



Department of
Finance

An Roinn

Airgeadais

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DRAFT BUDGET 2025–26 OVERVIEW



Draft Budget 2025-26: Overview

Introduction

On 19 December, the Executive agreed the draft Budget for 2025-26.

This document provides an overview of the draft Budget outcome to inform the overarching consultation launched by DoF today. This will be followed by the publication of a more detailed draft Budget document by mid-January, reflecting information provided by departments.

Departments will now consider how best to deliver their priorities within the funding envelopes which this draft Budget provides.

A vital part of this is the consultation carried out by individual departments in line with their Equality Schemes. These departmental consultations, along with the overarching DoF consultation, will be used to inform a final Budget in advance of the new financial year.

Regional Rate

The draft Budget assumes an increase to the Domestic Regional Rate by 5% and the Non-Domestic Regional Rate by 3%.

The different rate reflects the pressure on our businesses, as a result of the Chancellor's Autumn Statement, from employers National Insurance increases. As well as providing additional funding for vital public services this also enables the Executive to meet the financial package commitment of raising £113 million from local funding streams.

The process to bring the required legislation to set the Regional Rate in statute will commence in January.

Resource DEL

In setting departmental Resource DEL budgets, priority was given to previous commitments and Treasury earmarked funding.

Treasury has removed the ring-fence on Agricultural Support Funds and provided funding at 2024-25 levels in the Executive's baseline funding for 2025-26. Given the importance of this support the Executive has agreed that this funding should be provided as an earmarked allocation to DAERA for Agriculture, Agri-environment, Fisheries and Rural Development in 2025-26 and future years.

Similarly, the funding previously provided from Treasury as a budget cover transfer for Cyber Security has been included in the Executive's baseline. Given the growing importance of this area, this funding has now been provided as an earmarked allocation to Department of Finance (DoF).

The Executive's Spending Review outcome for 2025-26 includes Treasury earmarked funding for the Executive Programme on Paramilitarism and Organised Crime and for additional security measures. These amounts are included in the budget outcome for the Department of Justice.

It also includes £47 million for Transformation, as set out in the financial package. This will be allocated at a later stage based on recommendations by the Public Sector Transformation Board.

The Spending Review outcome also includes funding for Debt Advice, which is not ring fenced, but which has previously been given to the Department for Communities in-year. This has been allocated as earmarked funding in this draft Budget.

Combined with funding for a number of previous commitments this brings the total earmarked allocations £847.5 million. These are set out below:

Executive Earmarked Allocations

Dept	Commitment	£million
DAERA	Agriculture, Agri-environment, Fisheries and Rural Development	332.5
TEO	HIA, Victims, Truth Recovery	150.0
DfC/DoF	Rates Rebate (Housing Benefit)	122.3
DE	EA Pay and Grading Review	75.0
DfC	Welfare Mitigations	47.3
DfC	Derating Grant	44.1
DoF	Integr8	25.4
Various	EU Peace Plus Match Funding	17.8
DfE/DoH	Medical School at Magee	15.8
DoJ	Executive Programme on Paramilitarism and Organised Crime	8.0
DfE	Major Sporting Events (The Open)	4.2
DfC	Debt Advice	2.9
DoF	Cyber Security Centre	1.2
Various	City Deals CPD Costs	1.1
Total		847.5

In recognition of their independence, the budgets of the Assembly Commission, Audit Office, Public Services Ombudsman are agreed by the Audit Committee rather than the Executive. Therefore, the increase in the funding for these Bodies is a first call on the funding available.

Funding for interest payments for borrowing under the Reform and Reinvestment Initiative will be held centrally. Funding for statutory office holders will be provided to the Department for Justice to meet this statutory obligation.

Further Earmarked Allocations

Given the Executive's previous support for a Childcare Strategy, £50 million is being held centrally until proposals to use this funding are brought forward by the Department of Education.

