutory 60-day breathing space period where creditors freeze interest, fees and enforcement, to allow time for the debtor to enter a sustainable debt solution. The Division also funds *Debt Policy and Advice*, enabling Advice NI and its affiliated community-based member organisations to provide a free service to members of the public and small businesses. Generalist Advice Services grants are also provided through programmes such as the Community Support Programme (CSP) and the Regional Infrastructure Support Programme.

Languages

The Department leads on behalf of the Executive in progressing the development of strategies and associated action plans for the Irish Language, and for Ulster-Scots Language, Culture and Heritage. It operates the NICS Central Translation Hub, which provides a high-quality Irish language and Ulster-Scots translation service to over 150 public sector clients in Northern Ireland, and also manages a collaborative framework contract giving access to interpretation, translation and transcription in all languages as well as sign language and lip speaking services to the NI public sector. In addition, the Department is also taking forward a Sign Language framework and Sign Language Bill, alongside supporting sign language development and learning.

DfC, along with the Irish government, jointly sponsors the North/South Language Body and directly provides grant funding to a range of language activities to promote indigenous languages in this jurisdiction.

DEPARTMENT FOR THE ECONOMY

The Department for Economy's (DfE's) Economic Vision provides a clear direction for government, the wider public sector, the private sector and social partners, to collaborate on four clear and important objectives.

1. Good Jobs

Increase the proportion of working age people in Good Jobs, enhance the quality of existing work, and protect and support workers' rights. Support the creation of more good jobs across the economy, but particularly in sectors that will benefit from higher productivity.

2. Raise Productivity

Addressing our persistent challenge of low productivity through a wide range of actions focused on skills, exports, innovation, entrepreneurship, and clusters within high productivity sectors. Maximising the benefits arising from our dual market access.

3. Regional Balance

Ensuring our people benefit from the growth of good quality employment wherever they live. Support those sectors who can enhance sub-regional presence and impact.

4. Decarbonisation

To meet our decarbonisation targets of driving down emissions and increasing green economic growth.

DfE Core Activities

DfE's core activities will be aligned through our Economic Plan to meet the four objectives of our Vision. Our core activities are:

- the development of economic policy and strategy and working with delivery partners such as Invest NI on the programmes and projects that support business development, investment, "good jobs" creation, enhanced productivity, growth of our green economy and regional balance;

- 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, including the Graduate Entry Medical School and expansion of Magee, in their provision of higher-level skills, effecting a positive contribution to the labour market 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;

- the delivery of apprenticeship programmes which support youth employment and improve our skills base by expanding provision, widening access, and improving the economic relevance through working with employers to develop pathways, qualifications, and curriculum;

- the development and delivery of 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;

- supporting the tourism sector in the North of Ireland working with delivery partners Tourism NI and Tourism Ireland to maximise visitor numbers and associated revenue spend for the benefit of the economy and to support good job creation;

- supporting cross-border and all island trade and innovation through the activities of InterTradeIreland;

- supporting NI Screen through the delivery of the Stories, Skills, and Sustainability Strategy to maximise our screen industry expenditure in, 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 the North of Ireland, covering tourism, innovation, digital and skills projects;

- continuing to deliver broadband in hard-to-reach areas across the North of Ireland through Project Stratum or improve connectivity through Project Gigabit;

- support businesses to realise the opportunities presented by dual market access;

- 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 European Social

Fund Programmes continue to be managed and implemented until cessation; and

- maintaining and enhancing the North of Ireland's domestic and international air connectivity.

Summary
Successful delivery of our Economic Plan will take time and will not be down to the actions of DfE alone, it will require cross Departmental collaboration, co-design and close working will all our stakeholders if we are to be successful. This presents many challenges but also many great opportunities.

To build on these opportunities adequate Resource and Capital funding is required to fund initiatives to enable us to achieve our full economic potential. Whilst the Draft Budget falls short of the level of funding required to deliver DfE's priorities, DfE will work to deliver the best outcomes within the available funding.

DfE is now considering the outworkings of the Draft Budget.

DEPARTMENT OF EDUCATION

The Department of Education (DE) is responsible for setting policy, strategy and for the central administration of education and related services in Northern Ireland.

The Department, supported by its Arms Lengths Bodies (ALBs), performs a wide and complex range of functions, affecting all aspects of a child's education and wellbeing. This includes primary and post-primary education including Special Educational Needs (SEN), special schools and the youth service. The Department also has lead responsibility for oversight of the Executive's Children and Young People's Strategy (CYPS) and the development of an Early Learning and Childcare Strategy.

The Department's vision is that "every child and young person is happy, learning and succeeding."

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 Northern Ireland Council For the Curriculum Examinations and Assessment;
- the Council for Catholic Maintained Schools;
- the Northern Ireland Council for Integrated Education;
- Comhairle na Gaelscolaíochta;
- the General Teaching Council for Northern Ireland; and
- Middletown Centre for Autism.

The majority of DE's budget (i.e. over 90% in 2024-25) directly funds schools and pupils. The balance of funding is spent on supporting children and young people through providing early intervention initiatives; programmes to tackle educational under-achievement; 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.

Education faces extensive unavoidable cost pressures and rising service demands associated with delivering the Department's statutory and policy obligations. The Department's opening 2025-26 resource budget is significantly less than DE's forecast requirement and as such will leave a considerable shortfall across the education sector. For the third year in a row, demand-led, statutory pressures are likely to go unfunded.

Similarly, the opening 2025-26 capital budget will unfortunately fall considerably short of the Department's identified inescapable capital pressures, never mind the many and much needed high priority areas of work across the schools' estate.

Difficult funding decisions may have to be taken in order to try to seek to live within budget in 2025-26. This will have an extremely damaging impact on the education system, with our children with Special Education Needs facing the most significant impact.

DEPARTMENT OF FINANCE

The Department of Finance (DoF) provides the NI Departments and other public bodies with money, staff, professional services and business support systems, helping them to deliver, excellent value for money public services.

We do this by:

- Managing public money – effectively allocating resources to where they are most needed to support the delivery of public services;
- Supporting people – recruiting, developing and supporting the best people for the NICS and providing opportunities for individuals to reach their full potential;
- Transforming and innovating – improving effectiveness across the public sector by transforming the way we work;
- Providing evidence and insights – supporting evidence-based policy
  and informing public debate through high quality, trusted, meaningful data, evidence and research;
- Delivering public services – collecting rates revenue to provide funding towards public services such as health, education and infrastructure, as well as council services;
- Providing shared services – delivering, finance, legal, HR, procurement, audit, economic, statistical, pensions, digital and accommodation services to other departments; and
- Setting policy – in relation to people and finance matters and rates

DoF has 3,480 staff and has one Executive Agency, NI Statistics and Research Agency (NISRA, staff 432), within the Department. Land and Property Services (LPS) is the largest business group within DoF with 1,093 staff.

