

Budget Engagement Event

Agenda

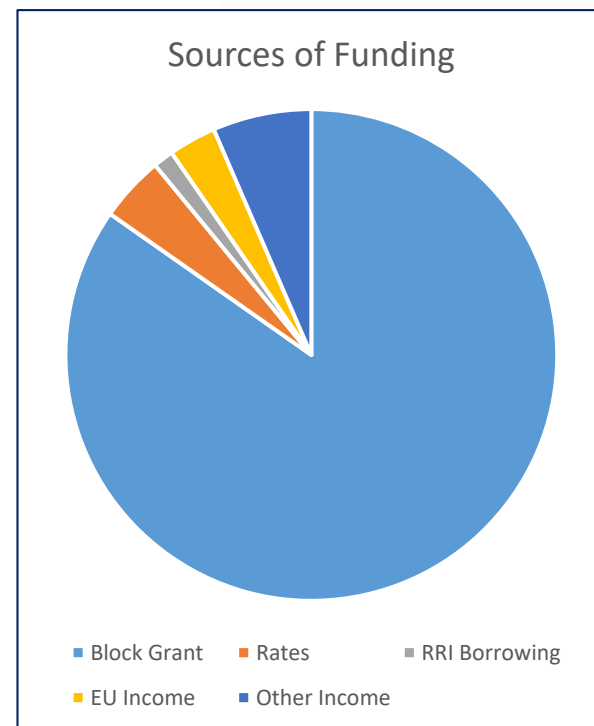
- How we are funded
- 2022-25 Financial Landscape
- Budget Timeframe
- Draft Budget outcome
- Financial Packages
- Fiscal Council
- Next Steps

How we are funded

A number of funding sources can contribute to the Executive's Budget.

The main sources of funding are:

- Block Grant from Treasury
- Regional Rates
- RRI Borrowing
- EU Income
- Other Income



How we are funded – the Barnett Formula

- Changes to our Block Grant are determined by the Barnett Formula
- Population Based
- Takes account of comparable services
- Straightforward to apply

- But takes no account of relative need

2022-25 Financial Landscape

- 2021 Spending Review set the Envelope
 - The Spending Review outcome was announced 29th October

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

- For comparison, the equivalent Resource DEL for the 2021-22 Budget was:

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

- More information is available in the draft budget document: -

<https://www.finance-ni.gov.uk/publications/2022-25-draft-budget>

2022-25 Financial Landscape

- 2021 Spending Review and UK Government Financial Packages Control Totals

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

2022-25 Financial Landscape

- Significant funding challenges remain in the next coming years 2022-25, inter alia, cost of living increases and recovering from the pandemic as well as pressures on the NHS.

- Final Budget in place by 1st April 2022?

Budget Timeframe

Key Dates:

- Spending Review 29 October
- Draft Budget 13 December
- End of Consultation Period 7 March 2022

Challenges:

- Budget before new financial year...

Draft Budget Priorities

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

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

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

- www.executiveoffice-ni.gov.uk/publications/building-forward-consolidated-covid-19-recovery-plan

Draft Budget Outcome

- Ministers agreed a draft budget for consultation only
- Reflective of the challenges facing departments
- Aspiration exceeds allocation

Departmental Resource Outcome

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

Departmental Capital Outcome

£million

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

Departmental Financial Transactions

Capital Outcome

	£million		
	2022-23	2023-24	2024-25
Communities	52.1	54.7	52.4
Economy	3.5	11.7	9.8
Total Planned Spend	55.5	66.4	62.2

Draft Budget Priorities

- Of the **£13,951 million** allocated to departments for resource spending in 2024-25, **Health has been allocated 51 per cent, Education 18 per cent and Justice 8 per cent.**
- In real terms, adjusting for inflation, the allocation to Health is 10 per cent higher in 2024-25 than the baseline figure, which excludes temporary Covid-19 support and other one-off and time-limited items.

Reconciliation of Planned Spend to Treasury Control Totals – Resource DEL

We are Financed by:-

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

Totals may not add due to rounding

Reconciliation of Planned Spend to Treasury Control Totals – Resource DEL

This will Fund:-

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

¹Totals may not add due to rounding

Reconciliation of Planned Spend to Treasury Control Totals – Capital DEL

We are Financed by:-

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

¹Totals may not add due to rounding

Reconciliation of Planned Spend to Treasury Control Totals – Capital DEL

This will Fund:-

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

¹Totals may not add due to rounding

Reconciliation of Treasury Control Totals to Planned Spend – FTC DEL

We are Financed by:-

Financing (£m)	2022-23	2023-24	2024-25
Spending Review Core Funding	162.8	66.4	62.2
Total Financing	162.8	66.4	62.2

This will Fund:-

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

¹Totals may not add due to rounding

Financial Packages

£million	2022-23	2023-24	2024-25
Fresh Start Agreement*	51.3	64.4	37.2
Confidence and Supply Broadband*	49.4	37.2	-
NDNA Transformation	49.0	49.0	49.0
NDNA Medical School	5.0	5.0	5.0
NDNA Medical School – Capital*	15.0	-	-
NDNA – Unique Circumstances Communities in Transition	4.1	3.3	-
City Deals*	41.7	41.7	41.7
Total	215.5	200.6	132.9

*Capital

NI Fiscal Council

- The Northern Ireland Fiscal Council is a new independent body created to bring greater transparency and scrutiny to NI's public finances.
- On 20 January 2022 was published the first annual assessment of the [revenue streams and spending proposals in the Executive's 2022-25 Draft Budget](#).
- This follows the first edition of the [comprehensive guide to NI public finances](#), November 2021.

Next Steps

The plan was...

- Seek views of key stakeholders to help inform Budget decision-making over this three year period.
- Public Consultation – closing on 7th March
- Ministerial engagement
- Final Budget Announcement in March

Next Steps

- Legal advice on the Budget process is being sought
- DoF are reviewing contingency arrangements

Consultation

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

budgetconsultation@finance-ni.gov.uk

- The Consultation is due to conclude on **7th March 2022**

Questions?