

## Main Estimates memorandum (2021-22): Northern Ireland Office

### 1 Overview

#### 1.1 Objectives

The Northern Ireland Office (NIO) supports the Secretary of State for Northern Ireland in delivering the Government's strategic priorities for Northern Ireland. The Secretary of State's vision is to make Northern Ireland a better place to live, work and invest. To deliver this vision the Northern Ireland Office will be working to four priority outcomes focussed on Prosperity, Society, Safety and Governance, specifically the Department is working to:

- Support the levelling up of Northern Ireland's economy with the rest of the UK
- Support greater inclusion, tolerance, and openness in Northern Ireland
- Contribute to a safe Northern Ireland, where terrorist and paramilitary groups are less able to cause harm to communities
- Ensure that governance in Northern Ireland is responsive, transparent and able to deliver effective public services

These priority outcomes provide a basis for the Northern Ireland Office to **work collaboratively and effectively with others to support the devolution settlement and to work in** partnership with colleagues across the UK Government and in the NI Civil Service and with a range of external stakeholders across Northern Ireland, the wider UK and internationally, particularly Ireland and the United States.

The Northern Ireland Office , operating from Northern Ireland and from the heart of the UK Government, uses its strategic enablers of 'Great People', 'New Ideas'; and 'Better Outcomes' to drive success. Whilst the Department is small its portfolio is broad, complex and has impact. Our whole department effort is focused on delivering these priority outcomes, maximising the use of the resource available.

The Estimate provides for the administration costs of the Northern Ireland Office (The Department), including the salaries of the Secretary of State and his ministers and payments to the Northern Ireland Consolidated Fund.

#### 1.2 Spending controls

The Department's Estimate is broken down into several components, for which Parliament's approval is sought separately.

The spending totals which Parliament votes are:

For the Department itself:

- Resource Departmental Expenditure Limit ("**Resource DEL**") - day to day running costs of the Office
- Capital Departmental Expenditure Limit ("**Capital DEL**") - investment in infrastructure of the office

For the Northern Ireland Executive:

- **Non-budget** expenditure - cash payments to the Northern Ireland Consolidated Fund.

In addition, Parliament votes a net cash requirement, designed to cover both the cash required to cover the Department’s own DEL spending, and the cash grant to the Northern Ireland Consolidated Fund.

## 2 Spending Detail: Northern Ireland Office

### 2.1 Comparison of spending totals sought

The table below shows how the totals sought for the Department only compares with last year:

Spending Total: amounts sought this year		Comparison: Supplementary Estimate 2020-21		Comparison: Main Estimate 2020-21	
Budget Type	Main Estimate 21-22 (£m)	Change (£m)	% change	Change (£m)	% change
NIO RDEL	34.766	+2.473	+8%	+10.435	+42%
NIO CDEL	0.260	-0.637	-71%	0	0%

### 2.2 Key drivers of spending changes since last year

The main causes of the changes in the Department’s Resource DEL are:

- Additional RDEL provision of **£4.5m** was awarded in 2021/22 at the Main Estimate to the Northern Ireland Electoral Office to support the 2021 Canvass in Northern Ireland. Under the Representation of the People Act 1983 a full electoral canvass must take place in NI in 2021 starting on 1st July and resulting in a new register to be published on 1st December 2021.
- Additional provision of **£1.3m** in RDEL funding from the Reserve was provided at Supplementary Estimates in 2020/21 to the Crown Solicitor’s Office to support the funding gap caused by reduced revenues due to Court closures as a result of COVID restrictions. There is no equivalent funding in the 2021/22 Main Estimate, although any ongoing pressures will be considered through the Supplementary Estimates process.
- Additional provision of **£0.9m in RDEL** funding from the Reserve was provided at 2020/21 Supplementary Estimates for pressures faced by the Department due to EU Exit. There is no equivalent funding in the 2020/21 Main Estimate.
- Additional **CDEL** provision of **£0.56m** was awarded at 2020/21 Supplementary Estimates to fund essential building alterations at the premises of the Northern Ireland Human Rights Commission, with a further **£77k** awarded for essential repairs at Stormont House .There is no equivalent funding in the 2021/22 Main Estimate.

## 2.3 Spending trends

The table below shows overall spending trends for the last four financial years and the plans presented at Estimates 2021-22.

£m	2017-18	2018-19	2019-20	2020-21	2021-22
	Outturn	Outturn	Outturn	Outturn	Plans
<b>Total Resource DEL</b>	<b>25.0</b>	<b>25.4</b>	<b>40.6</b>	<b>32.1</b>	<b>34.8</b>
o/w admin	14.2	17.9	23.8	23.4	21.1
o/w other costs	10.7	7.5	16.9	8.7	13.6
<b>Total Capital DEL</b>	<b>1.5</b>	<b>0.5</b>	<b>0.8</b>	<b>0.9</b>	<b>0.3</b>
o/w depreciation/impairments*	1.9	1.9	2.1	2.0	2.1
<b>Total DEL</b>	<b>26.5</b>	<b>25.9</b>	<b>41.4</b>	<b>33.0</b>	<b>35.1</b>

\*less than 1dp

## 2.4 Administration costs

Spending Total: amounts sought this year		Comparison: Supplementary Estimate 2020-21		Comparison: Main Estimate 2020-21	
Budget Type	Main Estimate 21-22 (£m)	Change (£m)	% change	Change (£m)	% change
Administration costs	20.441	-3.718	-15%	+1.930	+10%

The Department has carried out a series of actions over the last 10 years to deliver efficiencies e.g. restructuring staff, utilising shared services for transactional processing, optimising use of accommodation, etc. The Department, together with the Office of the Secretary of State for Wales and the Office of the Secretary of State for Scotland Wales Office and the Scotland Office, continue to assess where services can be shared across the three territorial offices and with other government bodies. The three Departments have a single parliamentary clerk and a single Departmental Security Officer, and the Northern Ireland Office and the Office of the Secretary of State for Wales operate a shared Freedom of Information team. Other services are provided by the Ministry of Justice under Service Level Agreements.

