



**NICVA response to the Draft  
Northern Ireland Budget  
2025-26**

**Public Consultation by the Department of  
Finance**

**13 March 2025**

## 1. Background

### Who We Are

- **NICVA**, the Northern Ireland Council for Voluntary Action, is the **membership and representative umbrella body for the voluntary and community sector (VCS)** in Northern Ireland with **1,500 members currently, who provide a wide range of services and activities for public benefit**. These range from health and social care; housing, homelessness and emergency services; advice and information; supported employment and training provision; community development and peacebuilding; to environmental, heritage, arts, and sporting activities.
- We represent a diverse range of organisations and groups, large and small, UK wide, regional and local, all dedicated to making a positive impact on our communities, building a stronger, more resilient Northern Ireland.
- We work to support and advance the interests of the people and communities that our sector supports. We offer a wide range of practical services and support to our members to help them do what they do best - find innovative solutions for social challenges.
- We believe that collaboration between government and the voluntary and community sector is essential to achieving positive outcomes for all, and we regularly engage with political representatives, Government Ministers and officials in support of this aim.

## 2. Context

- The charities, community, organisations and groups across Northern Ireland that make up our sector are at the front line of tackling key social, economic, and environmental issues across NI.
- Services delivered by the voluntary and community sector are the cornerstone of public sector delivery and an integral part of mainstream service pathways and well-established referral routes to many areas of public service provision.
- The sector also continues to respond to and plug increasing gaps across many of our mainstream public services, delivering support that may not be readily available

or accessible within the public sector for a variety of factors not least budgetary pressures.

- An independent survey of the public commissioned by NICVA<sup>1</sup> found that **9 in 10 people had used a service provided by an NI community or voluntary organisation in the last year** and **1 in 8 felt that these services were ‘essential to their lives.’** More than 1 in 10 of those organisations providing these services, reached over 5000 people per year.
- The breadth of the services provided by the voluntary and community sector in Northern Ireland is incredibly diverse and cuts across all areas of public service provision - with the **sector employing over 50,000<sup>2</sup> people and mobilising over 200,000 volunteers across over 7,000 charities** which deliver in all areas and underpin social and economic development in Northern Ireland.
- However, the sector is currently facing significant pressures that threaten its future sustainability and effectiveness.
- A continued cycle of chronic under-investment, unstable government and the consequent short-term, single year and last-minute public sector budgeting has been particularly detrimental to the many VCS organisations that receive public funding through grants and contracts to deliver services. This has resulted in continuous uncertainty for these groups and organisations, creating a workforce crisis across the sector and placing many services under unsustainable operational pressures.
- Recent years have been characterised by stagnation of funding, little prioritisation of critical policy issues and a general degradation of public services across the board.
- The long-term viability of the sector and the sustainability of many groups and organisations is at risk due to growing financial and operational pressures. This is set against rising need and demand for services, placing additional strain on already stretched resources.
- Our sector faces immense pressures yet continues to step up, providing a range of support and services to ensure that communities thrive and flourish.

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<sup>1</sup> <https://www.nicva.org/resource/nicva-public-perception-survey-identifies-high-levels-of-public-usage-and-trust-in>

<sup>2</sup> [Workforce and Volunteers 2021 | NICVA](#)

- However, while the demand for their services has increased, the financial and strategic support from across government has in no way kept pace.
- Complex problems require time to solve, but immediate budgetary challenges facing our sector over this next financial year demand urgent attention from NI Government and departments: rising national insurance costs, the looming gap from departing UK Shared Prosperity Funding, and diminishing access to essential core funding, present ‘a perfect storm’ that threatens the very sustainability of voluntary and community sector led delivery in Northern Ireland.
- In light of these pressures NICVA is currently calling on the NI Executive to implement a 12-month emergency support plan for our sector, whilst we press for a more long-term strategy and plan for investment in the VCS by government.
- NICVA is advocating for a fair and sustainable operating environment for voluntary and community sector organisations. This is inextricably linked to how government departments allocate and administrate budgets. We engage regularly with budget processes to call for meaningful progress to realise these ambitions.
- Whilst more sustainable funding models have been routinely promised, we need to see more urgent and concrete action by Government and meaningful progress towards this regarding.
- We know that practically, final decision making on budget priorities for 25/26 has already been progressed by individual Departments.
- It is vital however that the views and interests of the voluntary and community sector are adequately considered and reflected within budget considerations by Government, even at this late stage, reflective of the sectors unique role in the delivery and support of public services.

### **3. Introduction**

NICVA welcomes the opportunity to contribute to the public consultation on the draft budget for 2025/2026.

