

NORTHERN IRELAND FINANCES

The Secretary of State for Northern Ireland (James Brokenshire): When the Assembly dissolved in January, no Budget had been set for the Northern Ireland Executive for the 2017-18 financial year. Since the end of March it has fallen to the Permanent Secretary of the Department of Finance to allocate funding to Northern Ireland departments under powers provided by section 59 of the Northern Ireland Act 1998.

This situation has led to understandable concern and uncertainty among businesses and those relying on public services alike. Since April I have therefore worked closely with the Head of the Northern Ireland Civil Service (NICS), in conjunction with the NICS Board, to keep under review how to provide ongoing assurance around the Budget in the absence of an Executive.

In the first instance this led, on 24 April, to my Written Statement to the House setting out an indicative Budget position and set of departmental allocations. This sought to enable Permanent Secretaries to plan and prepare to take more detailed decisions on cash allocations.

Disappointingly, we remain without an Executive three months on. While progress has been made in discussions between the parties, resolution has not been reached. The parties have, however, made clear that they remain committed to engaging with each other to agree a basis on which an Executive can be formed. If an agreement is reached, I will move quickly to bring forward the necessary legislation to allow an Executive to meet at the next earliest opportunity.

While it is for the Northern Ireland parties to reach an agreed way forward, the UK Government remains committed to working with them and, as appropriate, the Irish Government to secure the restoration of devolved government as quickly as possible. I will maintain close contact with party leaders and the Irish Government over the coming weeks to seek to consolidate progress and encourage continuing discussions towards a deal.

While agreement remains possible, it is clear that an Executive will not be capable of being formed before the autumn. During that time pressures will continue to build, particularly in health and education services. And so as I set out in my Written Statement on 11 July, I consider it necessary to provide further clarity to support Northern Ireland Permanent Secretaries in addressing those pressures, maintaining public services and continuing to uphold the commitments arising from the Stormont House and Fresh Start Agreements.

With that in mind, I set out below adjusted indicative Budget positions and departmental allocations for this year. These include resource and capital funding provided in the Spring Budget by the Chancellor, as well as resource and capital funding expected to be available from budget transfers and updated forecasts, subject to final data and the usual HM Treasury approval processes.

The allocations do not include any of the financial support the UK Government would be prepared to make available to Northern Ireland following the agreement between the Conservative Party and the Democratic Unionist Party. This Government recognises the unique challenges faced by Northern Ireland as a result of its distinct history and geographical position. However a restored Executive will need to agree how it wishes to allocate these funds to projects within the priority areas.

As previously, the allocations in the table below do not reflect input from UK Government Ministers on priorities nor do they constrain the future ability of an incoming Executive to adjust its priorities. And it remains for NI civil servants to allocate cash under s59 of the Northern Ireland Act 1998. It is important to acknowledge, however, that as the year progresses the scope for significant changes will become more constrained.

This statement does not replace the ultimate need for a formal Budget for Northern Ireland. The exercise of s59 powers cannot be sustained indefinitely. And though the advice I have received from the Head of the NICS is that we have not yet reached that critical point, it is approaching. It should be for a new Executive to make swift decisions on its Budget to make use of the spending power available to it.

At the same time we will not forget our ultimate responsibility as a Government to uphold political stability and good governance in Northern Ireland. Accordingly, I reaffirm that the UK Government remains prepared to take forward legislation at Westminster to give authority for the expenditure of Northern Ireland departments should an Executive not be restored in the autumn. If resolution continues to prove intractable beyond that point, we will take further steps to provide the necessary political decision-making in the best interests of everyone in Northern Ireland.

