

PUBLIC EXPENDITURE

2014-15 JANUARY MONITORING ROUND

&

2015-16 FINAL BUDGET

STATEMENT TO THE ASSEMBLY

BY

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MINISTER OF FINANCE AND PERSONNEL

19 JANUARY 2015

Mr Speaker, I am pleased to be able to present to the House the Executive's agreed Budget for 2015-16 and the result of the 2014-15 January Monitoring Round.

On 23 December, the Stormont House Agreement was published paving a new way forward for the Executive and a fresh start for politics in Northern Ireland.

Its success or failure will depend upon the faithful implementation of what was agreed by the parties across a range of issues.

Last Thursday, the Executive passed its first big test of this new era.

This Budget and the agreement that has been reached on welfare reform puts the Executive's finances back on a long-term and sustainable basis. It also paves the way for allowing Northern Ireland to set our own rate of Corporation Tax.

I trust that the willingness to compromise and the determination to succeed and to meet deadlines that have made this Budget possible will set the tone when the other aspects of the Stormont House Agreement come to be implemented.

The challenging financial circumstances which the Executive had to contend with this year and next are well documented.

Our overall spending power as an Executive has fallen by over £1 billion since 2010.

Next year's resource budget has been reduced by 1.6% in real terms meaning that our ability to pay for the day to day running of public services like schools and hospitals has been curtailed when demand for those and other services remains high.

The years ahead look equally challenging with Office of Budget Responsibility projections suggesting Northern Ireland could see its Resource DEL fall by a further 13% in real terms by the end of this decade.

In such circumstances, it would challenge the ability of any government to agree a Budget. Never before has Northern Ireland had to contend with budgetary pressures of this magnitude.

That we have been able to agree a Budget for next year and have done so well in advance of the end of January is an achievement many thought beyond our reach.

Mr Speaker, Our Draft Budget illustrated the difficulty of our task. Over £200 million in reductions were required across Departments to meet many of the pressures facing the Executive.

FINANCING THE BUDGET

Members will recall that the Draft Budget contained no surplus funding to be distributed at the Final Budget stage aside from the £30 million Change Fund.

However, a number of factors, large and small, have combined to result in a much improved budgetary position.

The Chancellor's Autumn Statement resulted in the Executive receiving £67 million in Resource DEL, £5.7 million in Capital DEL and £1.3 million of Financial Transactions Capital for next year.

The Stormont House Agreement provides the Executive with additional funding and flexibilities in 2015-16. These include:

- up to £50 million additional Capital DEL for new shared and integrated education projects;
- flexibility to use £200 million of RRI borrowing for a Voluntary Exit Scheme;
- an additional £100 million of borrowing for capital projects; and
- up to £30 million of Resource DEL for the funding of bodies to deal with the past.

HM Government are still intent on enforcing the payment of £114 million for the non-implementation of welfare reform. This amount will be deducted from our Budget at the beginning of the new financial year. If the implementation of welfare reform is completed, as expected, during 2015-16, then the relevant proportion of the £114 million reduction will be returned to the Executive in-year.

The Draft Budget set aside £70 million to fund a package of measures to mitigate against the worst impacts of welfare reform. An assessment of the requirements next year has been made and, based on the assumption that welfare reform will be implemented half way through 2015-16, it is anticipated that £26.9 million will be required. This funding will be transferred to DSD in June Monitoring to be held in a ring-fenced manner for the various welfare reform initiatives. This revised costing of welfare reform measures therefore provides £43.1 million of funding for allocation in Final Budget.

Flexibility was provided to fund the £114 million from the Capital Budget. As departments will have already commenced planning on the basis of the Draft Budget Capital position the Executive has agreed not to fundamentally alter this in order to repay the full £114 million from Capital. However, a £57 million Capital to Resource switch has been agreed as part of the Final Budget on the assumption that welfare reform will be introduced halfway through 2015-16. This position may then be further refined in-year.

The Stormont House Agreement also confirmed that the £100 million Reserve Claim in 2014-15 may be repaid from Capital receipts. This reflects the Draft Budget position.

The ring-fenced funding included in the Stormont House Agreement for bodies dealing with the past and for shared and integrated education projects is being held centrally as proposed expenditure will require the agreement of both the Executive and the UK Government. Allocations will then be made through the in-year monitoring process.

Further additional funding is available to the Executive due to revised assumptions and updated forecasts. This includes an increase of £1.3 million in Regional Rates

income and a £5.9 million reduction in RRI interest repayments. In the Draft Budget the Executive set aside £133.2 million to cover increased costs arising from the revaluation of public sector pensions schemes. These costs have now been finalised after work between my Department and the Government Actuaries Division resulting in a reduction in the pressure of £10.7 million.

Some Capital reduced requirements have been identified during the course of the consultation period and these have been factored into the Final Budget position. These include some £5.7 million of increased capital receipts, £27.5 million of Financial Transactions Capital from DETI and £46 million of Capital DEL from DCAL for the Regional Stadia. In view of the circumstances in which the stadia funding was surrendered, I can confirm that I will support any in-year emerging capital infrastructure pressures relating to stadia emanating from DCAL in the 2015-16 monitoring round process.