NISRA provides statistical and research services including the conduct of the Census of Population and Housing. Frontline services include registry of births, adoptions, deaths, marriages and civil partnerships.

LPS has responsibility for rate collection (circa £1.5bn per year), maintenance of the Land Register; provision of valuation and mapping services.

EU Programmes
DoF has responsibility to ensure the delivery and closure of the 2014-20 EU Programmes and the implementation of the PEACEPLUS programme.

DoF lead the cross-departmental Funding Policy IDWG and engage with Whitehall departments and Devolved Governments on replacements for EU structural funding programmes and directly delivered Whitehall funding programmes. This includes the provision of technical advice and guidance in order to maximise the impact of these funding streams.

Reform and Transformation
DoF is central to supporting public sector reform and transformation. Working with other Executive departments, DoF is driving forward work on improving the sustainability of public finances; deploying the £235m Transformation Programme, implementing the commitments in the interim Fiscal Framework; and working with the UK Government to enhance the fiscal levers for Northern Ireland. This work aims to stimulate wider public sector transformation, improve the financial levers the Executive controls and help improve the effectiveness and efficiency of public service delivery.

The draft budget settlement for DoF consists of **£158.7m** non-ring-fenced Resource DEL plus specific earmarked allocations of **£50.9m** for Housing Benefit Rates Rebate, **£25.4m** for the Integr8 Finance and HR project and **£1.2m** for Cyber Security. Additional Resource DEL has also been provided for EU Peace Match Funding **(£2.4m**). The Departments draft capital allocation is **£32.5m**.

The draft budget settlement would enable the Department to continue to deliver on its priorities and front-line services. The Department plans to take forward a number of priorities such as the implementation of the forthcoming HR strategy, Fiscal Framework and Budget Sustainability and consideration will need to be given on how best to utilise the Department’s budget to achieve its outcomes.

Applicants in receipt of Universal Credit are entitled to Rate Rebate. This is administered by DoF on behalf of the Department for

Communities. It is a demand led programme and is dependent on the number of applicants in receipt of Universal Credit.

The Integr8 Programme has been established to support the development and implementation of a new integrated Target Operating Model, supported by a Cloud based integrated technology solution, for Finance and HR services within the NI Civil Service. The new solution will provide opportunities to make better use of our data, leading to better decisions and outcomes.

The capital allocation will enable the Department to continue to maintain and transform the office estate, to provide IT equipment across the NICS, and to maintain and upgrade existing IT systems. However, the speed and timing of all capital projects will need to be carefully prioritised within the budget envelope provided.

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 16 Arm's Length Bodies (ALBs).

The cost of providing the services DOH delivers is increasing, with estimates suggesting some 6% annually. This is due to an increasingly 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.

Our inescapable pressures required to run the service in 2025/26 add up to substantially more than the increase in the draft budget provides. Therefore, with this draft budget it will be incredibly difficult to invest in improving services. We will not be able to do all that we want or need to do and the main focus in the next year will again need to be on preserving and protecting existing services, with all the limitations that they currently have.

The need for productivity and efficiency savings has never been more pressing and this will be a relentless focus for the Department and a priority for the Minister. As part of the drive for efficiencies, the Department has been supported by NHS-wide expertise, in the form of the Getting it Right First-Time team. We have established a Delivering Value Programme Board that is overseeing the delivery of longer-term efficiency opportunities across the HSC. A number of workstreams have been established looking at things like estates and procurement efficiencies, as well as continuing the work on reducing agency and locum costs.

However, productivity and efficiency savings alone will not be enough to bridge the funding gap and while they are part of the answer, they are not the whole answer. Our system needs new investment to reform and improve current services and develop new and innovative ones. As well as making the case for additional funding that is needed to address the major problems currently facing our patients and health and social care system, we must look at improving the future sustainability of Health finances by considering options to raise additional revenue which would supplement our budget and could be used to reform and expand services.

It has been acknowledged through several strategic reviews that there is a need for service transformation. The Bengoa Report and Delivering Together published in 2016, established the case for changing Northern Ireland’s Health and Social Care (HSC) system. Reforming a complex HSC system does not happen overnight and the pandemic presented the Department of Health with challenges that were unexpected, and which impacted progress. However, the Department of Health never lost sight of the need to fundamentally reform and transform the HSC. Reform aims to deliver safe, sustainable, high-quality services, within the context of changing population health needs. This requires a dynamic approach across a number of key reform areas including population health, primary and community care, mental health, social care and acute hospital care. It also needs to be supported by key enablers including digital services, the Integrated Care System and our workforce. Workforce is a key element to delivery, having the right skills mix and roles with effective performance resulting in better outcomes. The Department of Health will continue to engage with the people who use services, and those who provide them, to ensure that reforms improve outcomes for the population and are sustainable in the long term.

The Department of Health is planning and making strategic changes necessary not only to address the health needs of citizens but also to put the health system on a sustainable footing. The key immediate HSC reform priorities are two-fold. The first is to invest in primary and community care to provide early interventions that keep people well and prevent referral into acute care or enable speedy recovery after treatment. The second is to re-design the acute health sector to reflect a more collaborative, networked approach so it can be as effective as possible, delivering the services that citizens need with the most effective pathways.

Long-term investment is needed to expand the HSC workforce and build the sustainable capacity that is required to meet current and future population need. The Department of Health continues to maximise the resources available by identifying potential areas to deliver more efficient and better services for patients within the existing HSC system. In this way, the Department of Health is seeking to use the available resources more efficiently to continue to make positive improvements even in difficult times.

DEPARTMENT FOR INFRASTRUCTURE

The Department for Infrastructure is responsible for the maintenance, development and planning of critical infrastructure in Northern Ireland. Through its focus on transport, water and planning, the Department manages and protects in the region of £37bn of public assets that improve people's quality of life. These assets include over 26,000km+ of roads, around 5,900 bridges, around 10,000km of footways, approximately 300,000 streetlights, 426km of raised flood defence embankments and flood walls, 26km of coastal defences and approximately 366km of below ground culverts.

The Department has a vast and wide-ranging remit. Its responsibilities are grouped into three key delivery areas: Transport, Water and Planning.

