

Sir Robert Chote

Chairman

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Peter McCallion

14 February 2022

Dear Peter,

**New Decade New Approach (NDNA) Funding within the Draft Budget**

Thank you for your letter on the 28<sup>th</sup> January. I am glad you found our assessment of the Draft Budget 2022-25 to be comprehensive and informative to you.

In relation to the NDNA funding, while the Council does not have all of the detail the Committee is seeking, I thought it would be useful to provide you in this letter with the relevant information within the Draft Budget 2022-25<sup>1</sup> and the related comments within our Draft Budget report on this.

The Draft Budget set out by the Finance Minister references and includes some funding from the NDNA agreement. Funding from this source comprises:

- £49 million per annum over the SR period to support the transformation of public services;
- £5 million of Resource per annum over the SR period and £15 million of Capital in 2022-23 to help deliver a Graduate Entry Medical School at Magee. These amounts are being held centrally pending agreement with the UK Government on the most appropriate profile for this funding; and
- £4.1 million in 2022-23 and £3.3 million in 2023-24 for Communities in Transition, allocated under the unique circumstances fund from NDNA, and administered by the NI Office.

Table 3.4 in the Draft Budget summarises these funding streams, which in particular for resource DEL are worth £50-£60 million per annum to the Executive over the period of the Budget.

While the UK Government pledged '*additional funding for tackling paramilitarism*' under the 'unique circumstances' category in the NDNA agreement, we note that this funding was confirmed at the SR, and is similarly treated by DoF as separate to the NDNA agreement funding (i.e. it appears in table 3.1 rather than 3.4 of the Draft Budget).

We describe the NDNA (and other) additions to the Block Grant on page 39 of our recent Budget Report. Our report outlines in Table 4.5 and 4.6 the additions made to each department's baseline, including for political agreements and note that the £49 million per annum NDNA funding for transformation is allocated entirely to Health.

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<sup>1</sup> Draft Budget 2022-25: <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/Draft%20Budget%20document%202022-25%20accessible.pdf>

The Committee was also interested to understand the balance of this funding between departments and ‘the Centre’ (i.e. that amount not yet allocated but held within DoF). At an overall budget level, the vast bulk of planned spending has been allocated to departments (for example, 99 per cent of total DEL is allocated in 2023-24). However, some of the funding held at the centre is relevant to the Committee’s query, that is:

- tackling Paramilitary Activity
- NDNA - Communities in Transition
- NDNA – Magee Medical School

Other sums held at the centre are earmarked for debt interest or other purposes. These details are set out in Annex A (Tables 1 & 2) of the Draft Budget, and summarised within Table 4.1 of our report.

The Council is therefore only aware of a proportion of the funding commitments made by UK Government being added to the NI Block Grant. Given the nature of these commitments, and how similar commitments have been funded in past agreements, it is likely that the UK Government will administer at least some of the ‘unique circumstances’ funding directly. However, our ToR means we do not cover the NIO’s budgetary choices and therefore cannot comment on this dimension.

The Committee may wish to explore with the NIO and TEO which administration will be responsible for the delivery of the various funding commitments made by the UK Government. Only those which are added to the Block Grant by UKG will be visible to the Fiscal Council.

Yours sincerely,

Sir Robert Chote

Chair of the NI Fiscal Council