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MEMORANDUM E (20) 223 (C)

FROM: CONOR MURPHY
MINISTER OF FINANCE

TO: EXECUTIVE COLLEAGUES

DATE: 24 SEPTEMBER 2020

FINAL EXECUTIVE PAPER: PUBLIC EXPENDITURE: 2020-21 COVID-19
ECONOMIC RECOVERY ASSESSMENT

INTRODUCTION

Following last week's paper, this paper sets out the latest position on COVID-19 funding and departmental bids and seeks the Executive's agreement to further allocations as part of its Economic Recovery Response. While the focus of the allocations is on economic recovery, given that this may be the last significant funding available to the Executive we must also consider any other support may be needed in the time ahead with the resurgence of Covid.

FUNDING AVAILABLE

1. Following last week's allocations in support of Higher Education places and schools PPE there is £124.9 million Resource DEL, £30.9 million Capital DEL and £180 million FTC available for allocation. A further £50.2 million is held centrally for PPE and £8.1 million for Transport.
- 4.2. The Department for Communities has declared a reduced requirement of £4 million in relation to the NIHE Supporting people COVID-19 response and this is available for reallocation.

HEALTH COSTS

- 2.3. I continue to await the Health Minister's assessment of the funding which will ultimately be required by his department. I would urge the Health Minister to provide this as soon as possible.

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3.4. Given the need to ensure our health service is adequately funded without this assessment there is no choice but to continue to hold the £600 million centrally. It is important to receive this assessment as soon as possible so that any unused funding can be allocated to departments for other priorities and in time for it to achieve maximum effect.

OTHER CENTRAL SUPPORT

~~4. I am aware that further support for bus/coach/taxi sectors is being considered by the Infrastructure Minister. In recognition that it will take time to assess the position and provide a policy framework for further support I propose to hold the £8.1 million central transport allocation pending that assessment.~~

6.5. Departments have been asked for their PPE requirements for the remainder of the year and DfE have responded with £3.5 million of Further and Higher Education PPE costs to provide a safe learning environment. I propose to meet this from the £50.2 million unallocated from the funding held centrally for PPE, leaving £46.7 million. Although the Department for Health has indicated that it may also have additional PPE requirement, it has indicated it will seek allocations for this PPE from within the £600 million currently being held at the centre. Other departments are not anticipating additional PPE needs, although of course the Covid position is an emerging one.

6. ~~Given this the position in relation to buses, coaches, taxi transport support and PPE, and R~~ recognising that further support will be needed for areas such as the bus/coach/taxi industry, airports, the travel agent industry, event organisers and the printed news sector I propose to combine the remaining £46.7 million central PPE funding with the £8.1 million centrally held transport funding to leave-create a central pot of £54.8 million for these sectors as well as any further PPE costs and support schemes which may emerge as a result of further restrictions which the Executive may impose.

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7. I am aware that further support for bus/coach/taxi sectors is being considered by the Infrastructure Minister. Initial assessments indicate that funding of £10 million may be required for the bus/coach industry. Further work is required to understand the scale of support needed for the taxi industry. In recognition that it will take time to assess the position and provide a policy framework for further support I propose to hold £10 million centrally for bus/coach industry support.

7.8. I am also aware that airport support for safety and security measures could cost up to £10 million and I propose to hold £10 million centrally pending final assessment.

8.9. This leaves £34.8 million to be held centrally for support to other sectors, including those mentioned previously. We have asked departments to provide estimates of the cost of providing support to these sectors. Once these estimates have been received we will be in a position to allocate any remaining funding. —If the Executive agrees, I would plan to review and report to the Executive on this on a regular basis.

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ECONOMIC RECOVERY BIDS AND ALLOCATIONS

9.10. Departments submitted £297.74 million of Resource bids, £60.4 million of Capital Bids and £80 million of FTC bids as part of this economic recovery assessment. Tables of all departmental bids are set out at Annex A. I wish to thank Ministers and their departments for their ranked assessments of their bids which I have found extremely helpful and I will be asking for this to be done as a matter of routine in future bidding rounds.

10.11. A number of Ministers have indicated the pressing need to allocate funding in order to ensure that support is available this financial year and I am therefore proposing to allocate the remaining available funding to assist COVID-19 support and recovery.