Transport

The Department is responsible for the oversight and facilitation of surface transport in Northern Ireland. The main tools available for the delivery of the Department's transport vision are the development of Transport Policy, the management of the Road Network Asset (including the promotion of road safety) and providing funding and sponsorship of Translink which delivers the public transport network.

The Department is developing a new Transport Strategy which will set out the Department's new vision for our transport system here, placing climate change and connecting people at its heart. The Transport Strategy will signal the future direction of transport, provide the context in which decisions, within and beyond government, will be made and set out the strategic framework for future transport investment decisions.

The Department sponsors the NI Transport Holding Company (NITHC) which is the parent company of Northern Ireland's only publicly owned bus and rail company, Translink. The Department is responsible for ensuring the delivery of the Strangford ferry and the management of the Rathlin ferry. The Department provides grant funding to support the delivery of Community Transport and advisory services including rural Dial-a-Lift, urban Disability Action

Transport Scheme, Shopmobility services and the Inclusive Mobility and Transport Advisory Committee (Imtac).

The Department also has responsibility for some aspects of the governance of Trust Ports and the development of airports.

The Department has a number of key responsibilities to ensure that everyone has access to safe and accessible travel. For this to happen, the Department has a statutory responsibility to promote good road safety. An Executive approved Road Safety Strategy and accompanying action plan has been developed by the Department and stakeholder partners, to reduce the number of people killed or seriously injured on our roads.

Another key part of this is done through the Department's agency - the Driver and Vehicle Agency (DVA) which contributes to road safety, law enforcement and a cleaner environment by promoting compliance of drivers, vehicles and transport operators through testing, licensing, enforcement and education.

Water

The Department is responsible for setting the strategic direction for water, wastewater and drainage policy across Northern Ireland including developing water, flooding and sustainable drainage legislation as well as the sponsorship of NI Water.

NI Water is an arm's length body of the Department and a Government owned Company with the Department as sole shareholder. NI Water is the statutory water and sewerage undertaker for Northern Ireland. NI Water provides 605m litres of drinking water every day to 920k households and businesses and treats 360m litres of wastewater from 750k homes and businesses before safely returning it to the rivers and sea.

The Department also sponsors Waterways Ireland, one of six North South Implementation Bodies, established to manage, maintain, develop, and restore specific inland waterways, principally for recreational purposes.

The Department is responsible for the management of flood risk which includes the maintenance of our river and sea defences, construction of flood alleviation schemes, informing development decisions and developing flood maps.

DfI is the lead government Department for the strategic coordination of the emergency response to severe weather events, including flooding, emergency planning and processes, which are developed in conjunction with multi-agency partners.

Planning

The Department is responsible for the strategic direction and production of regional policy for land use planning.

DfI develops planning legislation, provides guidance and oversight of the ‘two tier’ planning system and works with partners in local government and the wider community to create healthy living places. The Department also processes a small number of regionally significant and called in planning applications.

The Department, with local government and stakeholders, is also taking forward a Planning Improvement Programme. An interim Regional Planning Commission has been established to provide advice and support, and the programme for change and improvement focuses on a wide range of work areas including legislation, policy, practice, resourcing and governance.

DfI also promotes sustainable transport and are working with local government as councils prepare local development plans and local transport plans that have an important role in carbon reduction and the development of sustainable communities.

Transformational Initiatives

As part of delivering its responsibilities for Transport, Water and Planning, the Department is taking forward a number of transformational initiatives across six key policy areas. These include: Embedding Inclusion within the Department; Climate Change; Intelligent Road Maintenance; Blue-Green Water Management; Planning and Major Projects Programme.

DRAFT BUDGET OUTCOME 2025-26

Resource

The Department's draft resource budget outcome for 2025-26 of £633.3m is an increase of £73.8m (13%) from its 2024-25 opening budget position, and an increase of £45.1m (7.7% increase) from its 2024-25 October Monitoring position.

This is the largest resource budget proposed for the Department since its inception, reflective of the historic underfunded baseline that the Department has faced for many years. Although it is 8% less than the requirements to deliver everything that the Department identified and will therefore require prioritisation, it is not expected to be to the extent experienced in recent years.

This proposed allocation would enable the Department to meet its highest priority measures and may allow an increase in the level of service, provided in prior years, in its essential services such as essential road maintenance and flood risk management, and increases to NI Water and Translink opening budget positions compared to 2024-25.

Capital

The Department's draft capital budget outcome for 2025-26 of £932.7m is the largest capital budget ever proposed for any NICS Department. This draft capital budget outcome is an increase of £112.6m compared to 2024-25, representing an increase of almost 14%.

The draft 2025-26 capital budget for the Department would allow key infrastructure schemes to progress, including the A5, A1, City Deal schemes including Belfast Rapid Transit 2, the Enniskillen Bypass and the Lagan Pedestrian and Cycle Bridge, and also Phase 3 Derry to Coleraine track improvements, the Transport Hub, essential rail and bus safety works; and some structural maintenance of our road network as well as investment in water and wastewater treatment works and the public transport network.

However, the draft 2025-26 budget outcome would not facilitate the high level of investment initially identified by the Department and will therefore likely result in the delay on progress for some schemes, which would be considered in future years depending on budget availability.

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*".**

The vast majority of work the Department undertakes on a daily basis involves the delivery of essential services across the justice system. In addition to delivery of its statutory functions, the DoJ provides resources and a legislative framework for its five Executive Agencies and eight Non-Departmental Public Bodies, which jointly constitute a significant part of the justice system in Northern Ireland. Together with these organisations, the DoJ is responsible for the legislative and policy framework of the justice system. The DoJ cannot deliver effectively, however, without working together with its delivery partners across the wider justice system, with other Government departments, and with community and voluntary organisations.

Work is ongoing to develop a new Corporate Plan for the Department from April 2025. Any new priorities for 2025-26 will also be informed by the agreed Programme for Government. In the meantime, the DoJ, together with its delivery partners, delivers on its mission by focussing on four strategic themes as follows:

1. Support Safe and Resilient Communities

We will work with our partners to help build safe and resilient communities and reduce the vulnerability of individuals to becoming a potential victim and/or offender. We will empower communities, businesses, and individuals to protect themselves from becoming a victim of crime and will provide support where people do become victims of crime. We will also work within a multi-agency partnership model to provide for and link strategic and operational responses to cross-cutting community safety issues and will address criminality and coercive control within our communities through proactive collaboration and local problem solving.

2. Address Harm and Vulnerability

We will work with partners to provide early-stage diversionary approaches to address issues that contribute to offending behaviours. We will provide practical support to victims and develop policies and legislation to protect those most vulnerable in our society.

