

Grant to Northern Ireland Government, and Northern Ireland Office funding



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

Trends

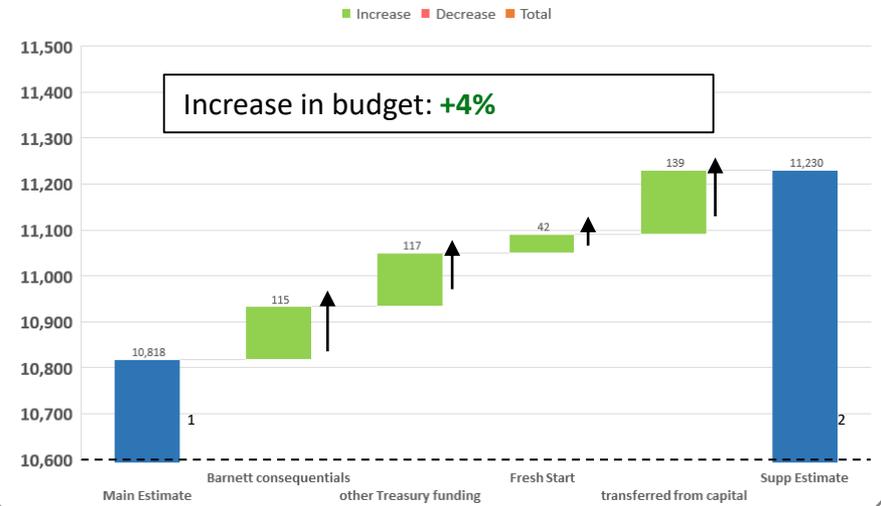
Since the original Spending Review settlement for 2018-19 was determined in 2015, the following changes have been made:

- £285 million resource of “Barnett Consequentials” (£170 million from the Main Estimate and £115 from the Supplementary) – 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. **There was no additional draw down in the Supplementary Estimate**

Long-term spending trends (£m, nominal)



Breakdown of changes to in-year budget, £m



Changes to in-year budget

No new functions have been added to the NIO since the Main Estimate.

The Supplementary Estimate shows a £411 million (3.8%) uplift. This includes £139 million transferred from capital, though the purpose of this is not clear from the memorandum.

There is a £115 million uplift from Barnett Consequentials, a large portion of which (£43 million) is a result of the 2018 Budget. Other significant Consequentials include £26 million for changes to NHS pay.

A further uplift of £42 million is included under the ‘Fresh Start’ initiative, including £25 million for the Social Security Agency to tackle fraud and error.

¹ Initial budget as at Main Estimates 2018-19 (April 2018)

² Final budget at Supplementary Estimates 2018-19 (Feb 2019)

Investment Spending (Capital DEL)

