

NI Assembly Finance Committee 15 May 2024 – headlines on Budget 2024-25

The limited amount of funding available in 2024-25 is very concerning & no department does well

- Important and positive that Executive agreed a Budget since it gives some certainty for planning of spending for the year ahead (noting it is still to be debated in Assembly).
- While total funding in 24-25 is up 7% on the budget set at the start of last year, it is 2% less than the total amount spent by depts by the end of last year. So there is no uplift at all on the amount actually spent last year.
- This fall in available funding is very concerning – e.g. there is no additional money to fund new pay settlements in 24-25 or other cost pressures. This means there is nothing available to pay for new spending unless it can be found by cutting existing spending or efficiencies.
- There are no winners in the split between depts. Education and Justice do ‘least badly’, but no department gets any significant uplift compared to spend outturn at the end of last year.

The past is catching up with us

- Northern Ireland’s record of no govt or unstable govt has meant a failure to plan for the long-term in public service delivery, transformation and workforce issues. We’re seeing the consequences of this in declining public services. We need in particular to face up to the challenge of ever-increasing health spending. Public service transformation is long overdue.

What does the Budget tell us about the Executive’s priorities?

- So far, we haven’t seen any strategy underpinning the funding allocations to depts in the Budget. The figures look like a simple dividing up of the funding in a way that was acceptable to most ministers. There was little in the Written Ministerial Statement on 25 April about priorities, but perhaps this will come out in the Budget document in coming weeks.
- Budget allocations should be underpinned by a meaningful Prog for Govt, which should communicate priorities, not just aspirations. A simpler, shorter PfG would be preferable.
- Similarly it is essential to work towards a multi-year budget at the earliest opportunity
- The Executive should commit to setting out how public services will improve, tracking data and being accountable for delivery of change

We should be having a fuller conversation about revenue raising

- If we want to fund more public services, where is the money coming from? We shouldn’t shut down the conversation about revenue raising without even considering the choices and options. While many households are already very stretched, there are some people in NI who could afford to pay more (e.g. via domestic rates).

Is Northern Ireland adequately funded by the UK Government?

- Fiscal Council have said that, on balance, 124% is a reasonable estimate of how much need for public spending per head in Northern Ireland compares to England
- On that basis, NI receives slightly above the level of ‘need’ at present, because of one-off additions in 23-24, 24-25 and 25-26 (noting that this a relative, not absolute, definition of need)
- The big problem comes in 2026-27 when one-off funding additions fall away, and then NI will be funded well below need (converging up towards 124% by mid-2030s). It’s difficult to see the rationale for this cliff-edge - this should be a focus for discussions with UK Govt.