In the Draft Budget, £10.7m Resource DEL and £8.0m Capital DEL was held centrally for Match Funding for EU Peace Programme and INTERREG. The majority of this funding has now been allocated to the relevant departments. There has been some delay on the final agreement for some projects and therefore a residual amount has been held centrally to allocate as part of the in-year monitoring process.

Finally, DSD has requested the reclassification of £2.7 million of expenditure from Resource DEL to Capital DEL as a consequence of expenditure being incorrectly classified in their Resource DEL baseline.

As a result of all of the adjustments I have just detailed, the funding available for allocation at Final Budget stage amounts to £73.7 million Resource DEL and £28.8 million ring-fenced Financial Transactions Capital. On conventional Capital DEL there is a small overcommitment of £2.3 million to be managed in-year.

The Draft Budget also set aside £30 million for an Executive Change Fund. The aim of the Fund was to encourage Departments to bid for projects that were reform orientated and innovate, focused on early prevention and prevention or involved cross-Departmental collaboration. The Fund was oversubscribed by five times its value illustrating its value and the commitment of Ministers to the principles of reform. Bids were assessed and scored and the 19 successful ones are outlined in the attached tables.

Before moving to the further allocations agreed by the Executive, I want to say something about the Assembly Ombudsman, the Northern Ireland Audit Office and the Northern Ireland Assembly, all of which were protected from reductions at Draft Budget stage. At that time it was made clear that in times when the broad public sector was under such pressure, there would be a clear expectation from both the Executive and the general public that these institutions would also provide some degree of savings. Unfortunately, with the exception of the Ombudsman who did at least try to identify some savings, that has not been the case, and, both I and Executive colleagues have been dismayed by the attitude taken by these bodies. I do not believe that these institutions are run so efficiently that they cannot play some part in keeping budgets to a minimal level. Therefore the Executive has agreed to

reduce the Northern Ireland Audit Office, Assembly Ombudsman and the Northern Ireland Assembly Commission's budgets by 5%.

In the interests of fairness it is only right that minor departments who had faced significant reductions at Draft Budget should have their reductions limited to a similar level. Therefore the funding released by applying a relatively small reduction to the previously protected bodies has been returned to the NI Utility Regulator, the Foods Standards Agency and the Public Prosecution Service.

As a result, the adjustments made to the non-ministerial departments will have no impact on the levels of funding available to other departments. It will, however, ensure that all minor bodies are making a contribution to reducing public expenditure.

BUDGET ALLOCATIONS

Mr Speaker, the central pillars in constructing this Budget for 2016-2016 were the protection of key frontline health and education services, investments that underpin economic growth in Northern Ireland and putting in place the foundations for the reform and restructuring of our public sector. These important priorities are reflected in the various allocations agreed by the Executive.

PROTECTING KEY PUBLIC SERVICES

The Programme for Government commits us to '***delivering high quality and efficient public services***'. In spite of the dual pressures of less public spending than we'd like and the growing demands of our people, we ought to be proud of the many achievements Departments have made.

Those achievements can only be maintained and built upon if the Executive prioritises key services in its Budget allocations. That, Mr Speaker, is what we have done.

No clearer can that be seen than in our commitment to Health and Education.

I can confirm the £200 million increase in spending for the **Department of Health, Social Services and Public Safety** originally outlined in the Draft Budget. Health will also receive a further £4 million from the Change Fund for five projects including the all island congenital cardiac service model. This additional £204 million reflects the Executive's determination to protect front line services in the health sector and sees a Final Budget outcome for Health which is some 3.4% higher than last year.

The Executive is also committed to assessing the performance of DHSSPS both in the short and longer term. As an initial step my department will provide an assessment of the performance of DHSSPS as part of its monitoring round scrutiny over 2015-16 to ensure that its plans for remaining within budget are robust and attainable.

In the longer term the intention is to progress the health sector review through a case study to be undertaken as part of the on-going OECD review into public sector reform in Northern Ireland.

The flexibilities previously granted to DHSSPS in monitoring rounds will continue for 2015-16 subject to the outcome of the assessments undertaken.

The **Department of Education** receives £63 million – as well as a Change Fund allocation of £1.6 million for Nurture Units – in extra funding on top of that already allocated in the Draft Budget. This reflects not just the Executive's own commitment to a high quality education system that contributes to the success of our economy and society but is also a recognition of responses to our public consultation. I trust that this sizeable additional allocation will permit much of the pressures facing classrooms across Northern Ireland to be alleviated.

Between them, these two departments – Health and Education – will account for 65% of all Resource expenditure in Northern Ireland next year.

One other significant allocation that I wish to highlight relates to the **Department of Justice**. During my bilateral with Departments I discussed the pressures facing the Police Service of Northern Ireland with the Chief Constable. I am pleased to say that the Executive has agreed to a further £20 million to go to the Department of Justice specially to meet pressures on the PSNI. This will assist the Chief Constable to take forward recruitment plans next year and ensure that the impact of reductions on policing and public safety are lessened.

GROWING A SUSTAINABLE ECONOMY

Mr Speaker, the Executive's number one priority remains growing a sustainable economy. That requires us to devote resources, in so far as we can within the constraints we face, to investment in economic infrastructure, skills development and job creation.