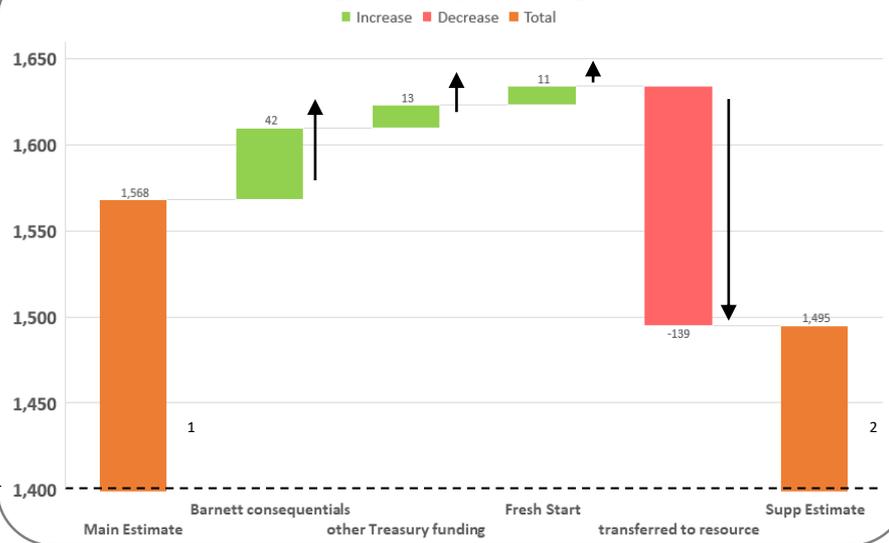
Trends

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

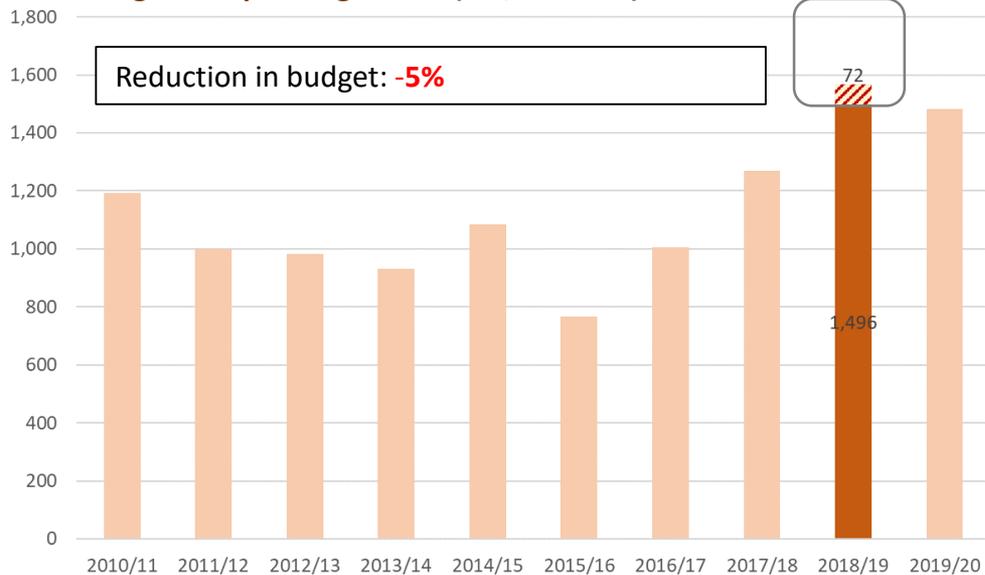
- £191 million resource of "Barnett Consequentials" – additional funding for NI, given because the UK Government has decided to allocate additional money for other parts of the UK, and needs to give NI an equivalent amount; and
- £200 million arising from the **Confidence and Supply Agreement**. The 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 next slide

Northern Ireland Govt 3 % of total Capital DEL

Breakdown of changes to in-year budget, £m



Long-term spending trends (£m, nominal)



In-year changes

The Supplementary Estimate saw a £139 million decrease in the capital budget as a result of transferring capital funding to resource. As mentioned in the above slide, the purpose of this capital transfer was not made clear in the supporting memorandum.

The capital transfer above was offset by increases related to Barnett Consequentials (£42 million), other Treasury funding (£13 million) and capital funding for the Fresh Start initiative £11 million.

Taking account of the above, the net in-year change to CDEL is a **£72 million reduction**.

