

Supplementary Estimates Memorandum (2021-22): Northern Ireland Office

1 Overview

1.1 Objectives

The key purpose of the Northern Ireland Office remains to support the Secretary of State for Northern Ireland in promoting the best interests of Northern Ireland within the United Kingdom. We act as custodians of constitution arrangements and in particular the devolution settlement. Moreover, we represent distinct Northern Ireland interests within Government and support the rest of the Government on Northern Ireland matters as well as representing the UK Government's policies and achievements in Northern Ireland.

In achieving its overarching objective in supporting the Secretary of State for Northern Ireland, the Northern Ireland Office operates under four key outcomes and as set out in its Outcomes Delivery Plan: 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 safer Northern Ireland, where terrorist and paramilitary groups are less able to cause harm to communities; and ensure that governance in Northern Ireland is responsive, transparent and able to deliver effective public services.

The Northern Ireland Office is also responsible, through its estimate for payover of cash to the Northern Ireland Consolidated Fund in support of spending by the Northern Ireland Executive.

1.2 Spending controls

Northern Ireland Office's Estimate is broken down into a number of discrete elements, for which Parliament's approval is sought separately.

The spending totals which Parliament votes are:

For Northern Ireland Office itself:

- Resource Departmental Expenditure Limit ("**Resource DEL**"); the day-to-day running costs of the Office;
- Capital Departmental Expenditure Limit ("**Capital DEL**"): - investment in infrastructure of the Office;
- Resource Annually Managed Expenditure ("**Resource AME**"): - demand-led and less predictable spending outside of the day-to-day running costs, which for the Office are in respect of provisions.

For the Northern Ireland Executive

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

Fund. This includes cash payments to support spending by the Northern Ireland Executive and Parliament, including payover of the Northern Ireland rate of income tax.

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

2 Northern Ireland Office

2.1 Comparison of spending totals sought

The table and graphic below show how the totals sought for the Northern Ireland Office only compares with last year:

Spending total Amounts sought this year (Supplementary Estimate 2021-22)		Difference (+/-) compared to original budget this year. (Main Estimate 2021- 22)		Difference (+/-) compared to final outturn last year (2020-21)	
		£ m	%	£m	%
Northern Ireland Office: Resource DEL	£40.850m	+£6.084 m	+17.5%	+£11.708m	+40.2%
Northern Ireland Office: Capital DEL	£1.967m	+£1.707m	+656.5%	+£1.264m	+179.8%
Northern Ireland Office: Resource AME	£749.315m	+£749.315m	+100.0%	+£213.667m	+39.9%

2.2 Key drivers of spending changes since last year

The main drivers of increases in Northern Ireland Office's Resource and Capital DEL in 2021-22 are:

- Inclusion of non-recurrent ring-fenced funding in order to conduct an electoral canvass ahead of planned Northern Ireland Assembly elections;
- New Decade New Approach funding;
- Receipt of funding to support the Department's move in to the new UK Government hub in Belfast, Erskine House;
- The initiation of a new electoral management system and associated design

and implementation costs.

2.3 Spending trends: Northern Ireland Office

The table below shows the overall spending trends for the last five financial years and the plans following the 2021-22 Supplementary Estimates and prior to final outturn covering the one year spending review.

Northern Ireland Office, £ million	2016/17 Outturn	2017/18 Outturn	2018/19 Outturn	2019/20 Outturn	2020/21 Outturn	2021/22 Plans
Admin costs	12.9	14.2	17.9	23.8	21.8	22.6
Other costs	12.2	10.7	7.5	16.8	7.3	18.3
Total Resource DEL	25.1	25.0	25.4	40.6	29.1	40.9
Capital DEL	0.4	1.5	0.5	0.8	0.7	2.0
Less depreciation and impairments	-2.3	-1.9	-1.9	-2.1	-2.1	-2.3
Total DEL	23.3	24.6	24.0	39.3	27.7	40.6

2.4 Administration costs and efficiency plans

Spending total Amounts sought this year (Supplementary Estimate 2021-22)		Difference (+/-) compared to original budget this year. (Main Estimate 2021-22)		Difference (+/-) compared to final outturn last year (2020-21)	
		£ m	%	£m	%
Administration costs	22.614m	+2.159m	+10.6%	+0.780m	+3.6%

3. Payments to Northern Ireland Consolidated Fund

3.1 Comparison of cash to be paid over

The table below shows how the total proposed cash funding to the Northern Ireland

Consolidated Fund- which provides funding for the Northern Ireland Executive - compares with last year:

Spending total Amounts sought this year (Supplementary Estimate 2021-22)		Difference (+/-) compared to original budget this year. (Main Estimate 2021- 22)		Difference (+/-) compared to final outturn last year	
		£ m	%	£m	%
Northern Ireland consolidate d Fund: Non budget expenditure	20,975.101	-490.837	-2%	-1,625.716	-8%

3.2 Key drivers of changes in levels of cash to be paid over since last Estimate

The level of UK Government funding for the Northern Ireland Executive was initially determined at Spending Review 2020. The Statement of Funding Policy document published at the same time sets out how the Barnett formula was applied, as exceptions were made for Covid-19 and replacement EU funding.

On top of their Spending Review 2020 settlement, the UK Government has provided the Northern Ireland Executive with an additional £1.6bn in Barnett consequentials in 21-22. This includes £330m of Barnett funding the Northern Ireland chose to carry forward from 20-21 in to 21-22, as well as £215m being confirmed at Supplementary Estimates 21-22.