11.12. Unfortunately there is not enough funding available to meet all the pressures identified.

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Waste Management

12.13. Given the concerns around waste management and the need to meet pressures resulting from increased landfill and waste management costs due to Covid **I am proposing to meet the DAERA bid of £11.4 million in full to support these key services.**

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Local Councils

13.14. Local councils have been at the forefront of vital recovery services and the Communities Minister has presented a compelling case for further assistance in recognition of this service provision despite being placed into financial stress by income reduction. This funding is essential to allow the Councils to continue to operate and provide vital local services which benefit local businesses as well as the community. -The Department has asked for £65m. In view of the many pressures on our finances, **I am therefore proposing that £40.0 million is allocated to DfC to support key local council service provision.**

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Cultural Recovery

14.15. Given the severe impact on the arts sector and the need to provide appropriate support for the reopening of venues, and introduction of Covid measures, in the face of dramatic losses of revenue, **I am proposing to allocate £29 million to DfC for cultural recovery. Given that the Executive previously allocated £4 million for the Cultural Resilience Fund, it means that an additional £33 million has been allocated to the sector which plays a key part in economic recovery.** This is equivalent to the full £33 million Barnett consequential

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Support to Business

15.16. The Economy Minister has outlined the need for further support for businesses and in recognition of the ongoing hardships faced **I am proposing an allocation to each of the department's top four priorities: of £8.5 million for assistance to business, £12.08.4 million for skills and youth training, £8.09.9**

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million for tourism support, [£5.8 million to University R&D](#) and £1.35 million for Energy. These should all help spur the economic recovery.

Schools and Pre-Schools

[16.17.](#) The Education Minister has highlighted the ongoing pressure on the schools system and **I am proposing to allocate £8.0 million to schools with a further £1.0 million for pre-schools, enabling them to maintain safe practices and £0.2 million in respect of Special Education Need mainstream and pupil support.** Whilst I am not meeting the Free School Meals bid at this time, should the pressure materialise in the coming months, I will consider it as part of the in-year monitoring process.

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Infrastructure

[17.18.](#) **Given the winter pressures identified by the Department for Infrastructure I am proposing to allocate £5 million at this time.** This is an area, which along with Roads Maintenance, can be revisited as part of in-year monitoring.

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[18.19.](#) While there have been a number of bids submitted throughout this process for lost income the most significant of these is for Translink. To date the Executive has provided £40 million specifically for Translink lost income and it is my understanding that the DfI Minister has also provided £30 million to Translink from the £40 million provided to DfI for wider lost income. Despite this £70 million being provided a further bid for £27 million has been submitted as part of this exercise.

[19.20.](#) This is on top of a starting subsidy of £90 million which includes the additional £20 million provided as part of Budget 2020-21 to address its deficit. Additionally, Translink received a further £37 million of income from public funds via the Education Authority (including for home to school transport).

[20.21.](#) Given the significant level of public support provided to Translink, and the recent Executive correspondence in relation to Translink's Cost Efficiency Programme, I would welcome an urgent discussion with the Infrastructure

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Minister on her department's proposals to put Translink on a more sustainable footing.

Executive Office

21-22. TEO identified pressures in relation to the Executive's public information campaign on COVID-19 and whilst I am not proposing to meet this allocation, should TEO be unable to address this pressure from within existing budgets I will be prepared to consider this as part of the in-year monitoring process.

Capital

22-23. **Dfl and DoH bid for additional Capital and in recognition of the economic impact that accelerated Capital will have for Dfl projects I have prioritised the bids from Dfl and am proposing to allocate £14.8 million to the A6 flagship project and £15.0 million to NI Water for acceleration of works.**

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23-24. **I am also proposing to allocate £1.6 million to DoH for the Track, Trace and Protect Application.** Given the large DoH Capital budget, and their recent Capital underspend performance I am proposing that further Capital bids from DoH will be considered pending an assessment of DoH Capital spend against their budget of £300 million. Once again, if the DoH is not able to spend all this money for reasons we can all appreciate it is important it is returned as soon as possible so that it can be spent in the most effective way by other departments.

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25. **I am also proposing an allocation of £80 million Financial Transactions Capital to be delivered through TEO in relation to the Ulster University development.** This is subject to the conditions of approval within the business case.

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24-26. **DfC tabled an £13m FTC bid to assist first time buyers with housing deposits. As this scheme would be delivered by the Co-ownership Housing**

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Association, it will be considered as part of October Monitoring when the reclassification issue for Housing Associations has been clarified.

SUMMARY

25.27. In total I propose allocating ~~£128~~£132.0 million Resource DEL, £31.4 million Capital DEL and £80 million FTC.

26.28. This leaves £0.4 million Resource DEL which I propose to add to the central funding held for support for other sectors. It also leaves a small overcommitment of £0.5 million Capital DEL and £100 million FTC available for allocation. A further £55.2 million is now held centrally for pending schemes for other sectors including £10 million for the bus/coach industry and £10 million for airports.