3. **Challenge Offending Behaviours and Support Rehabilitation**

We will work with people who offend to challenge their behaviour and support them to become active, and responsible citizens. Working with our partners we will promote rehabilitation; and when a custodial sentence is imposed our focus will be on resettlement leading to integration back into society.

4. **Deliver an Effective Justice System**

We will lead work to make our justice system faster and more effective; and more importantly, to serve the needs of those who engage with it. We will ensure appropriate access to justice for our citizens. We will also deliver a system which supports other court users in the early and proportionate resolution of civil and family proceedings. We will support and empower people working within the justice system to deliver effectively.

Department of Justice Draft Budget Outcome 2025-26

Resource DEL

a) Background

The Department of Justice (DoJ) submitted stabilisation pressures to the Department of Finance (DoF) for 2025-26 of £207m against a Budget baseline of £1,218m. The stabilisation pressures have now reduced as a result of the additional allocation of £132m by the Executive, together with the £38m Additional Security Funding from HM Treasury as outlined in the Autumn Budget. There have also been a number of reduced pressures reported within the Department in the intervening period. The revised pressure is as detailed in the table below:

	2025-26 £m
Stabilisation Pressures reported against £1,218m baseline	**206.8**
Less additional allocations:	
HMT Additional Security Funding	(37.7)
Consolidated Fund for Judicial Salaries	(1.9)
2024-25 June and October Monitoring allocations carried forward to 2025-26	(72.3)
2025-26 Executive allocation	(60.0)
Reduction in pressures reported within the Department	(4.5)
Net Stabilisation Pressures Remaining	**30.4**

In addition to the above, the Department faces £227m exceptional pressures arising from legal claims relating to the PSNI Data Breach, Holiday Pay and McCloud Injury to Feelings. These pressures are truly inescapable and are not affordable from the Department's budget under any circumstances. They have not been included in the stabilisation pressures above, but it is important to continue to highlight them in the event that the claims do not settle in 2024-25. The costs associated with the exceptional pressures are best estimates at this stage as there will be a range of potential costs depending on the eventual settlement of these legal claims.

The Department conducted an initial assessment of the Budget outcome against the £1,218m baseline, prior to the additional Executive allocation noted above.

As this allocation results in a more favourable outcome for the Department, not all of the actions/decisions identified below will be required. However, this information will be used by the Minister to finalise the allocations to individual business areas.

The potential actions noted below are scalable and will depend on the level of allocation received by each individual business area. Therefore, we are not able at this stage to confirm the impact of each of the additional allocation on, for example, staffing levels, police officer numbers or legal aid payment times.

Within the potential range of actions noted below, some reductions in workforce would be required to meet the pressures against Baseline across the Department (excluding PSNI). In addition to the unacceptable impact on service delivery, this reduction in staff levels could not be achieved without a costly Voluntary Exit Scheme (VES) being implemented, which in any event could not be delivered within the timescales of the 2025-26 financial year.

The following are potential actions that could be required and the impact of these actions. **No decisions have been taken at this stage in terms of potential action to be taken by the Department and this information will be used to confirm the final allocations. It is important to note that the decisions below reflect the impact of living within a baseline position which is some £132 million lower than the draft Budget outcome.**

b) Police Service of Northern Ireland (PSNI)

- The PSNI would not be able to proceed with Officer and Staff recruitment above current levels. The consequence of such a decision would be that there would be no progress on restoration of numbers to 7,000 Officers and 2,572 staff by 2028 - the level of resources required to keep people safe as determined by the Chief Constable. This would place unsustainable pressure on PSNI, with direct impact on communities and staff.
- The PSNI has made it clear that there are no other substantive options available to reduce pressures, as it is unsafe to reduce headcount below current levels. Within PSNI, non-pay costs are underfunded in the baseline, largely contractually committed and required to support current resourcing levels.

c) Legal Services Agency NI (LSANI)

- LSANI would have to pay bills to budget. The budget allocation will have an impact on the time taken to pay bills – in what way and the extent to which, will be influenced by the level of bills received in 2025-26. There is an ongoing Judicial Review regarding the level of funding and timing of payments for legal aid.
- There is likely to be an impact on LSANI's headcount, the specifics and impacts of which would have to be worked through.

d) NI Prison Service (NIPS)

- As staffing costs are c.70% of NIPS budget, there may need to be substantial reductions in both front-line operational staff and support staff. This would require a redundancy scheme for Prison Officers. Prison Officer recruitment would have to stop, overtime to manage the increasing prisoner population could not be funded and accommodation (opened to house the increased population) would need to close.
- NIPS also delivers separated accommodation in order to manage the National Security threat. This requires additional accommodation and higher staffing levels and the costs are significant. This is currently managed within the normal baseline budget.
- The consequence of such decisions would be: To reduce the regime and reverse the reforms of the past 10 years. To revert to providing secure custody only and not take forward work to rehabilitate and resettle prisoners. NIPS could not meet any of the four healthy prison tests, leaving NIPS open to significant criticism from HM Inspector of Prisons, Criminal Justice Inspectorate and other bodies for failure to deliver rehabilitative activities for prisoners.
- Closing accommodation means doubling of prisoners in cells will have to be increased to an unsafe level. The current numbers sharing cells are already at a level that NIPS do not want to voluntarily exceed. Vulnerable prisoners will have to share cells and it will not be possible to keep enemies separate. It will be more difficult to identify and address the increasingly diverse and complex needs of prisoners. Measures to support those who are at risk of self-harm may not be able to be put in place.
- Crowded accommodation coupled with a reduction in staffing levels adversely impacts the safety and security of prisons with higher levels of violence and incidents against staff and prisoners. Out of cell time will be reduced and the rehabilitative regime in terms of educational/vocational training would be constrained and would impact on prisoner employment opportunities and rates of reoffending upon release.
- Access to prisons visits would be reduced, impacting on contact with family which will result in poorer outcomes in respect of resettlement.

- The risk is that it is quite easy to unbalance the delicate equilibrium that exists and quickly find that instead of spending money on what NIPS should be doing, we are spending it dealing with the consequences instead (through increased civil liability, estates maintenance, security infrastructure etc).

e) NI Courts and Tribunals Service (NICTS)

- NICTS would require a reduction in staff in post from 1 April 2025. A decision would have to be made as to where these staff cuts would occur.
- Cuts in staff numbers would primarily impact court operations, having a direct and critical impact on front line services and, an unacceptable impact on the speed of the criminal, civil and family justice systems and on continued recovery from Covid backlogs. Increased delays in the progress of cases would have an unacceptable impact on victims and witnesses, families and children and reduce confidence in the justice system. It would also increase the potential risk of case attrition, unlawful detention and individual and public safety.