### 3 Payments to Northern Ireland Consolidated Fund (detailed tables available in accompanying workbook)

#### 3.1 Comparison of cash grant payable to Northern Ireland Consolidated Fund

The table below shows how the cash funding provided for the Northern Ireland Consolidated Fund compares with last year:

Spending Total: amounts sought this year		Comparison: Supplementary Estimate 2020-21		Comparison: Main Estimate 2020-21	
Budget Type	Main Estimate 21-22 (£m)	Change (£m)	% change	Change (£m)	% change
Northern Ireland Consolidated Fund: Non-budget expenditure	21,465.9	-1,136.4	-5%	-1,136.9	-5%

#### 3.2 Key drivers in change of cash provision since last year

- The level of UK Government funding for the Northern Ireland Executive was determined at Spending Review 2020. The revised Statement of Funding Policy document sets out how the Barnett formula was applied, as exceptions were made for Covid-19 and replacement EU funding.
- On top of their £12.8bn baseline through the Spending Review 2020, Budget 2021 and Main Estimates 2021-22 the UK Government has provided the Northern Ireland Executive an additional £2.8bn. £1.6bn of which is from Barnett consequential from the UK Government's response to Covid-19. The increases are shown in the accompanying excel tables 3.4b and 3.4c.
- As set out in the Written Ministerial Statement of 24 March 2021, the Northern Ireland Executive have confirmed they are carrying forward £330m of DEL funding from 20-21 into 21-22. This funding is reflected in the Northern Ireland Executive's 21-22 budgetary plans.
- The UK Government has also provided £240m to deliver on the commitments of the New Decade, New Approach and the £1 billion Confidence and Supply funding support package that was agreed in 2017.

### 3.3 Northern Ireland Executive Funding 2017-18 to 2021-22

£m[1]	2017-18 Outturn	2018-19 Outturn	2019-20 Outturn	2020-21 Plans[4][5]	2021-22 plans
Northern Ireland Executive Resource	10,624.9	11,006.3	11,945.0	16,018.7	14,806.2
Northern Ireland Executive Capital	1,148.0	1,297.1	1,346.2	1,806.7	1,867.4
<b>Total Northern Ireland Executive DEL [2]</b>	<b>11,772.9</b>	<b>12,303.4</b>	<b>13,291.2</b>	<b>17,825.3</b>	<b>16,673.6</b>
<i>less depreciation &amp; impairments</i>	-546.6	-525.3	-584.3	-1,044.1	-1,034.8
<b>Total Northern Ireland Executive DEL[3]</b>	<b>11,226.4</b>	<b>11,778.1</b>	<b>12,706.9</b>	<b>16,781.2</b>	<b>15,638.8</b>

[1] Totals may not sum due to rounding

[2] Including depreciation and impairments

[3] Total DEL = Resource + capital – (depreciation & impairments)

[4] 2020-21 outturn has yet to be finalised.

[5] As set out in the Written Ministerial Statement of the 24 March, 2020-21 funding has been revised down since Supplementary Estimates 2020-21 to reflect the carry forward of funding from 2020-21 in to 2021-22. This funding is included in 2021-22 plans.

### 3.4 Cash grant payable to Northern Ireland Consolidated Fund, Control Tables and Barnett consequentials (tables available in accompanying Excel workbook)

#### **3.4 (a) Cash grant payable to the Northern Ireland Consolidated Fund**

The Northern Ireland Office's Estimate allows for the payment of a cash grant to the Northern Ireland Consolidated Fund. This expenditure is shown in Section C of the Northern Ireland Office Estimate under the heading "non-budget expenditure". All expenditure by the Northern Ireland Government is charged to the Northern Ireland Consolidated Fund.

The amount of cash which the Northern Ireland Government receives via this route, and which is sought under this Estimate, is a result of a calculation. The starting point to that calculation is the amount of DEL budget (block grant) and Annually Managed Expenditure which the UK government is prepared to provide.

#### **3.4 (b) Control Totals for the Northern Ireland Executive**

A breakdown of the Northern Ireland Executive's control total for 2021-22, including the breakdown by main programme of AME spending, is set out in the accompanying Excel workbook.

### **3.4 (c) Funding changes: Barnett consequentials, non-Barnett changes and current control totals compared against SR settlements**

At fiscal events and Spending Reviews, devolved administrations receive additional funding through the Barnett formula to reflect changes in UK Government spending on devolved policy areas. These adjustments are known as Barnett consequentials, and are applied to devolved administrations' funding at Estimates Rounds. In addition, sometimes devolved administrations receive additional funding outside the Barnett arrangements – for example City Deals.

HM Treasury's Block Grant Transparency publication provides a detailed breakdown of all changes applied to the devolved administrations budgets since Spending Review 2015. A summary of changes affecting the Northern Ireland Executive's block grant funding in 2021-22 is set out in the accompanying Excel workbook, this includes changes since the last Block Grant Transparency publication.