In general we want to outline our significant concern about the budget for 2025/26 as presented, which offers yet another deeply challenging budgetary picture for public service delivery in Northern Ireland. When it comes to both resource and capital spending it is evident that the proposed budget for this next year is wholly insufficient

to meet the current demands facing Government Departments. As a key delivery partner to government this will undoubtedly impact greatly on stability for our sector, which is already in the midst of a financial crisis and on the services and beneficiaries it both directly provides and advocates for.

We recognise the complex decisions involved in allocating finite resources while striving to meet the diverse needs of our communities and address the complex challenges facing public service delivery.

We understand how extremely challenging the Budget position for 2025-26 is for all NI Government Departments requiring difficult and unenviable decision making by Ministers. We fully recognise the scale of the funding gap facing Departments and the difficult decisions they are being required to make as a result.

However now more than ever we must rethink how we make decisions on the funding and delivery of public services, in order to really understand the connection between funding and supporting the wellbeing of people across Northern Ireland. NICVA and its members are keen to work with government in support of this.

Clearly there is an urgency to agree how we stretch the current funding pot to adequately address short-term need whilst retaining ambition for the long-term wellbeing and prosperity of all.

Even in these times of unprecedented budgetary constraint, Government can still greatly improve people's lives by focusing on clear priorities including within its Plan for Government and by listening to and working with key partners, including the voluntary and community sector to ensure best use of resources and to deliver most impact. This approach is important in the context of responding to both the immediate budgetary challenges faced in 2025/26 and in looking to the future budgetary picture beyond this.

In making comment, we wish to draw attention to the 2024 NI Audit Office Report into Budgeting and Accountability<sup>3</sup>, and the associated recommendations, particularly in

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<sup>3</sup> NI Audit Office, 'Budgeting and Accountability'(2024) (Available at: NI Audit Office Report - Budgeting and Accountability.pdf., accessed on 22/8/24)

relation to multiyear budgets, collaboration, and expenditure relating to measurable outcomes within an agreed Programme for Government.

Our response to the draft budget consultation is informed by the current context for the voluntary, community and sector and the people and communities it serves.

With input from Department of Finance officials we hosted a recent engagement session for sector representatives to facilitate dialogue and capture views on the draft Budget consultation from the perspective of the VCS. The views and suggestions generated via this session have informed our response, which also reflects the insights, knowledge and perspectives gathered via our day-to-day work in supporting and representing the sector across Northern Ireland more broadly. We are aware that organisations in attendance at our engagement session and indeed many other sector organisations will also be providing their own responses to this consultation. We urge that these important contributions be meaningfully considered as part of the continued Budget setting process and decision making by government, even at this late stage for 2025/26.

## **4. General Comments**

### **Consultation Document and Process**

#### *Level of detail*

It is difficult to respond meaningfully or in specific detail, to a high-level budget document that contains headline detail with regards to individual departmental spending proposals and the rationale for spending decisions. Our response is therefore at a high level, taking the opportunity to provide comment on the general budgetary outlook and environment from our sectors perspective more broadly, rather than providing detailed responses to the individual consultation questions as posed. As more specific detail becomes available via individual Departmental budget consultations, we will be happy and keen to provide more detailed comment on funding priorities etc as identified by Departments.

### *Departmental EQIAs*

Whilst we appreciate the time pressures on wider government departments, publishing their individual Equality Impact Assessments in a timelier fashion, and in line with the timeframe for this public consultation on the overall budget for 25/26 would have been helpful and enabled stakeholders to engage in the scrutiny process regarding the budget more effectively and as a sector make our contributions feel more purposeful.

### *Consultation Feedback*

As was suggested via our sector engagement session a process for more detailed feedback from the Department as to the outcome of this public consultation on final decision making on budgets would be welcomed. Sector representatives suggested a thematic summary of consultation feedback made available via the Department would be helpful to illustrate how insights may have been taken into account and how final decision making on budgets has been reached.

As has been highlighted, many parts of our sector are significantly over stretched and under resourced and therefore have limited capacity to respond to public consultations in which they feel their views would be important. It is important that sector organisations feel that their contributions have been meaningfully considered and also that there is greater transparency from government around decision making on budgets.

### **Funding Priorities**

Whilst we welcome the commitments given to prioritisation of funding for a number of key areas within the draft budget, including but not limited to the provision of health and social care, childcare provision, skills development, delivery of social housing and the ending of Violence Against Women and Girls – it is clear from sector feedback that the funding set against each of these priorities for delivery is wholly inadequate.

We trust departments will consider the feedback and expert insight from across our sector regarding potential for impact of this.

In addition, whilst we are mindful of the significant budgetary constraints facing Government there are some significant omissions within the priorities as detailed.