27.29. The £600 million Resource DEL continues to be held at the centre pending confirmation of expected health costs.

NEXT STEPS

28.30. Departments should now bring forward, as a matter of urgency, proposals for support to those sectors which have missed out on existing support.

SUMMARY OF RECOMMENDATIONS

29.31. In light of the above, I recommend that the Executive:

- a) notes the overall level of funding available;
- b) agrees the allocations at Annex AB;

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- c) agrees that £55.2 million is held centrally for support to other sectors/further PPE costs.

**CONOR MURPHY, MLA
MINISTER OF FINANCE**

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ANNEX A**Departmental Resource Bids**

Dept	Description	Bid £m
DAERA	Waste Management	11.4
DfC	Local Councils (Quarters 2-4)	65.2
	Culture Recovery	33.0
	Labour Market Interventions	4.8
	Sports Recovery	2.0
Total DfC		105.0
DfE	Assistance to Business	8.6
	Skills and Youth Training	12.18.4
	Tourism	9.9
	Energy	1.4
	University Research	13.0
	Further Business Assistance	2.9
	Further Tourism Assistance	5.9
	Additional Staffing	0.3
	EU Social Fund	22.6
	HE Grant	0.1
	Consumer Council	0.2
	Tourism Cruise Hub	0.1
	NI Screen Project Spring	1.0
	FE and HE Covid-19 PPE - Safe Learning Environment	3.5
	HE Loss of Income	1.1
	HE Add teaching grant for Open University	0.8
	FE Loss of Income	3.5
	Corporate Function costs - DfE emergency response to Covid-19	0.3
Total DfE		86.13.4
DE	Schools	17.9
	Transport - Additional Routes and Face Coverings and Loss of Income	1.5
	Non-Statutory Pre-School Settings	2.8
	School Meals: FSM and Loss of Income	8.2
	Cleaning and Maintenance	1.6
	Childcare	2.8
	SEN-Mainstream & Pupil Support	0.2

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ANNEX A

Dept	Description	Bid £m
	C2K – Standards & Learning	1.0
	Standards & learning, health & safety and area planning	0.2
Total DE		36.2
DoH	Support for the resumption of private dental services	4.0
DfI	Translink Lost Passenger Revenue	27.0
	Roads - Full Winter Service	7.0
	DVA Lost Revenue	11.0
	Rathlin Ferry Lost Revenue	0.3
	Crumlin Road Gaol Lost Revenue	0.2
	Roads Enhanced Road Maintenance	3.0
	Planning Application Fees - Lost Revenue	0.1
	Roads Parking Charges and PCNs	2.0
Total DfI		50.6
TEO	Public Information Campaign and NI Hub Costs	3.4
Total Bids		297.74.0

Departmental Capital Bids

Dept	Bid Description	Bid £m
DfI	A6 Flagship - COVID Recovery	14.8
	NI Water - Acceleration of Works	15.0
Total DfI		29.8
DoH	Track, Trace and Protect App	1.6
	NI HSC PPE Storage	3.2
	Nightingale Hospital	3.4
	Surge Planning	5.0
	Testing	1.5
	Digital Rebuild	10.8
	Rebuild of Services	5.1
Total DoH		30.6
Total Conventional Capital Bids		60.4
TEO	Ulster University (FTC)	80.0
Total Capital Bids		140.4

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ANNEX B**Proposed Allocations****RESOURCE**

		£m
DAERA	Waste Management	11.4
DfC	Local Councils	40.0
	Culture Recovery	29.0
Total DfC		69.0
DfE	Assistance to Business	8.5
	Skills and Youth Training	<u>12.08.4</u>
	Tourism	<u>8.09.9</u>
	<u>University R&D</u>	<u>5.8</u>
	Energy	1.4
	FE and HE Covid-19 PPE - Safe Learning Environment	3.5
Total DfE		<u>3337.4</u>
DE	Schools	8.0
	Non-Statutory Pre-School Settings	1.0
	SEN – Mainstream and Pupil Support	0.2
Total DE		9.2
DfI	Winter Service	5.0
Total		<u>128132.0</u>

CONVENTIONAL CAPITAL

		£m
DoH	Track, Trace and Protect App	1.6
DfI	A6 Flagship	14.8
	NI Water - Acceleration of Works	15.0
Total DfI		29.8
Total		31.4

FTC

		£m
TEO	Ulster University	80.0
Total		80.0

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ANNEX B

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