

Grant to Northern Ireland Government, and Northern Ireland Office funding

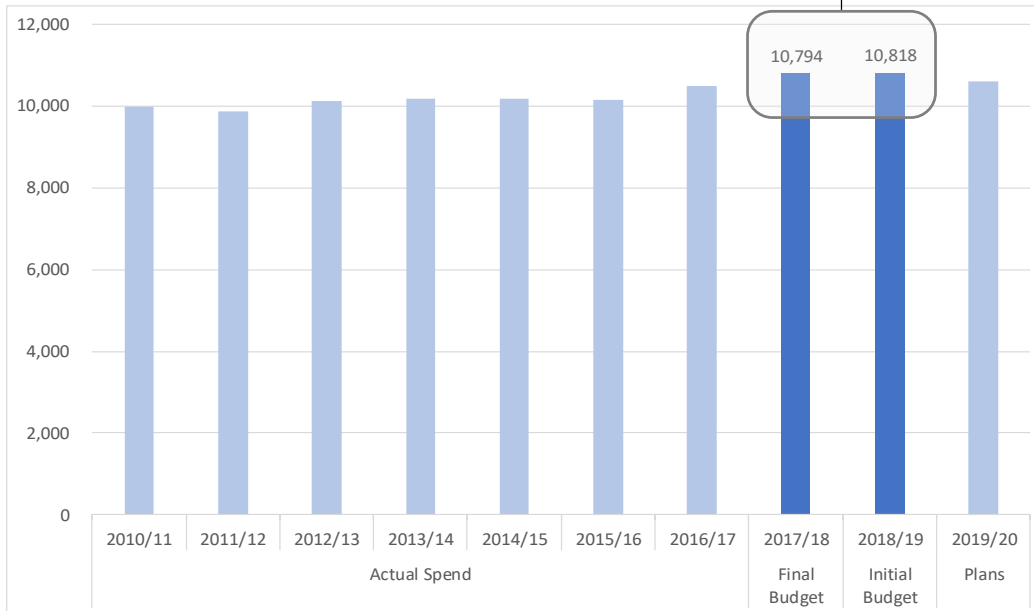


Day-to-day Spending (Resource DEL) Northern Ireland Govt 3% of total Resource DEL

Increase in budget from last year: **£24 million (0.2%)**

£210 million of the Confidence and Supply Agreement was drawn down in this Main Estimate but only £20 million in last year's revised budget. Other changes make up the overall net increase to £24 million from last year.

Long-term spending trends (£m, nominal)



Spending Review 2015

The 2015 Spending Review planned modest nominal increases (but **real terms decreases**) to the Northern Ireland Government's Resource DEL over four years, driven by budget changes for UK departments such as Health, where equivalent functions in Northern Ireland are devolved and Northern Ireland receives "Barnett consequentials".

Changes since the 2015 Spending Review Settlement

Since the original Spending Review settlement for 2018-19 was determined in 2015, the following changes have been made:

- £170 million resource of "Barnett Consequentials" – additional funding for NI, given because the UK Government has decided to allocate additional money for other parts of the UK, and needs to give NI an equivalent amount; and
- £210 million arising from the Confidence and Supply Agreement. **The Confidence and Supply Agreement is an agreement between the Conservative Government and the Democratic Unionist Party (DUP) whereby the DUP agrees to support the Government in votes on supply, confidence motions and certain other finance related matters. In return, the UK Government has agreed to allocate the Northern Ireland Government specified additional funds over a five-year period. A breakdown is shown in the [slide](#).**

*There has been a 6% nominal increase (**which is a real terms increase of 1%**) in the Northern Ireland Government's Resource DEL since 2015-16. The further Barnett Consequentials and the Confidence and Supply funds set out above have meant that the grant has not reduced in real terms as expected in the 2015 Spending Review.*

However in real terms, there has been a 4% real terms reduction since 2010/11.

