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MEMORANDUM E (20) 49 (C)

FROM: MINISTER OF FINANCE

DATE: 8 APRIL 2020

TO: EXECUTIVE COLLEAGUES

FINAL EXECUTIVE PAPER: FUNDING ALLOCATIONS FOR COVID-19 RESPONSE

1. As well as the UK wide response to the COVID19 crisis there have also been a number of England only measures which have resulted in additional funding for the Executive thought the application of the Barnett formula.
2. This is an evolving situation, and the latest position as regard Barnett additions in respect of previous announced measures is set out in the Table 1 below.

TABLE 1: BARNETT ADDITIONS - PREVIOUSLY ANNOUNCED MEASURES

Previously announced measures	£million
Budget20 LA hardship fund	16
Business support grants (total cost)	407
Business rates reliefs (total cost)	353
Budget20 £5bn Response fund	
Enhanced NHS discharge/suspension of means test	43
Local Authority COVID support package	52
Purchasing private sector healthcare capacity	45
Shielding - food packages	7
Shielding - DHSC elements	10
Total Barnett Consequentials	933

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3. On the 6 April the Treasury confirmed that further funding would be available from Barnett consequentials on new announcements. These are set out in Table 2 below

TABLE 2: BARNETT ADDITIONS – NEW MEASURES

New Measures	£million
Emergency Management Agreements	95
DWP additional funding for operational resilience	5
Call centre for the National Shielding Centre	1
Total Barnett	101

4. The majority of this funding is from a Barnett consequential of £95 million on an allocation of £2.9 billion to Department for Transport for Emergency Management Agreements. There is extensive engagement underway on the impact on airports, ports and hauliers. In light of this it is proposed that this additional £101 million is held centrally for allocation once the outcome of these discussions is known.
5. It would also appear that the £5 billion COVID19 response fund has been exhausted. Treasury is currently considering whether to provide Devolved Administrations with a further up front allocation (taking the same approach as to the initial £140 million provided in respect of the £5bn fund) or to provide Barnett in relation to a series of subsequent allocations. I will update the Executive once there is more clarity on this treatment.

Existing Commitments

6. There has already been a number of announcements and agreements in respect of the Executive response. These are summarised in the Table 3 below.

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TABLE 3: EXISTING COMMITMENTS

Dept	COVID-19 Response	£million
DfC	Discretionary Support	5.0
DfE	Small Business Grant (£10k for business eligible for Small Business Rate Relief) – benefiting 27,000 businesses.	270.0
DfE	Hospitality, Tourism and Retail Sectors Grant (£25k for business with a rateable value between £15k and £51k)	100.0
DE	Direct payment to families of 97,000 children who are entitled to free school meals.	18.9
DoF	Business Rates Holiday (3 months)	99.0
DoH	Includes but not restricted to: mobilising the health and social care response, including additional staffing, ramping up of testing, and securing essential personal protection and other equipment; and providing much needed support for primary and community care sectors and suspension of car parking charges for staff.	140.0
DoJ	Additional resources have been provided to the Prison Service to meet the challenges due to Covid-19.	1.9
Total		634.8

7. It should be noted that the approval provided to DE for payments to families of children entitled to free school meals was for up to a maximum of £1.872 million in 2019-20 and £27.827 million in 2020-21 with the position to be kept under review. The figure included above only covers the period up to the end of June and for children and not youth.

8. In addition to the £634.8 million shown in the table above, there are also significant additional costs anticipated in respect of Personal Protection Equipment (PPE). While this is primarily for the Department of Health there

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are potential costs in other departments. We do not have a firm cost for this but it is considered prudent at this stage to set aside £150 million for that purpose.

Available For Allocation

9. Setting aside the additional £101 million arising from Barnett consequential of new measures for allocation once discussions on transport issues has concluded and taking account of existing commitments there is £298.2 million available. Working on the basis that £150 million will be required for PPE this leave **£148.2 million available for allocation** immediately.

