

From the Office of the Minister
Gordon Lyons MLA



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Dear Louise,

Draft Budget 2022-25

Thank you for your letter of 10 February 2022 outlining Belfast City Council's concern about the scenarios modelled by departmental officials as part of the Draft Budget 2022-25 briefing to the Committee for the Economy.

My Department submitted a package of bids, as part of Budget 2022-25, focused firstly on meeting inescapable pressures to allow the Department to just stand still, then on measures to support economic recovery, investment in skills, all age apprenticeships, innovation, tourism and green growth – all to support the delivery of 10x, the strategic vision for the Northern Ireland economy.

The Minister of Finance's Draft Budget 2022-25 does not propose to meet these bids or prioritise the economy. The Draft Budget would result in a cut in real terms to my Department of 8% in Year 1 rising to 13% in Year 3, and totaling £259 million across the three years. This does not allow my Department to stand still let alone improve the performance of Northern Ireland in key skills and innovation indicators.

With inescapable Resource DEL pressures in excess of £300 million over the three year period, the Draft Budget means my Department needs to find solutions to fund these. In a budget where three quarters is spent on education and skills, there are no easy options that will not be a setback for the economy and the lives of the people of Northern Ireland.

Whilst one third of my Department's pressures relate to key DfE services previously funded from the UK Government's contribution to Europe, this funding has not gone. The UK Government has made a commitment to replace, at a minimum, the level of EU funding that flowed into Northern Ireland. However negotiations led by the Finance Minister and his Department have, to date, resulted in additional funding for Northern Ireland being managed by Westminster, with no alignment to the Executive's priorities.

The Minister of Finance needs to ensure funding into Northern Ireland from the UK Government meets the Executive's priorities. Until he does so some core DfE services, namely apprenticeships and grants for innovation, remain unfunded. The only remaining option for the delivery of these key services is an increased prioritisation in future budget allocations.

As part of the Draft Budget process my officials have been modelling potential options to allow my Department to live within the Minister of Finance's Draft Budget. No decisions have yet been made.

I have been clear that Northern Ireland needs to invest in skills, education and innovation programmes as competitor countries are not standing still. It will be a matter for the Executive as a whole to agree departmental budget allocations and I have been clear from the outset I am not supportive of the Minister of Finance's Draft Budget.

I am pleased to note that you are also writing to all other Executive Ministers, including the Minister of Finance, and to HM Treasury in relation to these matters. I fully understand and share the concern you, your fellow councillors and student representatives have in relation to the constraints on future skills investment arising from the proposed Draft Budget.

Whilst the official consultation on the Draft Budget was suspended by the Minister of Finance on 15 February 2022 it is important that we continue this engagement and I welcome your support in making a case for any future budget for Northern Ireland to provide greater priority for our economy, including investment in Skills and Education.

Yours sincerely,



GORDON LYONS MLA
Minister for the Economy