¹ Final budget at Supplementary Estimates 2016-17 (Feb 2017)

² Initial budget as at Main Estimates 2017-18 (April 2017)

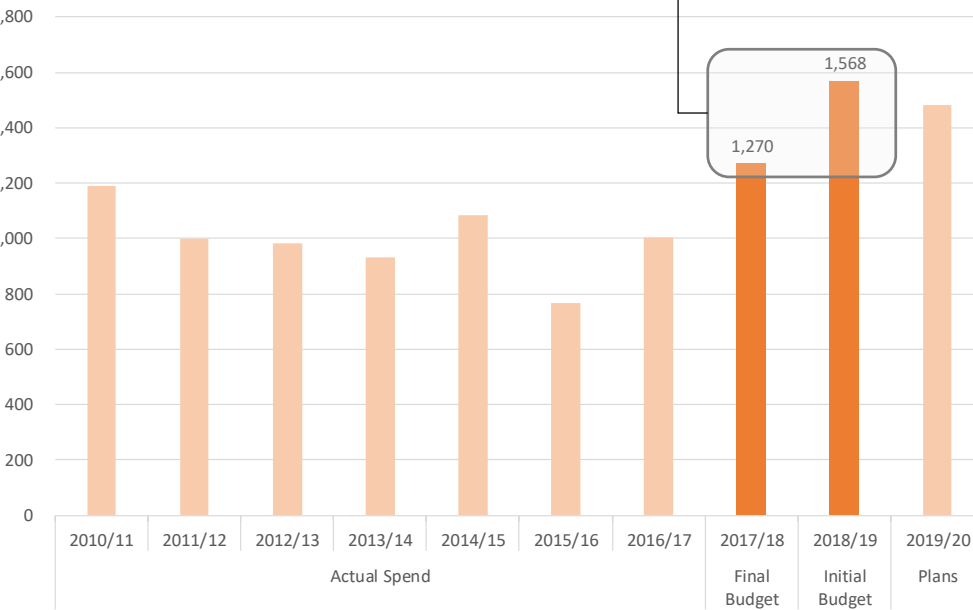
Northern Ireland Govt 3 % of total Capital DEL

Investment Spending (Capital DEL)

Increase in budget from last year: **£297 million (23%)**

This year's budget includes £200 million arising from the Confidence and Supply Agreement.

Long-term spending trends (£m, nominal)



Spending Review 2015

The Spending Review planned modest nominal increases to the Northern Ireland Government's Capital DEL over four years, driven by increases for UK departments such as Transport, where equivalent functions in Northern Ireland are devolved and Northern Ireland receives "Barnett consequentials".

Changes since the 2015 Spending Review Settlement

Since the 2015 Spending Review settlement, the following changes have been made to the Northern Ireland Government's 2018-19 investment budget

Increases of

- £191 million resource of "Barnett Consequentials" – additional funding for NI, given because the UK Government has decided to allocate additional money for other parts of the UK, and needs to give NI an equivalent amount; and

- £200 million arising from the Confidence and Supply Agreement. **The Confidence and Supply Agreement is an agreement between the Conservative Government and the Democratic Unionist Party (DUP) whereby the DUP agrees to support the Government in votes on supply, confidence motions and certain other finance related matters. In return, the UK Government has agreed to allocate the Northern Ireland Government specified additional funds over a five-year period A breakdown is shown in the [slide](#).**

Overall, there has been a real terms **increase of 94%** in the Northern Ireland's capital DEL budget since 2015-16, This is partly due to the actual NI capital spend baseline in 2015-16 being lower than anticipated in the 2015 Spending Review (£766m against a budget of £1,100m)

¹ Final budget at Supplementary Estimates 2016-17 (Feb 2017)

² Initial budget as at Main Estimates 2017-18 (April 2017)

What shows up in the Estimate:



The Northern Ireland Office Estimate includes:

- ✓ **Cash grant to Northern Ireland** - this is derived from Northern Ireland Government's budget [[Resource DEL](#) + [Capital DEL](#) + Annually Managed Expenditure] *with adjustments taking out non-cash items such as depreciation and for timing differences*

Cash grant is **£15,602 million** (2% over last year's revised budget)

- ✓ **Funding for the Northern Ireland Office**

UK ministerial department responsible for the smooth working of the devolution settlement and relations between the UK and Northern Ireland Government

