

Revised 28 April 2023

NIO's Budget balances, but creates challenges ahead

The Northern Ireland Office has reined in overspending by NI departments since the departure of Caretaker Ministers last October, but its final budget creates a V-shaped funding profile in 2023-24 and 2024-25 that will not help reform or workforce planning, according to the latest report from the NI Fiscal Council.

When Caretaker Ministers stepped down on 28 October 2022, the NIO inherited a £650 million prospective overspend against available funding this year. This has been reduced significantly. But, in the wake of the NI Budget Act and the finalising of the UK Government's spending plans for this year, NI is still expected to need to draw £297 million from the Treasury Reserve to balance the books.

This claim on the Reserve is in effect a short-term loan that has to be repaid next year rather than gradually over time. Together with front-loaded increases in the Block Grant, this results in a drop in funding for NI public services next year and a rebound in 2024-25. Adjusting for inflation as well, departments face a 5.8 per cent real cut next year and a 1.9 percent rise in 2024-25.

Sir Robert Chote, Chair of the NI Fiscal Council, said:

“As 2022-23 draws to a close, NI departments face the coming financial year with no ministerial leadership, no agreed budget allocations to work from, and a tough financial environment as pay increases and inflation remain elevated and this year's call on the Treasury Reserve has to be repaid.

Whoever eventually undertakes the task of setting next year's Budget – the Secretary of State or a restored Executive – will face some difficult decisions. Should NI raise more money for public services, and if so, how? Where can money be saved through greater efficiencies. And is there a need to reduce or completely stop delivering any services or other forms of support?”

Notes to editors:

1. The full report is available here: [The NIO's 2022-23 Budget for Northern Ireland: an assessment | NI Fiscal Council](#)
2. Further information on the NI Fiscal Council is available here: <https://www.nifiscalcouncil.org/>
3. Follow us on Twitter: [@NIFiscalCouncil](#)
4. Revision on 28 April 2023 reflects a revised Table 3.2 in the report, using updated GDP deflators and corrects the real-terms calculations