Departmental Bids

10. In response to the latest exercise departments have submitted bids totalling some £1.3 billion. There is some overlap with the measures already announced. Where possible these have been indicated on the table at Annex A. Of the pressures identified by DoH £140 million is covered by the existing allocation.
11. In addition some of the bids cover different periods. We have therefore provided an assessment of the requirement for the first three months, as this would appear to be a sensible point at which to review. This reduces the potential pressure to some £800 million. Details of these Bids along with the assessment of the requirement of the first three months is attached at Annex A.

Approach

12. With the bids submitted by departments far exceeding the level of funding available it is important to set out the approach taken to determining the proposed allocations.

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13. In doing so it is important to recognise that the initial £140 million provided to Health has already almost been expended. DoH recognise that there will be savings in other areas due to services which are not being delivered, but it is likely that the additional costs are likely to far exceed these. DoH has agreed to work closely with DoF officials to track these cost. However, it is likely that DoH will have significant additional funding requirements.
14. A number of departments have bid for costs emerging in their own budgets such as cost of laptops, cleaning, loss of income etc. Given the constraints of additional funding it is suggested that the focus for allocations should be on ensuring the health service is adequately funded, key services are maintained and support is provided for business and vulnerable people. Departments should seek to reprioritise existing budget to cover other costs. This position can be reviewed in the first monitoring round.
15. Should this approach not provide sufficient funding to implement key measures it may be necessary to conduct a central exercise to reprioritise existing budgets across departments. However, I do not feel we have yet reached the point where this is necessary.

Areas Requiring Further Consideration

16. A number of the proposals put forward by departments require further information or consideration. It is proposed that a final decisions on these is deferred until that consideration is complete. These include further support for businesses and support for public transport.
17. In addition to a significant level of support for business and self employed at a UK wide level, the Executive has already announced its own schemes targeted at small businesses, the leisure, hospitality and tourism sectors as well as support for all business through the rating system.
18. However, I am aware that a number of business will fall through the gaps in this support. I am keen that vital support can be provided for these businesses

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as quickly a possible. I appreciate that more work is required in DfE, assisted by my own department, to develop further schemes which will target support where it is needed most.

19. Therefore I am proposing that **£40 million is held centrally** pending further consideration of **the further support required by businesses.**

20. DfI has submitted a bid in relation to Translink lost income. While a number of other areas are also facing pressures due to loss of income I appreciate the need to ensure that public transport is maintained at an appropriate level. As set out earlier I am also aware of a number of other transport related pressures in relation to airports, ports, hauliers etc. Therefore I propose that the Translink pressure is considered alongside the overall transport issue once discussions with DfT and Treasury have concluded. This will also allow my officials to engage with DfI to ensure the level of funding required by Translink is realistic in terms of the service which should be delivered at this time.

Proposed Allocations

21. I am proposing a number of immediate allocations at this time to help provide support for the most vulnerable in society and maintain essential services. These are set out below:

- £1.5 million to DAERA for Support for the Fishing Industry
- £3.3 million to DfC for NIHE response to homelessness;
- £10.0 million to DfC for the Discretionary Support Economic Shock scheme;
- 2.0 million to DfC for the Community Support Scheme;
- £10.0 million DfC for Shielding Package for Clinically High Risk;
- £12 million to DE towards Emergency Childcare provisions;
- £0.4 million to DE to extend direct payments to families of those entitled to free school meals to youth;
- £4 million to DOJ to allow the PSNI to maintain critical services

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23. These are largely reflective of the costs identified for the next three months. Should the situation continue for longer we will of course have to revisit these and other responses.

24. I am further proposing that the balance of funding, **some £65 million**, be provided to the **Department of Health** at this time. I appreciate the challenges associated with forecasting health costs and identifying the savings resulting from work not continuing in other areas such as elective care. I welcome DoH's agreement to work closely with my department to monitor the funding position on an ongoing basis.