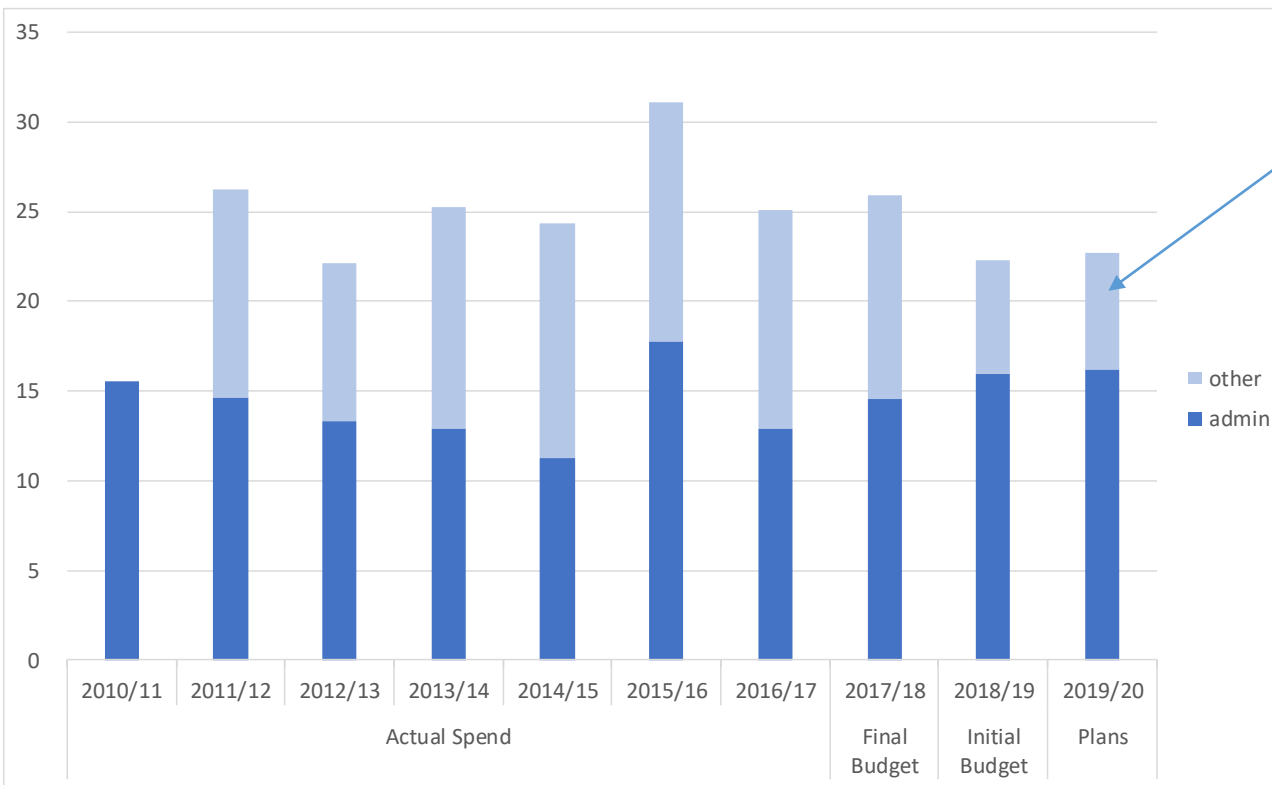
Resource (day to day spending) DEL budget: **£22.3 million** (£3.6 million less than last year's budget which included expenditure for the General Election)

Capital (investment) DEL budget small at **£0.3 million** (£1.4m less than last year's budget which included funds for improving the department's IT and security systems)



Trends in Northern Ireland Office expenditure

The 2015 Spending Review sought to protect the spending of Territorial Offices in real terms. **However the administration budget shows a real terms reduction of around 10% from 2015/16 to 2018/19. This suggests that there could be cost pressures in the Northern Ireland Office, especially since they are likely to have additional workload due to there being no Northern Ireland Executive.**