There would also be a reduction in the capacity for enforcement and fine collection, while a reduction in funding available for transformation would adversely impact on the Themis business transformation project and reduce opportunities to generate future efficiencies and to improve ageing IT systems and a deteriorating court estate.

A reduction in corporate staff would significantly increase the risk of NICTS being unable to fulfil its statutory obligations and of governance failures.

- It may also be necessary to stop NICTS Covid business recovery activities, such as additional court sittings which aim to address continuing backlogs in the justice system from 1 April 2025.

Without additional funding, court sittings would need to be reduced which would negatively impact the speed of the justice system and the reduction in Covid backlogs.

f) Core Department

A range of decisions may be required across the Core Department, <u>including not funding</u>:

- Contractual and non-contractual pay increases for staff. This would present a risk of legal action against the Department, staff resignations, loss of expertise and reputational damage.
- Domestic Abuse Protection Orders/Notices. In this circumstance, the Department would be breaching its statutory requirements, leaving the Department open to legal challenge.
- The Causeway Project. The current contract expires in 2029 and additional funding is required to complete procurement on time, this is business critical.
- Domestic Abuse project pressures. Failure to do so would reduce the already limited work with perpetrators. Significantly heightened risk of harm and of domestic homicide for high-risk victims. Inescapable as the pressures are contractual.
- Legal costs pressures or the Office of Public Guardian. Such decisions would require staff reductions and the Department could fail to meet its legal and legislative requirements.

- Victim Support NI and National Society for the Prevention of Cruelty to Children. This could mean cutting back the delivery of frontline services to victims and witnesses. The Department would breach its statutory obligations under the Victim and Witness Charters, leaving it open to legal challenge.

In addition:

- A reduction in headcount may be required. This would risk the achievement of Programme for Government (PfG) priorities and Departmental objectives including Business Plan objectives. It would impact staff morale, and business continuity as well as risking the health and well-being of staff. Existing staff are already having to manage an increased workload due to reduced staff numbers which is not sustainable. Further staff reductions would have a detrimental impact on the ability to carry out tasks across financial, ICT, data protection, security support (both cyber and physical), governance and corporate support functions. This may also impact the Access to Justice Programme and the work required around Statutory obligations and legal aid reform which will ultimately make savings for the Department in future years. Any reduction in headcount has the potential to impact on the 365 day service and statutory work duties provided by the State Pathology Department. Not having sufficient staff in place to provide this function, including future-proofing the service through the utilisation of trainees, will not allow for future planning, impacting on the delivery of statutory functions.

- To meet pressures in Compensation Services, there may have to be a delay in statutory compensation award payments to victims of crime in Northern Ireland.
- There may also need to be a cessation of the Interfaces Programme. However, this is a statutory duty. Failure could result in more expensive need to replace structures; any reversion in the policy would cause reputational damage to the Department and wider Executive.
- Critical vacancies may not be filled, which would impact Partnership Agreement development, long term policing objectives, a range of legislation issues and taking on Independent Commission for Reconciliation and Information Recovery (ICRIR)/legacy etc. It would also impact on ability to respond to United Kingdom Government requests for Northern Ireland input on new policies including proposed legislative amendments; strategic approach to safer communities including organised crime, community safety, policing, and support of operational partners. Progress of new legislation and development of new strategies impacted.
- There could also be delays in establishing the Biometric Commissioner post and in His Majesty's Inspectorate of Constabulary deep dive inspections.

g) Forensic Science NI (FSNI)

- FSNI may have to reduce staff numbers. This would need to be made up predominantly of scientific grades who are the majority of staff within FSNI.

This would mean a significant reduction in capacity for outputting Forensic Reports to the wider Criminal Justice System (CJS). It could mean fewer reports subject to forensic examination impacting on victims and reducing public confidence in the CJS.

Reduction or closure in the Breath Testing and Speed Metering services would mean the PSNI will have to source an alternative provider, of which there is currently none within NI. There would be a high risk that the availability of both custody-based evidential breath testing instruments and in-car speed metering equipment will be adversely impacted, leading to reduced detection levels for both driving under the influence and speeding offences which would negatively impact on road safety.

A reduction in Road Traffic Collision Unit would result in road closures following fatal collisions remaining in place for longer periods, requirement of additional PSNI resource to secure the scene, inconvenience of other road users and potentially there would be a high risk of losing vital evidence leading to failures in convictions.

Biology and DNA are exploited in murder cases, attempted murder, serious assaults, rape and serious sexual assaults, a service already in excess demand. Often these victims are women and girls and a cut of cases would impact on the key Executive Policy area of Violence Against Women and Girls.

A reduction of cases in drugs would reduce the intelligence with regards to purity of class A drugs on the streets and emergence of new and yet to be identified drugs which will have a direct impact on Court outcomes with Public Prosecution Service often seeking an increased volume of drug confirmations in support of charging decisions.

Any loss of specialist forensic staff could have longer term and unintended consequences given the time required (2-5 years) to train a forensic expert.

h) Office of the Police Ombudsman NI (OPONI)

- A reduction in workforce may be required due to inability to meet pay award pressures. This would result in an inability to meet statutory obligations in relation to dealing with complaints about the Police Service of NI. Reduction in targets and objectives resulting in longer timeframes / possible leaseback to PSNI may need considered.

- There is also the potential of being unable to meet demands of legacy inquests, failure to deliver a new case handling system, disclosure to the Omagh Bomb Inquiry/ ICRIR not met in necessary timescales and non-resourcing of the Legacy (non-troubles) Investigation team. Such decisions could result in legal challenge to the Office, impact on ability to meet statutory/legal duties and reduction on key business targets and investigations into historic non troubles related investigations will not commence.

i) Probation Board NI (PBNI)

- A headcount reduction may be required. A reduction on overall headcount would directly impact service delivery as caseload is increasing. This would create reduction in counselling services. PBNI counsellors provide rapid support for service users specifically in the areas of addiction and mental health. The lack of support services may impact on the suitability of PBNI users to be managed in the community safely, particularly with a reduced PBNI staffing provision. Pressure will also be put on Health services to provide support for these users. Impact will be felt mainly in qualified social worker cohort. This will have consequences on PBNI ability to assist with delivery of PfG priorities with reduced service available to justice partners including NICTS and NIPS. PBNI would be required to consider expanding the use of short court reports provided to the Judiciary, including a possible capping each month leading to inevitably slower turnaround of cases. This would impact on speed of the justice system and on NIPS with the increased level of remand prisoners not being processed quickly.