It is concerning not to see funding prioritised in this next financial for key areas of strategy development including but not limited to delivery and implementation of an Anti-Poverty Strategy.

### **Links to delivery of Programme for Government priorities**

By not aligning this budget more directly with the current Programme for Government (PfG) at this stage or producing the PfG and Budget as a simultaneous exercise, we would remain concerned as to how government proposes to meet its PfG commitments, within the current budgetary envelope and of the likelihood of adequate funding being available for those areas identified as policy and legislative priorities within the final PfG.

### **Public Sector Transformation**

We believe that given the challenges faced across public service delivery transformation must be an urgent priority.

We welcome the commitments given within the draft budget to supporting public sector transformation including £47 million for Transformation, to be allocated at a later stage based on recommendations by the Public Sector Transformation Board.

This is a welcome step towards hopefully better delivery of public services and improved outcomes however as stands is a relatively small pot of funding compared to the whole of the Executive's spending

The voluntary and community sector is a vital part of the public service infrastructure in NI, with a reach and expertise that the public sector doesn't have into communities. The community and voluntary sector's expertise and insights are critical to the service transformation and reform needed.

Our sector must therefore have the opportunity to meaningfully inform the work and recommendations of the Transformation Board via appropriate sectoral representation.

Clearly, the transformation needed cannot be fully delivered without the proper investment, and it is clear that making Northern Ireland work better will require a more sustainable fiscal package.

Critically though this must be accompanied by a new approach to local funding decision making and approaches. Working in silos is inefficient and plays to unhealthy competition rather than the collegiality needed as Departments compete for an already insufficient pot of funds, further squeezing our sector as a result.

## **Revenue Raising**

### *Protecting those most at risk of impact*

The proposed increases in the Domestic and Non-Domestic Regional Rates are understandable given financial pressures. However, it is crucial to ensure these increases and other potential revenue raising measures do not disproportionately impact those who we know are particularly vulnerable and on a low-income, and who are often supported by our sector. Additional/adequate support measures for these groups must be considered and our sector can provide a useful perspective of how this can best and most practically be achieved.

## **Need for Multi Year Funding and Budgets**

We believe it is vitally important that the NI Executive moves towards multi-year budgets. Whilst we understand why in 2025/6 this has not been possible; this must change as Government looks to 2026/7 and beyond.

As has been well evidenced, this continued cycle of short-term budgeting is damaging for our sector and those it serves. Budgetary uncertainty imposes real costs on sector organisations, with the lack of clarity around the budget for 2025/6 already being seen to impose significant impacts on organisations for example, having to place staff on protected notice or being forced to reduce staffing hours or aspects of service provision in preparation for anticipated budgetary cuts. This uncertainty also impacts directly on service beneficiaries and does not make strategic or budgetary sense with regard to service planning etc.

Whilst Governments commitment to the delivery of a multi-year budget and more sustainable funding models are welcomed, as a sector we need to see more concrete action and meaningful progress in preparations towards this regarding. We are almost midway through 2025 and are conscious that discussions on budget priorities post 2026 are already being taken forward by Departments.

Given its unique role it is important that the sector is brought into and can contribute to strategic discussions on budget setting/priorities beyond 2026 at the earliest stage.

#### *Cliff Edge in current NI Funding Arrangement*

A specific issue that Government must proactively address is the 'cliff-edge' in funding that NI is facing in 2026–27, when the additions in the 2024 financial package from UK Government no longer apply.

Early engagement by Government with our sector on the potential for impact and mitigation against is critical.

#### **Collaboration across Government**

It is imperative on government to accept in both theory and in practice, that departments can no longer consider their budgets in isolation.

In the context of the budgetary challenges faced it is clear there is a need for much greater communication, planning and collaboration across and between government departments with regard to budget setting both in the immediate and longer term. This is necessary to fully understand and mitigate impacts and to ensure that limited resources can be targeted most effectively as we move forward. To date this level of collaboration has not been evident in budget setting and consideration.

Looking to the future much greater consideration must be given to pooling of budgets etc, in order to maximise impact etc. As a sector we believe the Department of Finance must play a lead role in coordination regarding.

By doing this, Government can better avoid just simply transferring the financial pressures public services are experiencing from one part of the public sector to another and instead ensure collective efforts are put into the transformation needed to

put all public services, including those delivered via the voluntary and community sector on a more sustainable footing.

### **Equity and support for vulnerable groups**

In the context of the difficult challenges faced any budgetary decisions must prioritise services that protect and uplift the most vulnerable in our society, ensuring that resources are allocated where they are most needed. Our sectors insight, reach and expertise in this area, should be considered critical by departments in efforts to mitigate budget impacts and to target limited resources most impactfully/effectively.