3.3 Cash grant payable to Northern Ireland Consolidated Fund

The Northern Ireland Office 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 Executive is charged to the Northern Ireland Consolidated Fund.

A summary of how the amount of cash payable is derived is shown below.

More detail of how the item “Northern Ireland block grant” is calculated, including Barnett consequentials since the Spending Review, is given in Excel Annex A, which forms part of this memorandum.

£ million	sub total	Comments:
Northern Ireland block grant (DEL)	17,338.384	see 3.3 (b) control totals table
Annually Managed Expenditure (inc. Other AME and Reg Rates)	12,293.436	see 3.3 (b) control totals table
Expenditure financed by Regional Rates	396.234	see 3.3 (b) control totals table
Expenditure financed by RPI Borrowing	80.000	see 3.3 (b) control totals table
subtotal (TOTAL MANAGED EXPENDITURE)	30,108.054	
less:		
Non-cash changes	-6,022.800	
Non-voted (DEL, AME & Other AME)	-15,695.600	
subtotal	-21,718.400	
Add:		
Other Voted Expenditure outside DEL	11,159.100	
Utilisation of provisions	1,569.500	
Movement in debtors/creditors	471.746	
subtotal	13,200.346	
subtotal (TOTAL SUPPLY EXPENDITURE)	21590.000	
add:		
Interests payable	48.300	
District Council Rates	689.200	
Repayment of principle of RPI loans	124.101	
Other Services	10.500	
subtotal	872.101	
subtotal (TOTAL SUPPLY EXPENDITURE)	22,462.101	
less: income		
RRI Borrowing	80.000	
District Rates	689.200	
Regional Rates	396.200	
Interest Receivable	33.500	
Miscellaneous Receipts of which:	288.100	
NICF Balance	0.500	
Continental Shelf	1.700	
Misc - MIHE, Land Annualities, etc	7.000	
Excess Accruing Resources	3.000	
CFERs	275.800	
EU CFERs	0.100	
subtotal	1,487.000	
CASH GRANT PAYABLE TO Northern Ireland Executive CONSOLIDATED FUND	20,975.101	
TOTAL CASH REQUIREMENT	20,975.101	

3.5 Control totals for the Northern Ireland Executive including breakdown by main programme of AME spending

1. Northern Ireland Executive DEL Control Total		
£ millions	2021-22	Comments:
Total Resource DEL of which:	15,396.127	
RDEL excluding depreciation	14,339.562	see 3.3 (c) Resource funding changes table
depreciation and impairments ring fence	481.794	see 3.3 (c) Resource funding changes table
student loans ring fence in DEL	574.771	see 3.3 (c) funding changes table
Total Capital DEL of which:	1,942.257	see 3.3 (d) Capital funding changes table
General CDEL	1,817.601	see 3.3 (d) Capital funding changes table
Ring fenced financial transactions	124.656	see 3.3 (d) Capital funding changes table
Total NIE block grant allocation	17,338.384	sum of the above

2. Northern Ireland Executive Government Annually Managed Expenditure funded by the UK Government		
£ millions		Comments:
depreciation, impairments)	1,236.839	see 3.3 (a) cash grant table
Welfare	7,249.009	see 3.3 (a) cash grant table
Student Loans	74.878	see 3.3 (a) cash grant table
Public Sector Pensions	3,329.508	see 3.3 (a) cash grant table
Non-domestic Renewable Heat Incentive	33.470	see 3.3 (a) cash grant table
Subtotal	11,923.704	

3. Self-financed Annually Managed Expenditure		
£ millions		Comments:
Corporation Tax	0.165	see 3.3 (a) cash grant table
Expenditure funded by Regional Rates	396.234	see 3.3 (a) cash grant table
Borrowing under Reinvestments and Reform Initiative	80.000	see 3.3 (a) cash grant table
Capital expenditure of Public Corporations	369.567	see 3.3 (a) cash grant table
Subtotal	845.966	
TOTAL UKG and Northern Ireland funded AME	12,769.670	sum of (2) and (3)

3.7 Trends: Northern Ireland Executive spending 2017-18 to 2021-22

The table below shows trends in Northern Ireland’s DEL funding from the UK government over five years.

£m ^[1]	2017-18 Outturn	2018-19 Outturn	2019-20 Outturn	2020-21 Outturn ^[4]	2021-22 Plans
Northern Ireland Executive Resource DEL	10,624.949	11,006.279	11,944.961	16,018.651	15,396.127
Northern Ireland Executive Capital DEL	1,147.995	1,297.127	1,346.216	1,806.691	1,942.257
Northern Ireland Executive Resource DEL plus Capital DEL ^[2]	11,772.944	12,303.406	13,291.177	17,825.342	17,338.384
<i>less depreciation & impairments</i>	-546.594	-525.327	-584.321	-1,044.120	-1,056.565
Total Northern Ireland Executive DEL^[3]	11,226.350	11,778.079	12,706.856	16,781.222	16,281.820

[1] Totals may not sum due to rounding

[2] Including depreciation and impairments

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

[4] As set out in the Written Ministerial Statement of the 24 March 2021, 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.

4. Accounting Officer Approval

This memorandum has been prepared according to the requirements and guidance set out by HM Treasury and the House of Commons Scrutiny Unit, available on the Scrutiny Unit website.

The information in this Estimates Memorandum has been approved by me as Departmental Accounting Officer.

[Signed]

Madeleine Alessandri

Permanent Secretary

18 February 2022

NOTE: in addition, ANNEX A forms part of this memorandum and the Accounting Officer’s approval and is provided as an accompanying document in excel.