Table 1: Departmental Resource and Capital Departmental Expenditure Limit (DEL) totals

	£million			
	Non Ring-fenced Resource DEL	Ring-fenced Resource DEL	Capital DEL (Net)	FT Capital
Agriculture, Environment and Rural Affairs	194.8	18.0	46.5	
Communities	939.5	14.2	124.8	
Economy	768.2	161.7	51.7	74.4
Education	1,929.2	0.6	175.0	
Finance	143.9	34.7	21.0	
Health	5,095.4	117.5	217.0	
Infrastructure	371.9	110.8	402.0	
Justice	1,031.9	83.8	51.2	
The Executive Office	64.4	1.2	6.3	
Non Ministerial Departments				
Food Standards Agency	8.1	0.0	0.1	
NI Assembly Commission	35.4	3.4	0.8	
NI Audit Office	7.6	0.3	0.0	
NI Authority for Utility Regulation	0.2	0.1	0.0	
NI Public Sector Ombudsman	2.7	0.0	0.0	
Public Prosecution Service	33.1	1.4	0.8	
Total Departmental Planned Spend	10,626.2	547.8	1,097.3	74.4

Table 2 - Reconciliation of Departmental Planned Spend to Northern Ireland Departmental Expenditure Limit (DEL) controls

	£million			
	Non Ring-fenced Resource DEL	Ring-fenced Resource DEL	Capital DEL	FT Capital
Total Departmental Planned Spend	10,626.2	547.8	1,097.3	74.4
<i>Centrally Held Items</i>				
Delivering Social Change	12.0		15.0	
Tackling Paramilitary Activity -Executive	5.0			
Air Passenger Duty	2.2			
Tackling Paramilitary Activity - HMT	5.0			
Shared Future	12.0			
RRI Interest Payments	57.8			
SBRI & Collaborative Procurement	2.3			
RHI Inquiry	4.3			
NI Investment Fund				40.0
Unallocated Funding		10.2		
Total Centrally Held Items	100.6	10.2	15.0	40.0
Regional Rates Income	-590.4			
RRI Borrowing for VES			-51.1	
VES Category Switch	-51.1		51.1	
NI DEL	10,085.3	558.1	1,112.3	114.4
of which agreed Fresh Start Funding				
<i>Tackling Continued Paramilitary Activity</i>	5.0			
<i>Shared Future</i>	12.0			
<i>Shared Education and Housing</i>	-		7.0	
<i>PSNI Security Funding</i>	34.3			
<i>Return of Welfare Reduction</i>	20.0			
<i>Welfare Reform Fraud and Error</i>	25.0			

Table 3: Resources available (subject to final data and HM Treasury agreement)

£million	Non Ring-fenced Resource DEL	Capital DEL
Additional Funding		
Chancellor's Spring Budget Barnett Additions	41.5	6.9
Budget Exchange Scheme – 2016-17 carry-forward	47.6	7.3
Increased Forecast Regional Rates Income	7.1	-
Total Additional Funding	96.2	14.2
Changes to 24 April Position - Centrally Held Items		
RRI Interest Payments - Reduced Forecast	1.0	-
SBRI & Collaborative Procurement	0.3	-
Total Changes to Centrally Held Items	1.3	-
Change to 24 April Position - Departmental Allocations		
Department for Communities - Reduction in Welfare Reform Costs	16.4	-
NI Assembly - Reduction in Members Costs	3.0	-
Total Changes to Departmental Allocations	19.4	-
Total Resources available for indicative allocation	116.9	14.2

Table 4: Indicative allocation of additional funds

£million	Non Ring-fenced Resource DEL	Capital DEL
Agriculture, Environment and Rural Affairs	4.0	2.5
Communities	5.0	2.0
Economy	1.2	-
Education	30.0	2.0
Finance	-	-
Health	60.1	2.0
Infrastructure	5.0	2.0
Justice	5.0	1.5
The Executive Office	6.0	2.0
Non Ministerial Departments		
Food Standards Agency	-	-
NI Assembly Commission	-	0.2
NI Audit Office	-	-
NI Authority for Utility Regulation	-	-
NI Public Sector Ombudsman	-	-
Public Prosecution Service	0.6	-
Total	116.9	14.2