The Executive's economic strategy is working.

The economy as a whole is growing.

Unemployment is falling.

Confidence is creeping back.

It is critical, therefore, that the Executive continue to concentrate investments on areas of expenditure that assist and support our economy as it recovers.

I already indicated in the Draft Budget that close to £20 million of support to small businesses would be provided through the continuation of the Small Business Rates Relief scheme.

Members will recall that in my Draft Budget statement I announced my intention to create a **Northern Ireland Investment Fund**. This Fund would be primed with

Financial Transactions Capital and would seek to work with the European Investment Bank to leverage in additional finance that could be targeted towards much needed investment in infrastructure such as energy efficiency, renewables and social housing. I am pleased that the Executive has endorsed the allocation of a further £28.8 million of Financial Transactions Capital to the Northern Ireland Investment Fund meaning that some £40.9 million will be in the Fund next year.

The **Department of Enterprise, Trade and Investment's** budget for 2015-16 was one of only two Departments to experience an increase in the Draft Budget. After discussions with my colleague the Economy Minister I am convinced of the need for a further uplift in expenditure in her Department so that the impressive work that she and Invest NI have done to attract so much investment to Northern Ireland can continue. DETI receives £3 million which goes to Invest NI as well as £7.4 million in Change Fund allocations including one for Collaborative Skills development that the Department will undertake alongside the Department of Employment and Learning.

Mr Speaker, I have made it clear in this House that the Departmental allocation in the Draft Budget which satisfied me least was that to the **Department of Employment and Learning**. The Final Budget sees DEL receiving a total of £33.2 million in additional funding. This is made up of £20 million in recognition of the work our universities and colleges do in building a skilled workforce and £13.2 million of successful Change Fund bids including joint work with the Department of Education to provide maths and English essential skills for 14-16 year olds, the aforementioned Collaborative Skills development with DETI, the United Youth programme pilot and apprenticeships and youth training.

As public spending remains under pressure for the foreseeable future, it will be important that the Executive pursue and seek to realise innovative funding solutions that help to meet our objectives. The House will know of my longstanding support for the Third Sector in Northern Ireland. Many of our charities, community organisations and social enterprises play a crucial role in working with government to deliver key services particularly to the most marginalised and hard to reach in our society. I am sure we are all in agreement in wanting to see the Third Sector increase its activity.

To that end, I can announce that it is my intention to bring forward to the Executive a paper proposing the creation of a **Social Innovation Fund** which will allow social enterprises, charities, faith based organisations and community groups to access loan financing that will enable them to expand the good work that they do. It is my hope that this Fund will be able to utilise £5 million of funding from dormant accounts and - much like the Investment Fund - be constructed in such a way that it will be able to draw in additional finance that could see a total of £10 million in the Fund. Mr Speaker, other allocations have been made to departments to meet a range of pressures.

These include:

- £2 million to the **Department of Agriculture and Rural Development** for the Going for Growth strategy and the Department's HQ relocation;

- £2 million to the **Department of Culture, Arts and Leisure** to deal with pressures relating to NI Screen/Cinemagic, PRONI and the production of the outline business case for the sub-regional stadia;
- £5 million for the **Department for Regional Development** for Translink town bus services and road repair programmes;
- £1.9 million to the **Department of the Environment** for the local government de-rating grant;
- £3.1 million for the **Department of Social Development** to reinstate reductions applied to the Social Fund and to fund the National Citizens Service; and
- £1.5 million to **OFMDFM** for victims' services.

I want to particularly highlight the allocation of £10 million for **Together: Building a United Community**. This funding will be held centrally and will be allocated as part of the June Monitoring Round to projects that will help the Executive deliver on its commitment to improve community relation and build a united and shared society.

REFORMING AND RESTRUCTURING OUR PUBLIC SECTOR

Mr Speaker, whilst it is undoubtedly the case that our Budget is in better shape because of the financial package associated with the Stormont House Agreement, agreement between the Executive parties on welfare reform and Barnett consequential flows from the Chancellor's Autumn Statement, it does not mean that the challenges facing public spending in Northern Ireland have evaporated.

At the time of the Draft Budget I warned that pressure on public expenditure would inevitably result in a change to the shape and nature of our public sector. That remains true. Despite our ability as an Executive to allocate in this Final Budget an additional £150 million of funding over and above the allocations in the Draft Budget with a resultant drop in resource spending of only £60 million next year, it would be a misjudgement to believe that we can take our foot off the pedal of reform. A better Budget than we might have dared to imagine six months ago does not mean that difficult decisions can be avoided. Reform and restructuring remain as relevant now as they did before.

As indicated at Draft Budget stage, the Executive will shortly adopt a comprehensive programme of Public Sector Reform and Restructuring which will encompass a wide range of strategies. The Executive continue to consider the detail of this Reform and Restructuring Plan but it builds upon the five Executive party's submission to HM Government during the recent Stormont House negotiations which outlined our agreement to reduce the public sector workforce in Northern Ireland by 20,000 posts over the next four years through a combination of measures such as a Voluntary Exit Scheme (VES) and recruitment freezes.

