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MEMORANDUM E (20) 59 (C)

**FROM: CONOR MURPHY
MINISTER OF FINANCE**

DATE: 16 APRIL 2020

TO: EXECUTIVE MINISTERS

FINAL EXECUTIVE PAPER: COVID-19 RESPONSE 17 APRIL 2020

1. At our meeting on 15 April I was asked to provide an update on the allocations to each department in respect of the COVID-19 response. I would also like to take this opportunity to update colleagues on the total funding available, commitments already made and funding remaining to be allocated.

Additional Funding Provided for the COVID-19 Response

2. The Executive has been receiving Barnett consequentials on funding provided to Whitehall departments for England only measures. While, as with all Barnett consequentials, it is for the Executive to determine how this funding should be used, there are some areas where we should consider funding similar measures.
3. In total the Executive has received Barnett consequentials of £1,140 million in relation to the COVID-19 response. These are set out in Table 1 below.

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TABLE 1: BARNETT ADDITIONS

England Only Measures	£million
Budget20 LA hardship fund	16
Business support grants (total cost)	407
Business rates reliefs (total cost)	353
Charity support - National Lottery Community Fund	10
Charity support - direct grants	12
Coronavirus Emergency Response fund	
Enhanced NHS discharge/suspension of means test	43
Local Authority COVID support package	52
Purchasing independent sector capacity	45
Shielding - food packages	7
Shielding - DHSC elements	10
DfT - Emergency Management Agreements	95
PPE procurement	3
DWP additional funding for operational resilience	5
Call centre for the National Shielding Centre	2
NHS Workforce	49
GP and Community Pharmacy Easter Bank Holiday Opening	2
Emergency Management Agreement for railway services (19-20)	19
Advance Ticket Refund	1
Voucher scheme to replace free school meals	7
Shielding - food packages	2
Total	1140

4. It should be noted that a number of these are indicative figures which are based on the upper spending limit provided to Whitehall departments for England only measures. Therefore there is the potential for reductions late in the year if actual spend in England is not as anticipated. The Treasury has also advised that any overspends in 2019-20 will be netted off the £19 million Barnett we have received in respect of overspend by the Department for Transport.

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Departmental Bids

5. In response to the exercise commissioned on 30 March 2020 departments identified pressures of some £1.66 billion including the £370 million for business grant schemes. DoF officials are engaging with departments to keep an up to date list of pressures. As result the total pressures identified has now increased to £2.0 billion.

Allocations

6. The Executive has already agreed allocations totalling £933 million these are set out in Table 2 below.

TABLE 2: ALLOCATIONS TO DEPARTMENTS – AS AT 17 APRIL 2020

Dept	COVID-19 Response	£million
DAERA	Fishery Support	1.5
DfC	Discretionary Support	5.0
	NIHE response to homelessness	3.3
	Community Support Scheme	2.0
	Shielding Package for Clinically High Risk	10.0
Total DfC		20.3
DE	Direct payment to families - free school meals	18.9
	Extension of Free School Meals to Youth	0.4
	Emergency Childcare Provisions	12.0
Total DE		31.3
DfE	Small Business Grant	270.0
	Hospitality, Tourism and Retail Sectors Grant	100.0
Total DfE		370.0
DoF	Business Rates Holiday (3 months)	99.0
DoH	Covid-19 Pressures	205.0
DoJ	Prison Service	1.9

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	PSNI	4.0
Total DoJ		5.9
Centrally Held		
	Business Support	40.0
	Support for Vulnerable Members of Society	10.0
	PPE	150.0
Total		933.0

7. There are three items which are being held centrally pending further development of proposed support or in the case of PPE, confirmation of actual costs.

Additional Commitments

8. In reaching agreement on these allocations the Executive also agreed that there would be further support for transport including Translink, airports, ports and hauliers. The £95 million provided as a Barnett consequential on support for railways was to be held until these costs are confirmed.
9. It was also recognised that further support would be needed for the resource costs of body storage facilities. DOJ has identified a pressure of £1.6 million in relation to this.

Further Proposed Commitments

10. I would also propose that the £22 million due to be received as a result of support provided to charities in England, be used for support to charities, social enterprises and the wider third sector here.
11. With £49 million of the funding available arising from a Barnett consequential from NHS Workforce funding in England it is suggested that

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the Department of Health should have first call on this funding. I would welcome Minister Swann's assessment as to whether his department requires this additional funding. To put this into context, to date DoH has received allocations of £205 million against a revised bid of £ 574 million. The challenges in forecasting health pressures must also be recognised and I appreciate the work also ongoing in the Department of Health to identify savings emerging in other areas due to resources being diverted to the COVID-19 response.

Available for allocation

12. Agreeing this approach leaves just £39.4 million available for allocation as set out in Table 3 below. This must be set against the £1.1 billion of pressures identified by department which we have been unable to fund.

TABLE 3: AVAILABLE FOR ALLOCATION

£ million	
Barnett Consequentials	1140.0
Allocations	-933.0
Possible Transport Package	-95.0
DoJ: Body Storage Facilities	-1.6
Charities, etc.	-22.0
NHS workforce costs	-49.0
Available for Allocation	39.4

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Next Steps

13. I will bring further recommendations to the Executive on the allocation of the remaining £39.4 million. I will also provide an update on consideration of the £40 million held for business support and the £10 million held for support for vulnerable people as well as the £22 million of funding for charities support.
14. However, it is clear that the additional funding provided through the Barnett formula will never be sufficient to do everything we would aspire to do. However, it is also the case that there will be savings emerging in other areas of departments as work previously planned cannot progress.
15. In the first instance I would ask that each department takes steps to reprioritise its own budget in order to fund any measures it considers essential to the COVID-19 response. Colleagues will be aware that additional flexibility has been provided to allow scope for budgets to be reassigned within departments.
16. If there are measures which the Executive deem essential, which cannot be funded from existing departmental budgets or the additional COVID-19 response funding, then it may be necessary to reprioritise across departmental boundaries. However, I do not think we have reached that stage yet.
17. I would also ask that colleagues are careful about raising public expectations about support which will be provided. Unless this can be funded from within that departments own budget it is imperative that the Executive agrees a funding allocation before expectations are raised.

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Recommendation

25. At this stage, it is recommended that the Executive:

- a) Notes the level of funding currently available;
- b) Notes the previous agreement that £95 million be held for support for the transport sector;
- c) Agrees that £1.6 million will be provided to DoJ for temporary morgues;
- d) Agrees that £22 million will be used for support for charities, social enterprises and the wider third sector;
- e) Agrees, that DoH will have first call on the £49 million provided in respect of NHS workforce costs;
- f) Notes that further recommendations will be brought on the allocation of the remaining £39.4 million;
- g) Agrees that Departments should seek to reprioritise existing budgets where necessary; and
- h) Agrees that measures should not be announced until funding is agreed by the Executive.

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