There are three additional areas where the Executive has agreed it is appropriate to earmark an allocation for a specific issue. This is not intended to introduce a commitment to fund these areas going forward but instead reflects the priority given to these issues when determining funding envelopes and places a requirement on those departments to return the funding for reallocation if it cannot be used for that purpose. These additional earmarked allocations are: £16.9 million for the Department for Communities to support benefit delivery; £2 million to the Executive Office towards implementation of Phase 1 of the Strategic Framework to tackle the issue of violence against women and girls; and, £7 million to the Department for the Economy to support skills interventions.

It has also been agreed that £26 million will be held centrally for potential NICS pay costs.

The remaining funding has been used to provide general allocations to departments, which combined with existing baselines, form a Resource DEL funding envelope within which individual Ministers may prioritise their spending. In determining these general allocations, excluding earmarked allocations, no department has a lower level of funding than their 2024-25 October Monitoring position.

The overall Resource DEL outcome for each department is set out in **Annex A**. With the departmental budgets excluding earmarked funding set out in **Annex B**.

Capital DEL

The £2.1 billion of capital funding notified by the Secretary of State has been supplemented by £225.7 million of borrowing under the Reinvestment and Reform Initiative and an anticipated £87 million of funding from the Irish Government in respect of the A5.

The latter has been provided as an earmarked allocation to DfI. If it is not spent for this purpose, it will be returned to the Irish Government to be reprofiled into future years. Included in this is £91.5 million of funding which has been earmarked by the Treasury for specific purposes, this has been allocated to the appropriate departments as follows:

Treasury Earmarked Allocations

Department	Commitment	£million
DE	Fresh Start: Shared Education	48.3
DfE	City/Growth Deals	41.1
DfE	NDNA: Medical School at Magee	1.1
DoH	Inclusive Future Fund	0.5
DfC	NDNA: An Ciste	0.5
Total		91.5

As with Resource DEL, the budgets of the Assembly Commission, Audit Office, Public Services Ombudsman have been set by the Audit Committee.

The Executive has also agreed a number of earmarked Capital allocations, reflecting previous commitments. Two additional new earmarked allocations were also provided to the Department of Agriculture, Environment and Rural Affairs to support farmers through a Just Transition, to the Department of Education to meet the full costs of delivering the Fresh Start Schools projects in 2025-26. These earmarked allocations are set out below:

Executive Earmarked Allocations

Department	Commitment	£million
DAERA	Complementary Fund	0.2
	Just Transition	12.3
DfC	Sub-Regional Stadia Programme and Casement Park	33.0
	City/Growth Deals	7.8
	Complementary Fund	8.1
	Peace Plus Match Funding	0.5
DfE	City/Growth Deals	6.5
	Complementary Fund	3.0
	Inclusive Future Fund	3.7
DE	Strule Shared Education Campus	102.8
	Fresh Start Shared/Integrated Education	11.6
DoH	Mother and Children's Hospital	69.8
	City/Growth Deals	0.7
	Inclusive Future Fund	0.5
DfI	The A5 and Belfast Transport Hub	235.6
	City/Growth Deals	43.0
	Peace Plus Match Funding	6.4
Total		545.5

Whilst the full amount of borrowing available will be drawn down, the additional funding it provides will be earmarked and used for strategic purposes: £100 million for social housing, £105.7 million for NI Water and £20 million for schools.

The remaining £1.6 billion has been provided to departments as a general allocation within which individual Ministers may prioritise their spending.

The pressures in the Department of Education and Department of Infrastructure are particularly acute, and therefore the Executive has agreed that these departments can have the first call, on the basis of an equal share, on any funding that becomes available up to a maximum of £20 million, following which all departments will compete on the same basis for any further funding that becomes available.

In addition, departments have been provided with £49.2 million of Financial Transactions Capital (FTC) allocations, meeting all bids in full. There remains £8.4 million FTC available to allocate. This funding may only be used or loans to, or equity investment in, private sector entities.

Departmental Capital DEL outcomes are set out in **Annex A**.

Consultation

This document sees the launch of the consultation on draft Budget 2025-26.

This will be open for 12 weeks ending 13 March 2025.