The flexibilities agreed in the Stormont House Agreement to utilise up to £200 million of RRI borrowing to pay for a VES in 2015-16, will greatly assist the Executive in our aims and will yield an estimated £500 million annual saving to our budget after the available £700 million has been invested by 2018-19.

JANUARY MONITORING ROUND 2014-2015

The Executive has also agreed the January Monitoring Round for 2014-2015.

The Assembly knows only too well how demanding this year has been for our budget. In-year Resource DEL reductions of 4.4% for all Departments except Health and Education were needed along with a call on the Reserve of £100 million in order to try to live within our means.

We exited the October Monitoring Round with a £24.7 million Resource DEL and a £12.8 million Capital DEL overcommitment, meaning that the risk of breaching our Budget was still very real.

A number of adjustments have impacted upon our financial position.

A Budget Exchange Scheme adjustment in 2014-15 based on the recently determined 2013-14 Final Outturn position. This showed an additional underspend in 2013-14 of £4.1 million Resource DEL thereby providing additional funding in 2014-15. On Capital DEL, the underspend was £0.1 million less creating a small pressure.

The Chancellor's Autumn Statement provided Barnett consequentials for 2014-15 of £0.8 million Resource DEL and £0.8 million Capital DEL.

I have also recently been notified that the Executive will receive a Barnett consequential amounting to £10.9 million as a result of the Chancellor of the Exchequer's announcement of a freeze to Council Tax in England in 2014-15.

The latest Regional Rate forecast indicated that income in this year is expected to be £0.5 million less than was anticipated at the October Monitoring round, creating a pressure to be addressed in this round.

There have also been a number of small easements in respect of RRI borrowing interest payments, EU Match Funding, statutory salaries and cash management charges amounting to £ 5.1 million Resource DEL and £2.4 million Capital DEL.

Mr Speaker, the impact of these changes was to reduce the starting overcommitment for the January Monitoring round to £4.4 million of Resource DEL and £9.7 million in respect of Capital DEL.

Departments declared reduced requirements in this monitoring round of £30.5 million Resource DEL and £40.4 million Capital DEL. Full details are included in the tables provided.

This monitoring round also provides the last opportunity for adjustments to the schools and Further Education End Year Flexibility schemes.

On the schools EYF scheme, I can confirm that the Department of Education has not declared any adjustment to the £5.0 million Resource DEL drawn under the terms of this scheme back in the June Monitoring round. As a consequence, the schools EYF stock carried into 2015-16 will be £41.7 million.

There has been no drawdown in 2014-15 under the restricted End-Year Flexibility Scheme for Further Education Colleges. In addition the Department for Employment & Learning has advised that, as part of the current monitoring round, that it plans to add £8.3 million to this stock. As a consequence the FE College EYF stock carried forward into 2015-16 will be £14.3 million.

Mr Speaker, a number of internal reallocations agreed by the Executive in this Monitoring Round are included in the tables accompanying this Statement for information.

The Executive also agreed a number of reclassifications between the Resource and Capital categories in this round. There were also reclassifications between the ring-fenced and non-ringfenced Resource DEL categories. These reclassifications are also shown in the tables.

All of the above issues impacted on the amount of resources available to the Executive in this monitoring round. Taking into account the starting position, the reduced requirements and reclassifications resulted in £28.1 million of Resource DEL and £23.2 million Capital DEL being available to the Executive.

Mr Speaker, against the available resources the departments submitted bids amounting to £62.4 million in respect of Resource DEL and £48.3 million in terms of Capital DEL. These bids are also detailed in the tables.

Before coming to the allocations agreed I would also like to update Members on the position in relation to ring-fenced Financial Transactions Capital funding.

Members will recall that this funding can only be used for the purpose of providing loans to or equity investment in the private sector. Following the October Monitoring round some £35.2 million of Financial Transactions Capital remained unallocated. However, due to delay in the implementation of the GP and Dentist loan scheme, the Department for Health has surrendered £5.0 million in this round. In addition, slippage in the Northern Ireland Science Park development has resulted in DETI declaring a reduced requirement of £0.4 million. This now leaves £40.6 million available for allocation.

My officials have been working closely with departments to identify schemes that could use this type of funding. As a result of this work, I am very pleased to announce that the Executive agreed to provide £38.5 million of Financial Transactions Capital funding to the University of Ulster to assist in financing their Greater Belfast Development scheme. This is in addition to the £35.0 million previously provided. This is a strategically significant project for the City of Belfast and indeed the whole of Northern Ireland I believe it is important that the Executive has demonstrated its continued support through provision of this additional financing.

The Executive has also agreed to allocate £2.1 million of ring-fenced Financial Transactions Capital to DETI to support their Growth Loan Fund.

Following these allocations, all of the Financial Transactions Capital funding available to the Executive this year has now been allocated.

Mr Speaker, the Executive agreed allocations totalling £14.2 million in terms of Resource DEL and £27.2 million in respect of Capital DEL. These allocations are detailed in the tables and I will only highlight a few of the main ones.