25. While we have no certainty at this point in time I fully anticipate additional funding becoming available as health cost in England also rise. My officials will work with colleagues in DoH to keep the position under review as the situation develops,

Conclusion

26. We are still in the early stages of what is a continually evolving situation. It is vital that we ensure our Health service has the funding required to maintain its essential services. We must also provide support for business and vulnerable people, bearing in mind the support which is also available from other sources.

27. It is clear that the additional funding provided through the Barnett formula will never be enough to do all we desire to do. However, it is also the case that savings will emerge in other areas as we can no longer deliver all we initially intended to do. I would ask all departments to consider where peruses can be funded from within their existing budgets.

28. There will also come a time when we as an Executive will need to make the decision to prioritise funding across departmental boundaries to ensure

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the best outcome for the people here. I would ask colleagues to start considering this approach now.

Recommendation

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

- a) Notes the current level of funding currently available;
- b) Agrees that £101 million be held for allocation at a later date;
- c) Notes, and endorses, the allocations already agreed;
- d) Agrees that £150 million be held for purchase of PPE;
- e) Agrees that £40 million be held centrally pending further development of proposals for support of businesses;
- f) Agrees that further consideration will be given to Translink pressure alongside other transport related pressures once discussions have concluded;
- g) Agrees the allocations set out in paragraph 21 and in the Table at Annex A; and
- h) Agrees that £65 million be provided to DoH, with the position being kept under review.

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				£million
Dept	Measure	2020-21	3 Month Impact	Proposed Allocations
DAERA	Farming/ Animal Welfare: Dairy	40.0		
	Farming/ Animal Welfare: Poultry	15.0		
	Farming/ Animal Welfare: Pigs	10.0		
	Farming/ Animal Welfare: Beef	22.0		
	Farming/ Animal Welfare: Sheep	4.0		
	Farming/ Animal Welfare: Horticulture/ Eggs	14.0		
	Total Farming/ Animal Welfare	105.0	52.5	0.0
	Rural Affairs	1.0	0.3	
	Fisheries	1.5	1.5	1.5
	Environment - Waste: Communciations	0.3	0.3	
	Environment - Waste: Statutory Obligations	0.1	0.1	
	Environment - Waste: Fly Tipping	0.3	0.3	
	Environment - Waste: Landfill, Operatives, Plant Hire, Storage	16.0	1.0	
Total DAERA		124.2	56.0	1.5
DfC	NIHE – Homelessness Q1	5.7	5.7	3.3
	NIHE – Homelessness Q2	4.8		
	NIHE - Laptops	0.1	0.1	
	NIHE: Private Rented Sector	111.5	11.1	
	Housing Rights – Additional Staff & IT costs Q1	0.1	0.1	
	UC Operations – Additional Staff Costs	10.5	0.0	
	Sick Leave pay for Recruitment Agency staff	0.8	0.8	
	Local Councils Compensatory Costs	33.0	16.5	
	Discretionary Support COVID-19 Scheme	5.0	5.0	
	Discretionary Support Economic Shock Scheme	30.0	30.0	10.00
	Staff to Deliver Discretionary Support	0.5	0.3	
	Community Support Scheme	8.0	2.0	2.00
	Culture Division - Resilience fund	4.0	1.5	
	Sport	4.0	1.0	
	Shielding package for clinically high risk Q1	10.0	10.0	10.00
	Supporting People Programme	4.2	2.1	
	Homeless Out of Hours Service	0.4	0.2	
	Car Parking Essential Staff	0.9	0.9	
	Funeral Loans	2.7	2.7	
	Additional IT Equipment to deliver benefits service	0.6	0.6	
	Delay in implementing NIHE Rental Increase	4.5	0.0	
	Housing Association Grant - additional costs	47.1	0.0	
Support Package for Business Improvement Districts	1.0	0.0		
Total DfC		289.4	90.6	25.3
DfE	Industrial Derating Grant	30.0	30.0	
	Contribution to CV19 Rapid Response Research & Innovation Funding Call	3.0	0.3	