Lower levels of staffing may also impact PBNI ability to recommend and deliver community-based sentences including community service effectively if staffing cannot provide safe level of supervision.

- A reduction in agency staff may be required. Agency staff have historically been used predominantly to assist with hard to fill admin vacancies in more rural offices but more recently also Probation Officer and Community Service posts. Reduction would impact the ability for rural offices to remain open 5 days a week with knock on effects for service delivery to service users. This could increase risk of reoffending and ability to manage more chaotic service users.

- It may also be necessary to cease Voluntary and Community Sector (VCS) funding. Funding would cease in the areas of parenting support, and employability impacting VCS partners. Employment is key part of recidivism, no funding reduces PBNI ability to get our service users ‘job ready’ to undertake training and interviews to gain employment, with a deficit in rural areas particularly. Parenting support assists service users to understand the impacts of offending on children and partners and assist in breaking the cycle of offending. Could lead to reputational damage and potential breach of Ministerial commitments made under the agreed fair funding principles.

- Other non-pay spend may also need to be stopped. Cessation of proactive training to build staff resilience and support development of trauma informed approaches will impact organisational response to support staff in dealing with an increasing number of complex cases resulting in high sickness and attrition linked to vicarious trauma and work-related stress. Reduced ability to undertake proactive estate work to improve carbon performance, and PBNI work towards the target for net zero, as well as transforming spaces to make them more trauma informed impacting the overall outcomes for service users.

j) Youth Justice Agency (YJA)

- Living within a tight budget is likely to mean holding vacancies, being unable to fully deliver YJA's Workforce Plan aimed at improving retention of staff (the Agency's no.1 strategic risk) and reducing some of YJA's non-statutory work in order to prioritise the Agency's statutory obligations. If such actions are needed, they would result in a reduction in YJA's more preventative, diversionary services with the impact being that the Agency's first contact with some children would be when offending behaviour is more ingrained and both more costly and more difficult to address.

k) NI Policing Board (NIPB)

- A workforce reduction may be required. In the short term to make savings, the Board has no vehicle to remove staff, it will need to rely on attrition and a freeze on recruitment, impacting on the ability to deliver on the Board's statutory functions. There will be political sensitivities around the work of the Board if pressures impacted on front line work.
- A reduction in funding to third party organisations may also be necessary. Policing and Community Safety Partnerships (PCSPs) support the Board in building community confidence

in policing and deliver local initiatives to support the work of the Board and DoJ. This action would negatively impact on the ability to deliver against DoJ/ NIPB strategic priorities.

- There may also be a delay in scoping exercise and resulting implementation of Case Management System (CMS). The NI Audit Office (NIAO) 2020 report recommended the review of the PSNI scheme should simplify and streamline the end-to-end process. Progressing this relates to developing an electronic CMS. If not progressed, the existing processes will remain in place. The current hard copy practice risks the loss of sensitive data, high costs for safe storage and data risk implications. Clients are impacted by delayed processing times. If not implemented NIAO criticism is also expected.

l) Criminal Justice Inspection Northern Ireland (CJINI)

- Not paying staff salary increases. This could lead to a risk of legal action against CJINI and/or DoJ and a loss of staff knowledge and expertise due to staff resignation.
- It may be necessary to stop planning for Prison Inspection, withdraw request for Child Criminal Exploitation Inspection Support and stop Domestic Abuse and Civil Proceedings Act NI 2021 annual Review meaning that statutory responsibility cannot be met by CJINI or DoJ.

m) RUC George Cross Foundation

- A reduction in workforce may be required, with a resultant severe impact on the Foundation’s governance.
- Garden maintenance may also have to be reduced which may result in the Foundation having to close the Memorial Garden, due to health and safety.

Capital DEL

A zero-based budget approach has been taken in relation to 2025-26 capital requirements and the Department’s business areas have identified their potential capital requirements for 2025-26. The Department submitted capital bids of £146.3m but received a Capital allocation of £100m. The Department will have to prioritise capital projects to progress according to the capital budget allocated by the Executive.

THE EXECUTIVE OFFICE

The purpose of The Executive Office (TEO) is to support the Executive and in particular, to advance wellbeing for all through improved relations, outcomes and governance. We do this by ensuring that the Machinery of Government works effectively; developing overarching strategic policy frameworks; and delivering programmes to support them.

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

- The effective operation of the institutions of government including providing secretariat support to the Executive Committee, providing secretariat support to the North/South Ministerial Council, coordinating the Executive's engagement with the British Irish Council (and East/West Council) and production of an agreed Programme for Government;

- Delivering the Executive's Good Relations strategy: *Together: Building a United Community,* including promoting racial equality, co-ordination of devolved responsibilities for support of the integration of refugees and asylum seekers, a place based approach to tackling inequalities and disadvantage under Urban Villages, the regeneration of sites to enable economic and social regeneration of local areas; and implementing the Identity and Language (Northern Ireland) Act 2022;

* Immigration is an excepted matter.

- Tackling Disadvantage and Promoting Equality of Opportunity, including leading and embedding the duties in section 75 of the Northern Ireland Act 1998;

- Leading on the development and implementation of the Ending Violence Against Women and Girls Strategic Framework and actions contained in the first Delivery Plan;

- Contributing to the delivery of the Executive's Action Plan on Tackling Paramilitarism and Organised Crime through the Communities in Transition Programme;

- Leading implementation of the recommendations of the Historical Institutional Abuse Inquiry, the Victims' Strategy, and the Truth Recovery Programme on Mother and Baby Institutions and Magdalene Laundries and implementing the Victims' Payments Scheme;

- Driving investment and sustainable development, including TEO's responsibilities under the Climate Change Act (NI) 2022;

- Promoting the Executive's interests and building relationships internationally including through the Executive's three Bureaux in Washington, Brussels and Beijing;

- 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;

- Engaging with and responding to the Covid-19 Inquiry;

- Managing and co-ordinating the Executive's response to the Covid-19 Inquiry;

- To provide civil contingencies capabilities in terms of societal, environmental, economic and health preparedness and resilience in the event of an emergency or crisis; and to facilitate the management of and response to regional, national and international impacts and issues arising from such events;

- Implementing and managing the commitment to the provision of Free Period Products.

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.

THE EXECUTIVE OFFICE – DRAFT BUDGET 2025-26 OUTCOME

TEO has been allocated a non-earmarked resource outcome of £84.4 million which is lower than the forecast requirements . The budget settlement also provided an earmarked allocation of £154.9 million, which includes £150 million for Victims, Historical Abuse and Truth Recovery; £2 million for Ending Violence Against Women and Girls; and £2.5 million for Peace Plus.