On the Resource DEL side, there is:

- £0.6 million to DCAL for sporting events and to help save the Ulster Orchestra;
- DETI will receive £2.2 million to meet pressures in Invest NI and the Northern Ireland Tourist Board;
- DRD will receive £5.2 million for Street Lighting and Roads maintenance; and
- OFMDFM will receive £4.5 million to support the Delivering Social Change programme and the Victims and Survivors Service.

In respect of Capital DEL, allocations include:

- DSD receiving £7 million for investment in the Social Housing stock;
- The Department of Education will receive £5.4 million towards the purchase of a school site and to provide for updating of schools IT equipment under the C2k programme;
- £6.4 million to DFP to advance our Asset Management Strategy;
- £3.0 million to DRD for Roads Structural Maintenance; and
- DHSSPS will receive £3.3 million for investment in medical equipment, ICT and health and safety.

In relation to the Delivering Social Change programme, Members will have noted that the Executive has agreed a £3.2 million Resource DEL allocation in this round. This has been supplemented by £2.1 million of funding identified by OFMDFM, who have confirmed the following allocations under the Delivering Social Change Programme to be processed in this monitoring round:

- £0.8 million to DHSSPS for the Family Support and Parenting Support Programmes;
- £2.6 million to DE for the Literacy and Numeracy Programme;
- £1.9 million to DSD for Nurture Units and the Social Enterprise Programme; and
- £0.02 million to DOE for the Play and Leisure programme.

These transactions totalling £5.3 million will be handled as technical transfers (rather than allocations). Following these transactions, no centrally held funding relating to the Social Investment Fund, Delivering Social Change Programme or Childcare Strategy remains unallocated in this year.

Mr Speaker, the Executive now exits the January Monitoring round with £13.9 million in terms of resource expenditure unallocated, whilst on capital investment there is an

overcommitment of £4.0 million. I believe this level of capital investment overcommitment is perfectly manageable given historic patterns of underspend.

I very much hope that the £13.9 million resource expenditure unallocated can be carried forward under the Budget Exchange Scheme to help address pressures in 2015-16. However, Members should note that the Minister for Regional Development has indicated that his department is likely to overspend on Resource DEL in the current year, with the latest estimate of the pressure amounting to £13 million. The potential overspend is a consequence of the Minister's failure to address in full the £20.0 million gap in his budget as a consequence of value not being released from Belfast Port as planned at the time of the last Budget. The DRD Minister has been aware of this pressure for some time and he should have taken the actions necessary to address it at the start of the financial year. It is absolutely unacceptable for Ministers to manage their budgets on the expectation of additional funding being secured through the Executive's in-year monitoring process.

To offset the risk that an overspend by DRD will cause the NI Executive to exceed its HM Treasury Control Total on Resource DEL, the Executive has agreed not to allocate £13.9 million Resource expenditure in this round.

I intend to closely monitor the financial position across departments over the remaining months of this financial year to ensure that carry forward of funding under the Budget Exchange Scheme is maximised and that no funding is lost to Northern Ireland. Executive colleagues have agreed to co-operate fully in this task.

Mr Speaker, given the significant challenges that have faced the Executive's Resource DEL in the 2014-15 year, I am pleased to report that the Executive is now on course to live within its HM Treasury Control Totals this year.

CONCLUSION

There is, Mr Speaker, no such thing as the perfect Budget. But, in the challenging circumstances this Executive found itself, this represents a good deal for the people of Northern Ireland.

US Treasury Secretary Jack Lew once said that ***"the budget is not just a collection of numbers, but an expression of our values and aspirations"***. This Budget aims to mirror the values and aspirations of the people of Northern Ireland.

It is a Budget that deals with many of our pressures, reflects our priorities and prepares for the future.

It is a Budget that underpins the economic growth Northern Ireland has been experiencing and prepares us for the devolution of Corporation Tax with sizeable investments in job creation and skills development.

It is a Budget that prioritises our key public services with over £200 million more for Health and a significant uplift for Education compared to the Draft Budget position.

It is a Budget that puts us on the path to reforming and restructuring our public sector in readiness for what will be tough times ahead.

And – above all – it is a Budget, and a January Monitoring Round, for the people of Northern Ireland. Keeping rates down. Maintaining household taxes at the lowest levels in the whole of the United Kingdom. Retaining supports like concessionary fares for the elderly. And still investing in necessary, everyday public services like health, schools and street lighting.

Mr Speaker, over the past year or more, budgetary, financial and welfare reform issues have been the cause of much disharmony and division within this Assembly. There were times when I thought that the Executive might breach its Budget or that agreement on a Budget for next year would prove impossible. A Budget is the cornerstone upon which any government programme is built. Without an agreed Budget, no administration can function.

With some imagination, some innovation, some compromise and, above all, a lot of effort and endeavour, we have found a way through our immediate problems.

This Budget - agreeing a way forward for next year with a focus on key frontline public services and aiding economic growth and pointing the way towards reform and restructuring - represents an opportunity at the beginning of a new year for a fresh start for this Assembly and Executive.

Let no one be in any doubt, whilst the Budget I present today is infinitely better for our public services and for our economy than we could have hoped for, tough times lie ahead. In many respects, the most difficult decisions on public spending have yet to come. No one wants cuts, but I believe that in agreeing this Budget we have done the right thing. We have accepted the realities facing us and have done what we can to protect and support what is most important to our people.