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	FE Colleges IT: Laptops	1.0	0.0	
	FE Colleges IT: Additional	0.1	0.0	
	Continuing EMA Payments	1.2	0.0	
	Extension of Youth Training TfS Contract	2.0	1.0	
				£million
Dept	Measure	2020-21	3 Month Impact	Proposed Allocations
	TfS Weekly Fee and EMA (if closure)	6.6	0.0	
	TfS Disability Support (if closure)	0.4	0.0	
	Apprenticeships NI Support for Training Providers	4.0	0.0	
	Interventions on DfE Programmes in Med-Long Term for economic recovery post CV-19	TBC		
Total DfE		48.3	31.3	40.0
DE	Emergency Childcare Provision: April-June	17.1	17.1	12.00
	Emergency Childcare Provision: July-early August	7.7	0.0	
	Emergency Childcare Provision: Admin and helplines for the 3 months Jul-Sept	0.1	0.0	
	Council for the Curriculum, Examinations & Assessment	5.2	0.0	
	FSM: School Meals March	1.8	0.0	
	FSM: Schools April - June	17.0	17.0	
	FSM: Youth Services March-June	0.4	0.4	0.40
	FSM: Schools Sept-Oct	10.2	0.0	
	FSM: Youth Services Sept-Oct	0.2	0.0	
	EA	10.4	10.4	
	Prevention of Insolvency: Preparatory Schools	2.3	2.3	
	Prevention of Insolvency: Boarding Schools	1.8	1.8	
	Loss of Canteen Income	4.2	4.2	
	Income Support for Education Support Staff	24.0	24.0	
Total DE		102.4	77.1	12.4
DoF	Business Rates Reduction 4p	0.0		
	Business Rates Holiday (three months)	100.0	100.0	
	Support legal responses to Covid-19 on behalf of NICS	0.2	0.1	
	Small Business Rates Relief	0.0		
	Loss of Income	4.7	4.7	
Total DoF		104.9	104.8	0.0
DoH	Emergency Registration of health professionals (final year students)	19.8	9.9	
	Emergency Registration of Social Workers	TBC		
	Emergency Registration - Social Workers (final year students)	3.9	2.0	
	Emergency Registration - Social Workers: Defer payment for registration with the NISCC for six months.	0.1	0.0	
	Training for "Relevant Social Workers"	TBC		
	Indemnity scheme	TBC		

