

NI Budget Update 2020/2021

On Tuesday 31st March Finance Minister Conor Murphy announced the Northern Ireland Executive's budget for 2020/21, the budget is centred around the Covid-19 crisis with its focus on the short-term emergency response measures.

Please note the Department of Finance is not publishing a detailed budget document. It wants to give Ministers time to consider their funding needs and the possible reallocation of funds between departments in light of the crisis. The Executive aims to publish a more comprehensive budget in May.

Please see below for the key points outlined by the Minister today and response to the Budget from political, media and business spheres.

Key Points

- The 2020/21 Budget will see a real term increase across all departments with £12.2bn allocated to resource funding for departments and £1.6bn allocated to capital funding for a wide range of projects and programmes
- Whilst the Budget was being developed before the onset of the Covid-19, it now has been overshadowed by the response to the unprecedented crisis
- £912m is to be directed for Covid-19 funding with Conor Murphy commenting on the matter *"There is no doubt that we remain in a challenging financial environment. Protecting lives and livelihoods from this pandemic is now the Executive's number one priority."*
- £100m of this will be allocated to fund a three months rates holiday for all businesses and the remaining £812m will be distributed in a separate process
- The Minister added: *"The Executive will do all in its power to ensure this Budget and the additional Covid-19 funding delivers for our citizens, workers and businesses in this time of crisis."*
- Conor Murphy also announced that the Executive will freeze domestic rates during this time of crisis to ensure that no additional burden is placed on households
- Along with a domestic rates freeze, the Minister announced a reduction in business rates of 12.5% which combined with the Reval 2020 and the three month rates holiday, will see business rates effectively reduced by 18% for the year
- This reduction is aimed at helping the economic recovery once the pandemic has passed
- The Finance Minister announced the renewal of the Small Business Rates Relief and Rural ATM schemes
- £278.6m will be made available to DAERA for 'farm support payments' to replace what was previously distributed by the EU



- The Executive intends to bring forward multi-year budgets which will facilitate long term planning but a consultation will need to take place first
- Mr Murphy has added that today's announcement sets the budget at a departmental level and that he aims to have a more specific breakdown for Ministers in advance of the vote in May on the Budget

Political Response

- Finance Committee Chair Steve Aiken, UUP, has emphasised that even in the midst of crisis, it is important for members to scrutinise the budget
- Today he asked why the Executive office has seen an uplift of 70%
- The Finance Minister responded to Mr Aiken, stating that the increased Executive office budget is "primarily due to the inclusion of £37.5m for the Historical Institutional Abuse payments for 2020-21"
- Paul Frew, DUP, has asked if the Finance Minister would consider "extending the three-month holiday for industrial rates and match other devolved regions of UK" in their response to COVID-19.
- Caoimhe Archibald of Sinn Fein has highlighted conflictions between the health and economic policy within the job retention scheme
- The Finance Minister noted that some of the response schemes were developed in 24 hours, where previously they would have taken years and that as a result of the rushed nature, there may be some conflicting advice from the UK Government
- Further to this Paul Frew has alleged that supporters of Sinn Fein have been intimidating business owners to close
- Finance Minister Conor Murphy noted that if Mr. Frew has evidence of wrongdoing he should bring it to the police, rather than use it as a publicity stunt

Media Response

- Journalist John Campbell has described it as the 'shortest budget statement' he has seen to date
- Ryan McAleer of the Irish News noted that the final shape of rates bills will be dependent on the district rates struck by councils

Business Response

- Chair of the Belfast Chamber Simon Hamilton has welcomed the reduction of rates alongside the renewal of the Small Business Rates Relief scheme and he is hopeful there will be more to come
- The Federation of Small Businesses has also welcomed the measures introduced in the budget but has insisted more drastic action is required