Tough choices and difficult decisions was how I characterised this Budget. Mr Speaker, it would seem that they were too tough and too difficult for some. Opposition is easy. Saying no when you know that you don't need to say yes is hardly tough or difficult.

But those who failed to find the courage to back this Budget.

Those who took a narrow departmental or party political view.

Those who call for compromise only to vote against because they didn't get their own way.

And those who want adopt the cynical position of claiming clean hands on cuts while all the time remaining in the Executive.

They have, Mr Speaker, exposed their inability to lead in challenging times.

Anyone can vote for more money when times are good. It takes real leadership to say yes when the decisions are difficult.

Those who say no to this Budget are well within their rights to do so. But the people of Northern Ireland need to know this. When challenged to come forward with alternative proposals to the Budget presented to them, those Ministers who voted no, said nothing. Happy to criticise, Mr Speaker, but not so keen to produce credible alternatives.

Mr Speaker, sometimes I think we forget the degree of progress we've made. Today we enjoy a degree of peace and political stability denied to several previous generations. Contrary to the criticism from some quarters, this Executive has achieved much.

Devolution has allowed us to transform Northern Ireland into somewhere that is a magnet for international investment.

We are increasingly a venue for world renowned events.

Locally elected politicians in this place have been able to pursue policies that are in the interests of our people. Policies like keeping household taxes low. Prioritising health and Education. And securing the power to lower the rate of Corporation Tax.

Agreeing this Budget was as big a test as any our administration has passed since restoration of devolution. No Budget would have meant no Stormont. It may not be ideal or to everyone's satisfaction. But agreeing it in the context of severe pressures on public spending represents a sign of growing maturity. It should act as a stimulus as we step into a future full of challenge.

Let us use this agreed Budget with its focus on public services, the economy and reform to renew and redouble our efforts to make progress and keep Northern Ireland moving forward.

I commend the Executive's Budget for 2015-2016 to the House

2014-15 January Monitoring

TABLES

2014-15 January Monitoring:

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2014-15 January Monitoring

Table A

January Monitoring Reduced Requirements

		£million	
DEPARTMENT	DESCRIPTION	Non Ring Fenced Resource	Capital
AOCC	IT Telephony System		-0.0
	Judicial Review	-0.3	
TOTAL AOCC		-0.3	-0.0
DARD	Forestry Fund		-0.4
DCAL	Regional Stadia		-6.3
DE	Surplus Receipts from Asset Disposals		-2.3
	Together Building United Community		-5.6
TOTAL DE			-7.9
DEL	Further Education Colleges	-8.3	
DFP	Increased Income	-1.0	
	Staff Costs	-0.6	
TOTAL DFP		-1.6	
DOE	Driver License Replacement System		-0.1
	Exploris		-0.7
	Local Government ICT Convergence	-1.6	
TOTAL DOE		-1.6	-0.8
DOJ	NI Community Safety College		-7.1
	NI Prison Service		-7.0
TOTAL DOJ			-14.1
DRD	A2 EU Income		-1.5
	A8 EU Income TENS		-1.2
	Belfast Hub EU Income TENS		-1.8
	Transport NI CFER Income	-0.1	
TOTAL DRD		-0.1	-4.5
DSD	Funeral Payments Reclassification		-0.1
	Hardship Payments	-0.4	
	Housing Association Grant Repayments		-4.0
	Housing Benefit Rates	-3.5	
	Social Security Agency	-12.0	
TOTAL DSD		-15.8	-4.2
FSA	Consumer Information and Meat Hygiene Inspections	-0.4	
NIA	Sale of Ormiston House	-0.2	-1.3
	Staff Costs	-0.1	
TOTAL NIA		-0.3	-1.3
NIAO	Staff Costs	-0.1	

Totals may not add due to rounding

2014-15 January Monitoring

Table A

OFMDFM	Crumlin Road Gaol		-0.5
	Historical Institutional Abuse Inquiry	-0.2	
	Maze/Long Kesh Development Corporation		-0.4
	Victims and Survivors Service		-0.1
TOTAL OFMDFM		-0.2	-1.0
PPS	Fair Employment Tribunal Pension Costs	-1.7	
TOTAL REDUCED REQUIREMENTS		-30.5	-40.4

* Note This Table Excludes Financial Transactions Capital

2014-15 January Monitoring

Table B

Proposed Reduction and Reallocation

		£million	
DEPARTMENT	DESCRIPTION	Non Ring Fenced Resource	Capital
DE	Youth Capital		1.6
	Schools Capital		-1.6
DEL	Grants to Universities	2.1	
	Apprenticeship NI	-0.7	
	ESF Projects	-1.4	
DFP	Equal Pay Costs	0.7	
	Properties Division	-0.7	
DOE	Driver Vehicle Agency	0.1	
	Local Government Services	0.1	
	NI Planning Portal		2.0
	Northern Ireland Environment Agency	0.8	
	Corporate Services	-1.0	
	Departmental IT		-2.0
DRD	NI Water		0.6
	Road Passenger Services		-0.6