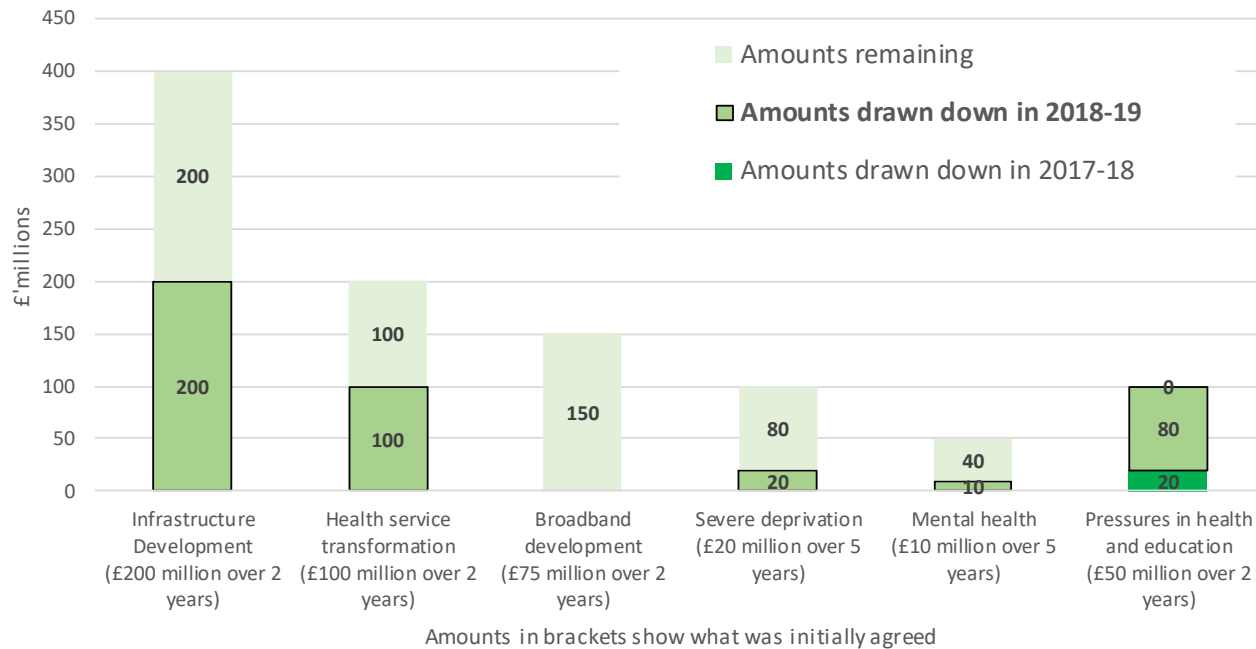


Spending for elections is in "other" expenditure.

Additional £1,000 million funds going to Northern Ireland as part of the agreement between the Conservative Party and DUP in June 2017

The Confidence and Supply Agreement is an agreement between the Conservative Government and the Democratic Unionist Party (DUP) whereby the DUP agrees to support the Government in votes on supply, confidence motions and certain other finance related matters. In return, the UK Government has agreed to allocate the Northern Ireland Government specified additional funds over a five-year period

Amounts drawn-down and remaining



Funds drawn down from the £1,000 million

£20 million drawn down in 2017-18 Supplementary Estimates for health and education

In 2018-19 Estimate, £410 million is being drawn down (£210 million resource and £200 million capital):