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	Mandatory vaccinations (with soft enforcement powers)	0.2	0.0	
	Pharmacy: Immediate Costs to Increase service	6.0	6.0	
	Pharmacy: Increased Drugs Costs	8.0	8.0	
	Pharmacy: Easter Opening	1.0	1.0	
	Pharmacy: Delivery to Vulnerable People	2.5	1.3	
	Pharmacy: Business Continuity	1.5	0.5	
	Pharmacy: Emergency Supply	1.0	0.3	
				£million
Dept	Measure	2020-21	3 Month Impact	Proposed Allocations
	Workforce: Retirees back into service	4.4	2.2	
	Workforce: Retirees to Community Pharmacy	3.0	1.5	
	Workforce: Pre-Reg Students to Community Pharmacy	1.0	0.5	
	Workforce: Support Staff to cover vacancies due to sickness/ self isolating	3.0	1.5	
	Workforce: Temporary Deployment of Yr 3+4 Medical Students	7.0	3.5	
	Workforce: Band 8+ Unsociable Hours Pay	0.3	0.1	
	Workforce: HSC Staff working in Prisons	0.1	0.1	
	Workforce: Increase in Travel/Subsistence	1.4	1.4	
	Workforce: Childcare for HSC Staff	19.5	9.8	
	HSCB / Trusts	200.0	200.0	
	Barnett consequentials	2.0	1.0	
	Provision of social support to vulnerable people during periods of self-isolation	TBC		
	Primary Care	TBC		
	Digital Health and Care NI team	0.7	0.7	
	Patient Advice and Liaison Service	0.5	0.5	
	Purchase of personal protective equipment (PPE)	100.0	100.0	
	Car Parking Charges	2.0	2.0	
	AFC Band 8 Plus O/T	31.9	16.0	
	First and Second Year Students Supporting HSC Workforce	4.0	3.2	
	HSC Workforce Appeal	1.5	1.5	
	Agency Workers	TBC		
	Access NI: Childcare Staff (Home Childcare Scheme)	0.0	0.0	
	Access NI: Volunteering Scheme	0.1	0.1	
	Specialist Support Staff to Advise CMO	0.2	0.1	
	AHP Students	1.2	0.6	
	POD for Causeway CV-19 Centre	0.5	0.5	
	Emergency Dental Facilities	1.7	1.7	
	Independent Sector Hospital Contracting	TBC		
	Financial Support for Vol&Comm Sector	TBC		
	Financial Support for Independent Sector	TBC		
	Increase in Direct Payment Levels	TBC		
	Financial Support to maintain general dentistry services	4.8	4.8	
	Hospital Equipment	14.4	14.4	
	Ventilators	TBC		
	Changing Room Facilities	0.0	0.0	

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	Reconfiguration of Paediatric Services	TBC		
	Nightingale Hospital	TBC		
	Corporate Costs	TBC		
Total DoH		449.0	396.5	65.00
Dfl	NIW: Pension Fund Deficit	5.0	0.0	
	NIW: Income Lost	10.0	0.0	
	NIW: Increase Operation Costs	5.0	0.0	
	Roads: Lost Income	3.0	0.0	
	DVA: Lost Income Testing and Licensing Centres	9.3	0.0	
	Translink	105.0	30.0	
				£million
Dept	Measure	2020-21	3 Month Impact	Proposed Allocations
	Crumlin Road Gaol	0.3	0.0	
	Rathlin Ferry	0.5	0.5	
	Strangford Ferry	0.7	0.7	
	Planning Applications	0.1	0.0	
Total Dfl		138.9	31.2	0.0
DoJ	PSNI: Maintain Critical Services Resource	12.0	4.0	4.00
	PSNI: Maintain Critical Services - IT	2.0	1.0	
	NIPS: maintain front line service	2.9	1.5	
	NIPS: new sinks	0.0	0.0	
	Mass Fatalities: body storage facility CAPITAL	4.0	4.0	
	Mass Fatalities: body storage facility resource costs	1.6	1.6	
	DoJ: Home working	0.3	0.0	
	DoJ: Cleaning/Supplies	0.2	0.0	
	DoJ: PPE Equipment	0.1	0.0	
	DoJ: Overtime	1.6	0.0	
	Legal Aid - interim payments scheme	0.9	0.0	
	DoJ: Rent - unable to vacate due to COVID 19	0.1	0.0	
	NICTS: Loss of Income	12.8	4.0	
	FSNI: Loss of Income	0.1	0.0	
	DoJ: Working from Home	0.1	0.0	
Total DoJ		38.8	16.1	4.0
TEO	CV-19 Civil Contingencies Hub	2.0	0.0	
	PR: Advertising	1.9	1.9	
	PR: Event Management	0.1	0.0	
	PR: Communications/Press/TV Support	0.0	0.0	
Total TEO		4.0	1.9	0.0
PPS	Increased use of Counsel in Magistrates' Court	0.3	0.8	
	Cleaning	0.0	0.0	
	IT - Tablets	0.0	0.0	
Total PPS		0.3	0.8	0.0

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Total	1300.1	806.4	148.2
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-  already agreed
-  capital
-  held centrally for further consideration