Totals may not add due to rounding

2014-15 January Monitoring

Table C

January Monitoring Reclassification

		£million	
DEPARTMENT	DESCRIPTION	Non Ring Fenced Resource	Capital
DSD	Funeral Payments	-2.7	2.7
	Sale of SPED Properties	0.8	-0.8
NIAUR	Levy Exemption Certificate Project	0.0	-0.0
TOTAL RECLASSIFICATIONS		-1.9	1.9

Totals may not add due to rounding

2014-15 January Monitoring

Table D

January Monitoring Bids Submitted

		£million	
DEPARTMENT	DESCRIPTION	Non Ring Fenced Resource	Capital
DCAL	Promoting Equality, Tackling Poverty and Social Exclusion Ulster Orchestra and Sporting Events	0.6	1.3
TOTAL DCAL		0.6	1.3
DE	C2k IT Replacement Site Purchase		5.4 1.4
TOTAL DE			6.8
DETI	Invest NI - Financial Assistance NITB Sponsorship Commitments	1.0 1.2	0.7
TOTAL DETI		2.2	0.7
DFP	Asset Management Strategy		6.4
DHSSPS	Elective Care and Diagnostics ICT Licence Renewal Medical Equipment, ICT and Health and Safety NI Centre for Stratified Medicine Patient Safety and Quality of Care	13.0 0.5 10.0	1.7 3.3
TOTAL DHSSPS		23.5	5.0
DOE	Accrued Employee Benefit Councillors' Severance Scheme De-Rating Grant Emergency Financial Assistance Local Government Grant	0.7 0.1 1.6 0.2 1.9	
TOTAL DOE		4.5	
DRD	Belfast Harbour Release of Value Roads Structural Maintenance Roads and Bridges Operation and Maintenance Street Lighting Repairs	18.0 3.2 2.0	9.0
TOTAL DRD		23.2	9.0
DSD	Planned and Response Maintenance Purchase of St Patricks Barracks Social Housing Stock	3.8	3.5 15.5
TOTAL DSD		3.8	19.0
NIAO	Software Licences		0.0
NIAUR	Renewable Energy Guarantees of Origin Scheme	0.1	

Totals may not add due to rounding

2014-15 January Monitoring

Table D

OFMDFM	Delivering Social Change	3.2	
	Victims and Survivors Service	1.3	
TOTAL OFMDFM		4.5	
TOTAL BIDS SUBMITTED		62.4	48.3

Totals may not add due to rounding

2014-15 January Monitoring

Table E

January Monitoring Proposed Allocations

		£million	
DEPARTMENT	DESCRIPTION	Non Ring Fenced Resource	Capital
DCAL	Promoting Equality, Tackling Poverty and Social Exclusion Ulster Orchestra and Sporting Events	0.6	1.3
TOTAL DCAL		0.6	1.3
DE	Site Purchase C2k IT Replacement		1.4 4.0
TOTAL DE			5.4
DETI	Invest NI - Financial Assistance NITB Sponsorship Commitments	1.0 1.2	0.7
TOTAL DETI		2.2	0.7
DFP	Asset Management Strategy		6.4
DHSSPS	Medical Equipment, ICT and Health and Safety		3.3
DOE	De-Rating Grant	1.6	
DRD	Roads Structural Maintenance Roads and Bridges Operation and Maintenance Street Lighting Repairs	3.2 2.0	3.0
TOTAL DRD		5.2	3.0
DSD	Social Housing Stock		7.0
NIAUR	Renewable Energy Guarantees of Origin Scheme	0.1	
OFMDFM	Delivering Social Change Victims and Survivors Service	3.2 1.3	
TOTAL OFMDFM		4.5	
TOTAL PROPOSED ALLOCATIONS		14.2	27.2

Totals may not add due to rounding

2014-15 January Monitoring

Table F

2014-15 Administration Costs

£million

DEPARTMENT	OPENING POSITION	JANUARY MONITORING POSITION	% CHANGE
DARD	42.7	41.2	-3.4%
DCAL	7.1	7.1	-0.5%
DE	18.5	18.4	-0.8%
DEL	27.1	26.8	-1.3%
DETI	15.0	14.6	-2.7%
DFP	151.6	150.8	-0.5%
DHSSPS	31.0	30.6	-1.5%
DOE	19.8	18.3	-7.6%
DOJ	51.0	38.8	-24.0%
DRD	84.1	81.7	-2.9%
DSD	31.9	39.9	24.7%
OFMDFM	14.2	15.2	7.0%
PPS	2.3	2.3	-0.4%
TOTAL	496.6	485.6	-2.2%

Totals may not add due to rounding

2014-15 January Monitoring

Table G

2014-15 Ring-fenced Resource DEL Position

		£million
		Ring-Fenced
OCTOBER MONITORING OVER-COMMITMENT		-4.6
Reduced Requirements		
AOCC	Depreciation	0.0
DARD	Depreciation	0.2
DEL	Depreciation and Impairments	1.1
DFP	Depreciation	0.1
DOJ	Depreciation	4.0
DRD	Depreciation	14.0
DSD	Depreciation and Impairments	2.3
TOTAL REDUCED REQUIREMENT		21.7
Allocation		
DOE	IT System Impairment	-1.2
TOTAL ALLOCATIONS		-1.2
Reclassifications between Ring-fenced/Non Ring-fenced		-0.1
JANUARY MONITORING OVER-COMMITMENT		15.8