The Department will be conducting a detailed impact assessment on the implications of these allocations.

The draft Budget also provides TEO with a capital allocation of £14 million which will enable progress on capital infrastructure in respect of Urban Villages and Ebrington, and health and safety works at the Maze Long Kesh site.

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) works to protect public health and consumers' wider interests in food and seeks to ensure that food is safe and what it says it is. The FSA works across Northern Ireland, England and Wales and has close links with Food Standards Scotland.

The FSA's office in Northern Ireland is responsible for devolved legislation and policy relating to food and feed safety, dietary health, standards, food composition and labelling.

NORTHERN IRELAND ASSEMBLY COMMISSION

The Northern Ireland 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.

NORTHERN IRELAND AUDIT OFFICE

The Northern Ireland 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 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 her in the delivery of her 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.

NORTHERN IRELAND AUTHORITY FOR UTILITY REGULATION

The Northern Ireland Authority for Utility Regulation (NIAUR) is an independent non-ministerial government department responsible for regulating Northern Ireland'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 Northern Ireland Assembly through financial and annual reporting obligations.

NORTHERN IRELAND PUBLIC SERVICES OMBUDSMAN

The office of the NI Public Services Ombudsman (NIPSO) was established in 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. NIPSO also has the power to undertake investigations into concerns regarding systemic maladministration without a complaint

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 where appropriate adjudicating on complaints about the conduct of Councillors in NI.

NIPSO has a key role in contributing to the improvement of NI's public services, with a focus on ensuring public bodies learn from their complaints and NIPSO investigations. To assist with this NIPSO will require all public bodies to adopt standardised and simplified complaints handling procedures and to publish information on complaints as part of its complaints standards function.

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.

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

Changing Nature of the PPS Caseload and profile of cases

- Since 2015 the overall volume of cases received by PPS has remained relatively stable. However, the profile of the cases and the work involved in progressing them has changed significantly, making it more challenging to operate within the current capacity model.

- Lower end, less resource intensive motoring cases have reduced by 16%. However, over the same period domestic violence flagged cases have increased by around 50% with similar increases seen in respect of sexual offences.

- There has been a significant increase in the amount of digital evidence being received from PSNI, including but not limited to body worn video, taking considerably longer for PPS staff to review material and take decisions.

- Legacy casework has created considerable pressures within the PPS as a result of a number of serious and complex cases. We have for a number of years attempted to manage the requirements of these cases within existing resources, alongside non-legacy casework, with a small allocation for legacy having been included in PPS budgets of £500K pa.

Victims

- A number of measures have been introduced to improve the service to victims and witnesses, as set out in the Victim Charter. While a new ‘Needs Assessment Service’ has been designed, which would provide enhanced end to end support for victims of crime from the point of report to police through to the conclusion of any prosecution proceedings, this has not progressed due to absence of a funding commitment.

- There has been an increased focus on providing more detailed reasons in no prosecution decisions, providing a right to review, maximising the use of special measures and other applications to build robust cases, while also trying to improve services to victims and witnesses. Because the PPS sits at the heart of the justice system as the interface between police investigation and prosecution at court, the PPS is often the default organisation to pick up additional functions brought about either as a result of new legislation or initiatives to improve services or tackle delay.

Modernisation

- Although the immediate focus is on the delivery of our core business, it is also important that the investment required to further modernise and improve services is highlighted. In September 2021 the Public Accounts Committee considered the C&AG's report "Speeding Up Justice: avoidable delay in the Criminal Justice System".

- The Committee made a range of recommendations including the need for an over-arching strategic vision and clear performance standards; a robust plan to clear Covid and other backlogs; a statutory duty of engagement and pre-hearing communication between prosecution and defence in all Crown Court hearings; and the delivery of the CJS Digital Strategy to improve the utilisation of technology and improve performance. All of these will create additional resource demands on PPS and other criminal justice partners. Our reliance on in year funding prevents effective long-term planning and we will simply be unable to deliver strategic improvements

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

Department for Communities

www.comunities-ni.gov.uk

Department for the Economy

www.economy-ni.gov.uk

Department of Education

www.education-ni.gov.uk

Department of Finance

www.finance-ni.gov.uk

Department of Health

www.health-ni.gov.uk

Department for Infrastructure

www.infrastructure-ni.gov.uk

Department of Justice

www.justice-ni.gov.uk

The Executive Office

www.executiveoffice-ni.gov.uk

CHAPTER SIX: EQUALITY

6.1 This Chapter sets out the actions to be taken in assessing the potential equality impacts of the draft Budget 2025-26.

Equality Impact Assessment

6.2 Each of the Northern Ireland Civil Service (NICS) Departments are designated for the purposes of Section 75 of the Northern Ireland Act 1998.

Section 75 Duties

6.3 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 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.

6.4 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.

6.5 Each of the 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 (ECNI) guidance.

6.6 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/or equality impact assessments', consultation, monitoring and reporting.

Departmental Screening Requirements

6.7 The purpose of departmental screening is to identify those policies that are likely to have an impact on equality of opportunity and/or good relations.

6.8 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.

6.9 Following the completion of Screening, the Screening Template should be published on the department's website in line with its Equality Scheme. In addition, consultees should be advised of any policies that are "screened out".

Departmental Equality Impact Assessments

6.10 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.

6.11 The results of any EQIAs should be made publicly available with details of the likely impact of policies on the promotion of equal opportunity and good relations.

Departmental Consultation

6.12 Consultation 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).”

6.13 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

6.14 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.

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

6.16 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.

6.17 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.

2025-26 Process

Cumulative Equality Impact Assessment

6.18 The Department of Finance has published a cumulative Equality Impact Assessment to help inform the Draft Budget process.

https://www.finance-ni.gov.uk/consultations/draft-budget-2025-26-consultation.

6.19 This assessment sets out that the draft Budget has the potential to adversely impact Section 75 groups related to race, age, disability and dependants unless departments take further action to address these areas. In considering their draft Budget outcome, DfI and DfC have both indicated the potential for significant adverse impact across all nine Section 75 groups.

6.20 Following the publication of the draft Budget 2025-26, the Department of Finance will request responses from all NICS departments on their 2025-26 draft Budget screenings and impact assessments that have been developed in line with the commitments set out in their Equality Schemes.

6.21 The Finance Minister will provide information from these responses, along with feedback on the cumulative EQIA to the Executive to enable due regard to be paid by decision maker(s) to the equality impact on Section 75 groups.

