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**The Baroness Suttie**

23 May 2023

Dear Alison,

## **NORTHERN IRELAND (INTERIM ARRANGEMENTS) BILL**

Thank you for your contribution to the Northern Ireland (Interim Arrangements) Bill, and for your time beforehand to discuss the Bill's provisions. I am, as ever, grateful for your collaborative and constructive engagement on this legislation.

During the Second Reading debate, I committed to write to you regarding the issues raised by the amendments tabled by Stephen Farry MP in the House of Commons. These related to:

- the financial costs associated with a divided society;
- exploring an invest-to-save transformation fund; and
- a needs-based spending floor and percentage uplift in Barnett consequentials.

As I said at Second Reading, I do not think it would be right for me to commit the Secretary of State to exploring certain defined options, in advance of commissioning NI departments for advice on budget sustainability options.

Specifically on the costs of division, however I very much sympathise with the point you raised. The costs of division to society in Northern Ireland are substantial, with a recent Ulster University report estimating this to amount to £226 million per year in the education system alone.

The Government is actively working to address this division, in a manner consistent with our Belfast Agreement commitments that also recognise the importance of greater integration in Northern Ireland's education system. This includes the £500 million in capital funding available for building integrated schools and shared housing in Fresh Start Agreement 2015, as well as almost £2 million to support more schools than ever to convert to integrated status.

The issue at hand, however, is not identifying the costs of division. These are well documented. It is instead a question of how these can be reduced or removed, and I would hope this is something a restored Assembly and Executive will address.

On exploring an invest-to-save transformation fund, this Bill will allow the Secretary of State to direct NI departments to provide advice on options for budget sustainability. There are a broad range of measures which I would expect NI departments to assess before providing the Secretary of State with advice.

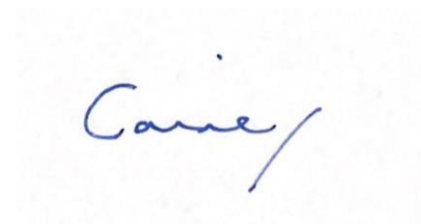
I am happy to engage further as to how these powers are used, but again I do not think it would be right for me at this stage to commit to the Secretary of State prioritising commissioning certain advice from NI departments over other areas.

Finally, I have noted the Northern Ireland Fiscal Council's report on the updated estimate of the relative need for public spending in Northern Ireland. The Secretary of State met their chair, Sir Robert Chote, earlier this month to go through the report's findings, and will have further such meetings. There are clearly many different ways to assess need, as the Fiscal Council acknowledges, but the report suggests that Northern Ireland is receiving the funding it needs. The report shows, however, that locally accountable leadership is urgently required to ensure Northern Ireland has a stable and flourishing economy and to advocate for and implement any reforms to public finances.

I hope the above is helpful.

I am placing a copy of this letter in the Libraries of the House and I am copying it to Stephen Farry MP.

Yours sincerely,



**LORD CAINE**  
**PARLIAMENTARY UNDER-SECRETARY OF STATE FOR**  
**NORTHERN IRELAND**