Totals may not add due to rounding

2015-16 Budget

Table H

Departmental Non Ring-fenced Resource DEL

£million

	2015-16		
	Baseline	Final Budget	% Change
Agriculture and Rural Development	197.6	189.9	-3.9%
Culture, Arts and Leisure	99.9	91.7	-8.3%
Education	1,943.7	1,914.2	-1.5%
Employment and Learning	756.2	707.9	-6.4%
Enterprise, Trade and Investment	184.2	202.8	10.1%
Finance and Personnel	155.9	141.2	-9.4%
Health, Social Services and Public Safety	4,542.7	4,697.9	3.4%
Environment	116.6	104.2	-10.7%
Justice	1,089.0	1,044.7	-4.1%
Regional Development	335.5	333.6	-0.6%
Social Development	653.9	590.6	-9.7%
Office of the First Minister and Deputy First Minister	65.8	67.9	3.2%
Non Ministerial Departments			
Assembly Ombudsman/Commissioner for Complaints	1.8	2.3	24.4%
Food Standards Agency	8.5	8.4	-0.5%
NI Assembly	40.7	38.7	-5.0%
NI Audit Office	7.9	7.6	-5.0%
NI Authority for Utility Regulation	0.1	0.2	158.7%
Public Prosecution Service	32.7	32.4	-1.0%
Total Planned Spend	10,232.6	10,176.1	-0.6%

Totals may not add due to rounding

2015-16 Budget

Table I

Departmental Ring-fenced Resource DEL

	£million
	2015-16 Final Budget
Agriculture and Rural Development	16.0
Culture, Arts and Leisure	5.4
Education	0.6
Employment and Learning	158.1
Enterprise, Trade and Investment	3.7
Finance and Personnel	34.3
Health, Social Services and Public Safety	117.5
Environment	3.5
Justice	84.1
Regional Development	108.2
Social Development	9.7
Office of the First Minister and Deputy First Minister	1.5
Non Ministerial Departments	
Assembly Ombudsman/Commissioner for Complaints	0.0
Food Standards Agency	0.0
NI Assembly	3.4
NI Audit Office	0.3
NI Authority for Utility Regulation	0.1
Public Prosecution Service	1.4
Total Planned Spend¹	547.8

¹Totals may not add due to rounding

Totals may not add due to rounding

2015-16 Budget

Table J

Departmental Capital (Net of Receipts)

£million

	2015-16 Final Budget		
	Conventional Capital	Financial Transactions Capital	Total Capital
Agriculture and Rural Development	34.4	-	34.4
Culture, Arts and Leisure	8.1	-	8.1
Education	146.8	-	146.8
Employment and Learning	33.2	-	33.2
Enterprise, Trade and Investment	20.0	25.3	45.3
Finance and Personnel	23.0	-	23.0
Health, Social Services and Public Safety	203.4	10.0	213.4
Environment	7.5	50.5	58.0
Justice	95.9	-	95.9
Regional Development	328.3	-	328.3
Social Development	122.1	2.3	124.4
Office of the First Minister and Deputy First Minister	4.2	-	4.2
Non Ministerial Departments			
Assembly Ombudsman/Commissioner for Complaints	0.0	-	0.0
Food Standards Agency	0.1	-	0.1
NI Assembly	1.8	-	1.8
NI Audit Office	0.0	-	0.0
NI Authority for Utility Regulation	0.0	-	0.0
Public Prosecution Service	0.8	-	0.8
Total Planned Spend	1,029.6	88.1	1,117.7

Totals may not add due to rounding

2015-16 Budget

Table K

Change Fund Allocations

		£million
Department	Project	2015-16
DARD	Integration of control information for EU area-based schemes	1.0
DE	Nurture Units	1.6
DEL	Essential skills of maths and English for 14-16 year olds	0.2
	Condition Management Programme (CMP)	0.5
	United Youth Programme Pilot Phase 2015-16	3.0
	Apprenticeships and Youth Training	7.5
	Collaborative Skills	2.0
Total DEL		13.2
DETI	Health, innovation and life sciences	0.3
	Collaborative Skills	7.1
Total DETI		7.4
DFP	Collaborative Procurement	1.3
	Public sector innovation lab	0.3
Total DFP		1.6
DHSSPS	Belfast Trust Outpatients Modernisation	0.2
	RAID (Rapid Assessment Interface Discharge)	0.8
	Northern Ireland Strategic Innovation in Medicines Management Programme	1.5
	Project Echo	0.5
	All Island Congenital Cardiac Service Model	1.0
Total DHSSPS		4.0
DOJ	Underachieving Boys: Supporting young offenders to change their lives through education	0.3
	Intensive resettlement and rehabilitation project	0.5
Total DOJ		0.8
DSD	Want to work or why work	0.3
	Innovative pilot project to deliver services to older people in the home through partnership between the public and volunteer sector	0.1
Total DSD		0.4
Total Departmental Allocations		30.0

Totals may not add due to rounding