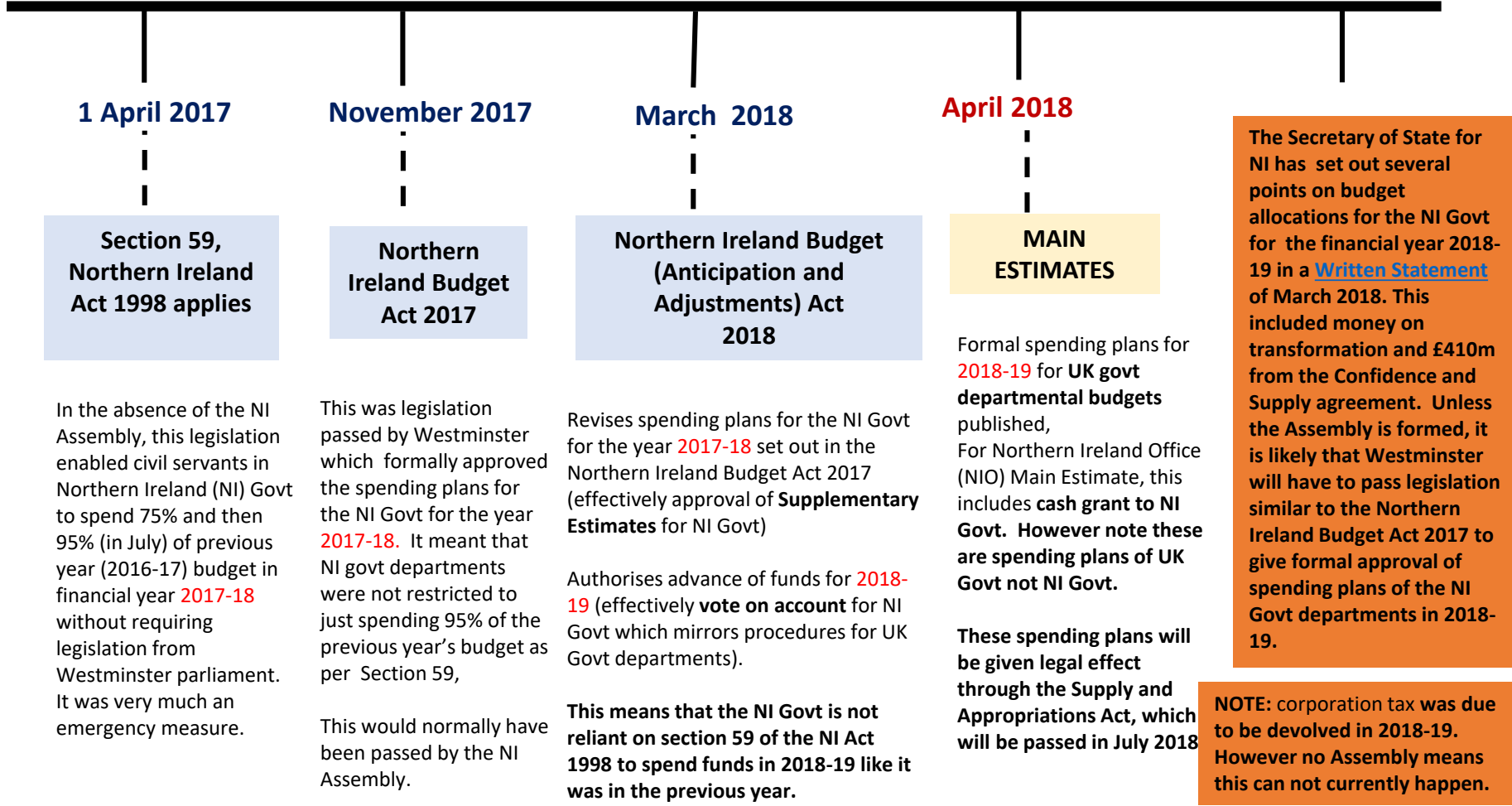
- £80 million immediate health and education (resource)
- £30 million to address mental health and severe deprivation (resource)
- £100 million health transformation (resource)
- £200 million infrastructure development (capital)

This leaves **£570 million** remaining in total pot.



Additional budget legislation passed by Westminster because the NI Assembly is dissolved

There has been no Executive in Belfast since 9 January 2017, when the then Deputy First Minister of Northern Ireland resigned, which also resulted in the First Minister ceasing to hold office. The Northern Ireland Assembly has not met since its first post-election meeting in March 2017.



The Barnett Formula

Change (rise or fall) in Resource DEL budget determined by UK government



Share of change related to functions **RESERVED TO UK GOVERNMENT** (e.g., defence)



NO CHANGE TO THE BLOCK GRANT provided to Scotland, Wales and Northern Ireland



Share of change related to **DEVOLVED FUNCTIONS** (e.g., health)



Population share (compared to England or England and Wales or Great Britain)



Extra funding available to the governments of Scotland, Wales and Northern Ireland (may also be a spending cut)



These funds can be spent on **ANY DEVOLVED FUNCTION**

Northern Ireland compared to England:
 2010 Spending Review: 3.45%
 2015 Spending Review: 3.39%
 This reduction in population share will mean *slightly smaller increases and decreases* in funding for Northern Ireland from the **Barnett Formula** than would have resulted if the share had remained as before.

Example:

Increase of **£100m** in UK Departments' Resource DEL budget.



75% relates to functions which are devolved; **25%** are UK reserved functions.



3.39% (Northern Ireland's population compared to England)

= £2.543m Extra to Northern Irish government