In order to maximise the time available for consultation it has been launched in advance of the publication of the associated draft Budget document. Following Executive agreement of the draft Budget departments have now been given the opportunity to provide input to the draft Budget document. This will be published by mid-January and will provide further detail to aid consideration of the Draft Budget.

Some additional information to help inform the draft Budget consultation has also been published on the website. This includes:

- Draft Budget 2025-26: Cumulative Equality Impact Assessment.
- Draft Budget 2025-26: Factsheet.

Annex A

Departmental Budget Outcome 2025-26

£million	Non Ring-fenced Resource DEL £million	Capital DEL (Net) £million	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	0.0	
Public Prosecution Service	40.9	0.8	
Total Departmental Planned Spend	16,592.5	2,453.7	49.2

Totals may not add due to round
£0.0m represents amounts of less than £50k

Departmental Resource DEL Outcome Excluding Earmarked Items

Outcome Excluding Earmarked Items	2024-25 £million	2025-26 £million	% Change
Agriculture, Environment and Rural Affairs	243.8	259.4	6.4%
Communities	714.7	745.6	4.3%
Economy	761.1	779.0	2.4%
Education	2,873.8	3,143.3	9.4%
Finance	150.1	158.7	5.7%
Health	7,716.0	8,387.9	8.7%
Infrastructure	559.5	633.2	13.2%
Justice	1,218.4	1,350.7	10.9%
The Executive Office	81.8	84.4	3.2%
Food Standards Agency	11.9	12.4	4.2%
NI Assembly Commission	54.5	59.6	9.4%
NI Audit Office	10.2	10.9	6.9%
NI Authority for Utility Regulation	0.3	0.3	0%
NI Public Sector Ombudsman	4.4	5.0	13.6%
Public Prosecution Service	39.4	41.0	4.1%
Departmental Allocations	14,444.0	15,671.4	8.5%

Totals may not add due to round
£0.0m represents amounts of less than £50k

The table above sets out a comparison between the 2024-25 Non Ring Fenced Resource DEL Budget announced on 25 April 2024, and the 2025-26 Draft Budget, excluding certain Earmarked items, which are ring-fenced for those purposes.

For these purposes the Earmarked Items removed include earmarked funding for Farm/Fisheries payments, security funding, Windsor Framework, New Deal, New Decade New Approach, waiting lists, the Executive Programme on Paramilitarism and Organised

Crime (tackling paramilitary activity), welfare reform mitigations, Violence against Women and Girls, housing benefit rates rebate, increase in de-rating grant, Graduate Entry Medical School, Interg8, The Open, Statutory Salaries, the EA Pay and Grading review, City Deals CPD Costs, Cyber Security, EU Peace Plus funding, funding for Historical Institutional Abuse, Debt Advice and funding for Historical Institutional Abuse/Victims/Truth Recovery and Skills interventions.

By exception, Nova was earmarked in 2024-25 and so excluded from that year, however while a pressure exists in 2025-26 DoF has not received an earmarked allocation this year, therefore it must be funded from DoF's general allocation. As a result, DoF's percentage increase is higher than had a consistent approach been taken.

As earmarked funding can change from year to year, excluding these items gives a more direct comparison of day-to-day spending within departments.

Reconciliation of Departmental Planned Spend to the DEL Controls

£million	Non Ring-fenced Resource DEL	Capital DEL (Net)	FT Capital
Total Departmental Planned Spend	16,592.5	2,453.7	49.2
Centrally Held Items:			
RRI Interest Payments	63.0		
Childcare	50.0		
NICS Pay	26.0		
Transformation	47.0		
Unallocated			8.4
Total Centrally Held Items	186.0		8.4
Regional Rate Income (net of RRI principal repayments)	-732.3		
RRI Borrowing		-225.7	
Irish Govt. Funding (A5)		-87.0	
NI DEL	16,046.1	2,141.0	57.6
of which:			
Security Funding	37.8		
Executive Programme for Paramilitarism and Organised Crime	8.0		
Transformation Funding	47.0		



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