

Spending the Northern Ireland Budget

KEY:

N: Narrator
SW: Sammy Wilson
S: Speaker
A: Ministers in Assembly
CM: Conor Murphy

N: Health. Schools. Roads. Sport. Policing. The Northern Ireland Assembly has the power to decide how money is spent on these and the other devolved areas. The Assembly agrees a Programme for Government, or plan of priorities, that they would like to achieve and an associated budget. But what exactly is the budget?

SW: Everybody budgets. It doesn't matter if you get pocket money, or if you get the 18 thousand million pounds a year that I have to spend, you've got to decide what your priorities are, what additional money you might bring in and then once I get it what do I do with it?

N: So where does the money come from?

SW: The Northern Ireland budget's made up of a whole range of different sources of funding. The bulk of it comes from Westminster. We pay taxes to Westminster when people go out and buy shoes in the shop and buy clothes that pay VAT, we also pay income tax, we pay National Insurance contributions that all goes to Westminster and then they send money back.

N: The Treasury in London uses something called the Barnett Formula to calculate how much money each devolved region of the UK receives.

SW: We get about 12 thousand million pounds a year which is what's called Departmental Spending and that's available for us to spend on health, on education, on roads, etc. And then there's also other money which comes from Westminster which is called Annually Managed Expenditure and that's really expenditure that you can't anticipate. For example, if unemployment goes up, more employment benefits will be paid out and that comes directly from Westminster.

N: So we receive money from Westminster but can we raise any money ourselves?

SW: We don't have many local taxation powers but one taxation power that we do have is a regional rate and we raise about a thousand million pounds a year from both domestic rates - that's rates on houses and commercial rates. We're also allowed to borrow some money. We're allowed to borrow about 200 million pounds per year and then on top of that we get money from Europe. I suppose the one which many people have heard of is "Peace Money" which was really given to help us come out of all the problems that we've had and to put money into communities. We also got money for infrastructures, projects, etc.

N: Northern Ireland receives money from a variety of sources, from Westminster and Europe, and from the regional rate. But how do we decide how this money is actually spent?

- SW: Before the budget is decided I will sit down with every minister, and sometimes 1, 2, 3, times and we'll have talked about what kind of priorities does the minister have? What new things is the minister deciding to do? What other things do the Assembly want the minister to do? Once the Executive has decided upon it, it will go out for consultation and it goes to the Assembly finally and the Assembly will vote on the budget. And it's got to be a cross-community vote so you've got to have a majority of nationalists and a majority unionists voting for it - the budget proposal.
- N: The ministers who make up the Executive negotiate the budget but the MLAs must then agree it by voting in the Assembly Chamber.
- S: All those in favour say aye.
- A: Aye.
- S: Contrary of any no.
- A: No.
- N: Departments can now spend the money allocated to them. What happens when spending plans change? And how can we ensure value for money?
- CM: The Finance and Personnel Committee has an important role in the budget process. We've a dual role if you like, individually with our own department, and collectively across all of the departments to make sure the entire budget is being spent properly. When there is underspend, it's being properly reallocated among the departments where the priorities are, where the needs are, and that the money is being well spent and the people are getting value for money.
- N: The budget effects the lives of everyone in Northern Ireland as it determines how much money is spent on areas like schools, hospitals, roads, and policing. The next time you hear about spending cuts, or government investment, remember that there are MLAs elected to the Assembly and the Executive who make these decisions and that their choices will have effect on your life.