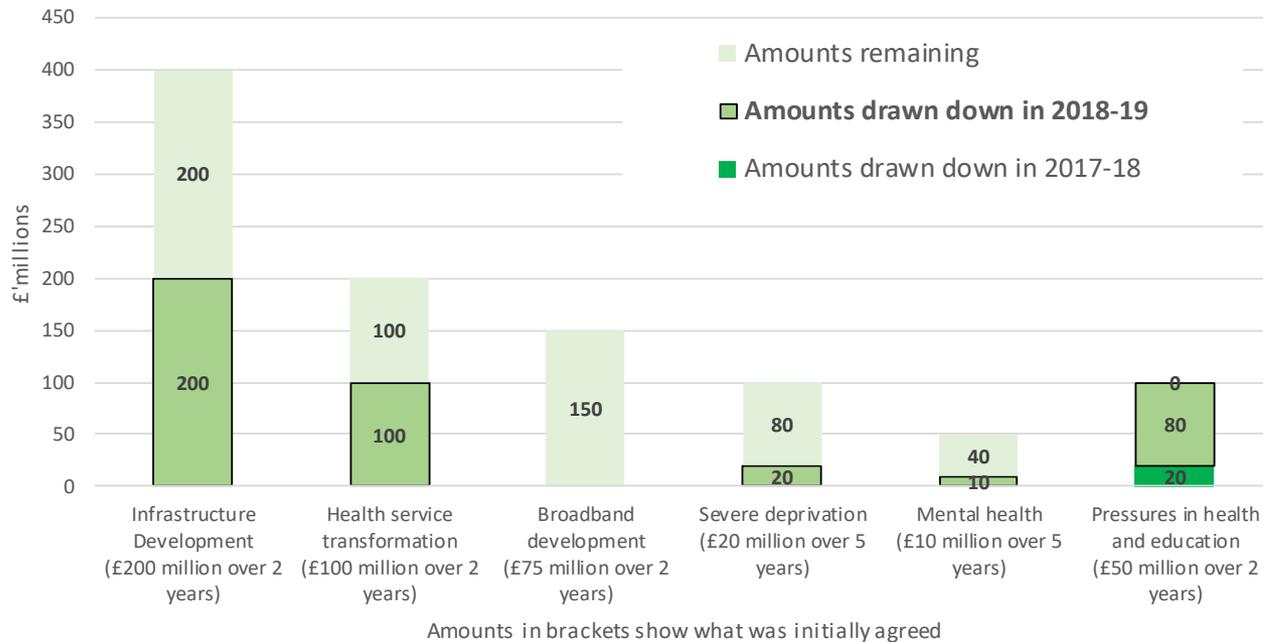
¹ Final budget at Supplementary Estimates
² Initial budget as at Main Estimates



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

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

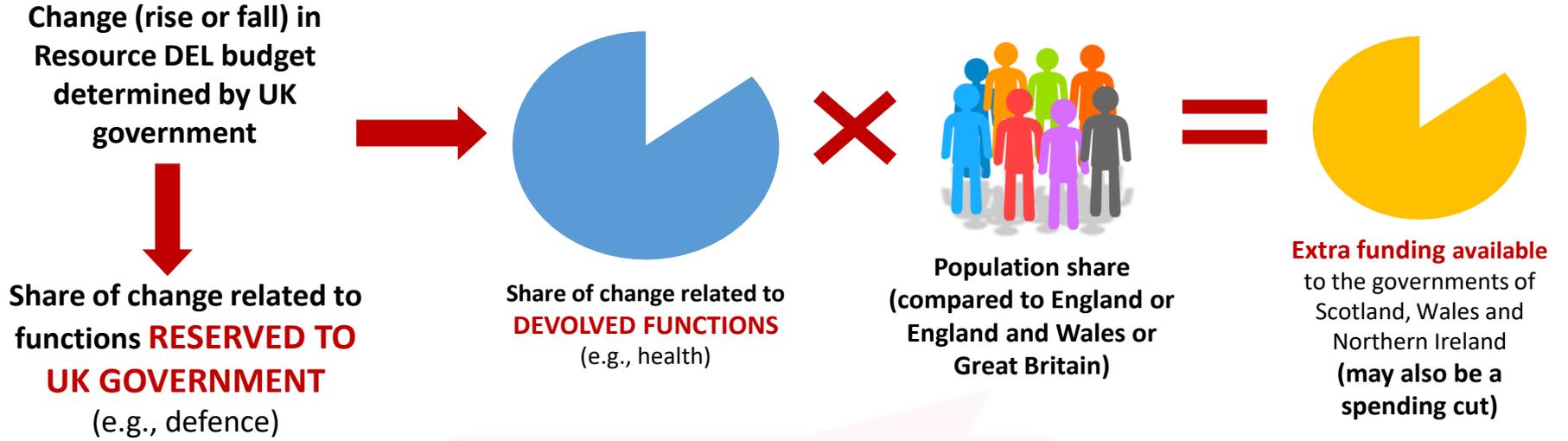
- £80 million immediate health and education (resource)
- £30 million to address mental health and severe deprivation (resource)
- £100 million health transformation (resource)
- £200 million infrastructure development (capital)

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

The 2018-19 Supplementary Estimate did not result in any additional draw downs on this pot.



The Barnett Formula



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.



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

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

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