ANNEX A: FINANCIAL TABLES

Table 1	Departmental Draft Budget Outcome 2025-26
Table 2	Reconciliation of Planned Spend to Treasury Control Totals – Non Ring-Fenced Resource DEL
Table 3	Reconciliation of Planned Spend to Treasury Control Totals – Capital DEL
Table 4	Reconciliation of Planned Spend to Treasury Control Totals – Financial Transactions Capital DEL
Table 5	Annually Managed Expenditure by Programme
Table 6	Annually Managed Expenditure by Department
Table 7	RRI Principal and Interest

Table 1: Departmental Draft Budget Outcome 2025-26

£million	Non Ring-fenced Resource DEL	Capital DEL	FT Capital
Agriculture, Environment and Rural Affairs	596.1	119.5	-
Communities	929.7	270.0	48.1
Economy	799.0	205.4	1.2
Education	3,219.0	380.7	-
Finance	238.6	32.5	-
Health	8,402.3	391.0	-
Infrastructure	633.3	932.7	-
Justice	1,406.4	100.0	-
The Executive Office	239.0	14.0	-
Food Standards Agency	12.4	0.2	-
NI Assembly Commission	59.6	3.1	-
NI Audit Office	10.9	0.0	-
NI Authority for Utility Regulation	0.3	3.8	-
NI Public Sector Ombudsman	5.0	-	-
Public Prosecution Service	40.9	0.8	-
Total Departmental Planned Spend	**16,592.5**	**2,453.6**	**49.2**

Totals may not add due to rounding

£0.0m represents amounts of less than £50k

Table 2: Reconciliation of Planned Spend to Treasury Control Totals – Non Ring-Fenced Resource DEL

£million

Financing	2025-26
Executive's Treasury Control	**16,046.1**
Of which Earmarked	*92.8*
Regional Rates Income	732.3
Total Financing	**16,778.4**

Totals may not add due to rounding

£million

Spending	2025-26
Departmental Planned Spend	**16,592.5**
Funding Held for Allocation	
NICS Pay	26.0
Transformation	47.0
Childcare Strategy	50.0
Central Costs	
RRI Interest Repayments	62.9
Total Spending	**16,778.4**

Totals may not add due to rounding

Table 3: Reconciliation of Planned Spend to Treasury Control Totals - Capital DEL

£million

Financing	2025-26
Executive's Treasury Control Total	**2,141.0**
Of which Earmarked Funding	91.6
RRI Borrowing	225.7
Irish Government Funding for A5	87.0
Total Financing	**2,453.7**

Totals may not add due to rounding

£million

Spending	2025-26
Departmental Planned Spend	**2,453.7**
Total Spending	**2,453.7**

Totals may not add due to rounding

Table 4: Reconciliation of Planned Spend to Treasury Control Totals – Financial Transactions Capital DEL

£million

Financing	2025-26
Executive's Treasury Control Total	62.2
Total Financing	**62.2**

Totals may not add due to rounding

£million

Spending	2025-26
Departmental Planned Spend	**49.2**
Held Centrally for Allocation	
Unallocated Funding	13.0
Total Spending	**62.2**

Totals may not add due to rounding

Table 5: Annually Managed Expenditure by Programme

£million

PROGRAMME	2025-26
Benefits	10,378.5
Social Fund	66.8
Student Loans	442.7
Pensions	2,015.2
Renewable Heat Incentive Scheme	33.5
Corporation Tax	1.8
Non Cash	2,890.1
Total	**15,828.6**

Note: Totals may not add due to rounding

Table 6: Annually Managed Expenditure by Department

£million

DEPARTMENT	2025-26
Agriculture, Environment and Rural Affairs	15.2
Communities	10,492.0
Economy	536.6
Education	815.9
Finance	455.7
Health	2,319.5
Infrastructure	217.4
Justice	670.3
The Executive Office	302.6
Food Standards Agency	0.3
Northern Ireland Assembly Commission	2.2
Northern Ireland Audit Office	0.0
Northern Ireland Authority for Utility Regulation	0.0
Northern Ireland Public Services Ombudsman	0.0
Public Prosecution Service	1.0
Total	**15,828.6**

Note: Totals may not add due to rounding

Table 7: RRI Principal and Interest

£million

Year	Principal Repayments	Interest Payments	Year	Principal Repayments	Interest Payments
2003-04	0.0	1.8	2027-28	132.1	57.7
2004-05	2.0	7.5	2028-29	136.2	53.2
2005-06	4.4	15.0	2029-30	135.2	48.6
2006-07	10.2	23.9	2030-31	131.0	44.1
2007-08	15.4	31.3	2031-32	110.0	40.2
2008-09	17.6	32.3	2032-33	91.1	36.8
2009-10	19.0	34.3	2033-34	85.6	34.0
2010-11	22.3	36.3	2034-35	83.3	31.3
2011-12	24.6	40.3	2035-36	76.2	28.7
2012-13	46.1	45.4	2036-37	76.9	26.3
2013-14	57.3	47.2	2037-38	70.2	23.9
2014-15	69.5	51.0	2038-39	66.7	21.7
2015-16	80.2	55.1	2039-40	62.3	19.5
2016-17	96.9	57.0	2040-41	52.9	17.6
2017-18	108.6	55.8	2041-42	46.8	15.8
2018-19	114.0	53.6	2042-43	44.0	14.0
2019-20	120.3	51.2	2043-44	45.0	12.2
2020-21	124.1	47.9	2044-45	45.7	10.4
2021-22	127.3	45.0	2045-46	47.5	8.5
2022-23	115.6	43.0	2046-47	49.0	6.5
2023-24	115.9	50.3	2047-48	47.9	4.5
2024-25	113.8	55.1	2048-49	37.5	2.5
2025-26	122.3	62.9	2049-50	27.8	0.5
2026-27	128.8	62.0	2050-51	7.3	0.7

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 2025.

The consultation period concludes on 13th March in order to have a 2025-26 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.

- Do you agree with the prioritisation of funding within the 2025-26 draft Budget document?
- What services should be prioritised in the 2025-26 Budget?
- Are there services that no longer need to be delivered or can be reduced in 2025-26?
- Do service charges need to be considered for some services?
- Please respond to the following statement: Public sector pay should be prioritised.?
- Have you any other views?

Comments on the draft Budget 2025-26 can be submitted via the following:

- Submit your responses online:

  [Draft Budget 2025-26 Consultation | Department of Finance]

The deadline for responses is Thursday 13 March 2025.

Department of
Finance

An Roinn
Airgeadais

www.finance-ni.gov.uk