

**From: The Minister**

Voluntary and Community Organisations

Via e-mail

Dear Chair

## **INTERIM BUDGET ALLOCATIONS FOR THE 2026-27 FINANCIAL YEAR**

I recognise the vital role that community and voluntary sector organisations play in tackling deprivation across our communities. You address the challenges that present most acutely at local level, doing so with persistence, innovation and compassion. I greatly value the contribution you make in supporting individuals, families and communities, often in the most difficult circumstances, and in delivering meaningful and lasting outcomes.

Against this backdrop, I am writing in relation to interim budget allocations for the 2026-27 financial year. The Executive has not agreed the Draft Budget 2026-30 and to ensure business continuity, I am issuing interim allocations for 2026–27 pending agreement of a final Budget.

The Finance Minister published a draft 2026-30 Budget on 6 January 2026, followed by an 8-week consultation which closed on 3 March 2026.

For my Department, the impact of the current draft 2026-27 Budget for resource DEL is effectively flat cash, with no additional budget to address pay awards and inflationary pressures. In addition, my Department has not been advised as to how the Treasury Reserve Claim of £400m which is to be repaid over three years at £80m/£160m/£160m will

be handled. There is potential for the draft allocation to DfC to be reduced accordingly. It is in this stark context that my Department is currently considering 5% and 10% budget reduction scenarios, with options on how best to manage a constrained budget and deliver a balanced position.

I recognise the impact that budgetary uncertainty has on your staff and your organisations.

In an effort to alleviate some of the immediate pressures that organisations are facing, I have taken the decision to provide a level of financial support to help sustain services and to help you retain vital staff. This support will be provided by the Department to cover the three-month period up to 30 June 2026 with interim allocations based on your opening 2025-26 allocation, subject to normal approvals. These payments will begin to issue week commencing 6 April 2026.

I need to make you aware that this allocation cannot be interpreted as an indication or commitment to the level of funding available for the remainder of 2026-27, given the absence of clarity on the overall budget settlement for the Department.

I realise, of course, that uncertainty over the budget position provides very significant management challenges for both the Department and your organisations, therefore I would encourage continued close engagement to ensure the continuity of key public services.

I will further update you on your 2026-27 Budget once the 2026-27 Department's allocation has been set and allocations agreed.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Gordon Lyons', written in a cursive style.

**Gordon Lyons MLA**  
**Minister for Communities**