### **Capturing Impact**

We note and welcome the fact that the Department has attempted a cumulative EQIA, however we share wider sector concerns that is insufficient in highlighting the full potential for impact.

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A robust cross departmental approach is necessary to ensure the cumulative impacts of any budgetary decisions on our most vulnerable can be adequately captured and understood, in order to be proactive in mitigating against negative impacts. This is important too in understanding the cumulative impact of individual departmental decision making on budget on the voluntary and community sector.

We believe the Department of Finance should play a lead role in capturing this fuller understanding across departments.

### **Parity of Support**

It is well evidenced that the community and voluntary sector routinely feels the impact of budget cuts and pressures more disproportionately, than other sectors.

The work of our sector is not discretionary spend, it must be better valued, seen by Government as a core part of delivering better outcomes for all in NI and not routinely left vulnerable to last minute funding decisions, or funding cuts and freezes.

Given the importance of our sector to the delivery of public services, we believe there is a need to ensure a more balanced and equal treatment of VCS delivered services in decision making on budgets.

### **Equality Impact Assessment and Section 75 Impacts**

Our response does not aim to reflect or comment in any detail on the potential impact of the draft budget on specific section 75 groups. It is clear that the impact is likely to be high, and that many of these groups will not be sufficiently protected against the consequences of ever diminishing resources. At this point we don't believe it is helpful to restate the likely impacts that the present consultation document and other departments have already acknowledged. In essence, we believe that while there is value in highlighting the effect of budget cuts on those most acutely at risk of impact, it is equally important to highlight that these impacts are caused by long term structural issues that have identifiable roots, and which require strategic action by government. Short term fixes or investment won't adequately address equality impacts if the overall budgetary system for NI remains the same.

### **Rural Needs Impact Assessment**

As was highlighted via our sector engagement session, the absence of a [Rural Needs Impact Assessment](#) within the budget is a concern. This is critically important in ensuring the impact of budgetary decisions on those across our rural communities can be adequately captured. We know there are distinct and unique challenges faced by those living in rural communities with regard to access to many public services including but not limited to infrastructure and transport services and health care provision. In the context of an extremely challenging budgetary picture, it is critical that any such impacts are identified and understood at the earliest stage and mitigation against given fullest consideration by the Department.

## 5, Responding to the Current Context

There is a growing list of emerging issues that make the future budgetary outlook even more concerning for our sector.

As we look to this next financial year our sector faces a unique set of financial pressures, which combined, present 'a perfect storm' that threatens the very sustainability of voluntary and community sector led delivery in Northern Ireland, and the realities of which must be adequately reflected in ongoing consideration and delivery of the NI Budget for 2025/26, if vital public services are to be sustained.

Consequences of the 2024 UK Budget for charities, combined with a significant reduction in both UK and NI government funding available to the sector from such sources as the UK Shared Prosperity Fund and the Department of Health Core Grant scheme have resulted in a bleak budgetary picture for 2025/2026, placing many parts of the sector under unsustainable financial pressures.

### **Impact of 2024 UK Budget**

#### *Increase in National Insurance contributions and National Living Wage*

Following the UK Budget announcement last October, charities across the UK are now facing a substantial increase in their national insurance contributions from 6 April 2025. This arises from the decision to increase NICs by 1.2% to 15%.

NICVA continues to gather evidence of the impact of these proposed increases for VCS organisations across NI<sup>4</sup>, with a recent survey highlighting that 76% of organisations expected major financial impacts, with many facing additional costs between £5,000 and £200,000 annually from April 2025. One social care provider anticipated increased costs of £500,000.

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<sup>4</sup> [Northern Ireland's Voluntary Sector Faces Critical Financial Pressure from NICs Increase | NICVA](#)

As sector organisations' feedback to us continues to highlight, without adequate intervention by government the burden of these increases, with little time to prepare, means as a result there will be a need for many organisations to cut or reduce essential services and staffing, and the knock-on impact of this on the individuals and communities they serve will clearly be hugely significant. In addition, without adequate redress, the many contributions made by voluntary and community sector organisations to public policy and service delivery across Northern Ireland will also be greatly impacted, all undoubtedly placing further strain on already overstretched frontline public services as a result-

Additionally our sector will be required to meet increases to the national minimum wage rate for employees, also announced via the UK Budget creating further financial pressures.

The UK Government has recognised the challenging impact of raising employer NICs in their decision to reimburse the cost of NICs to public sector organisations. As essential partners to government both through direct public service delivery, and in plugging the gaps where public sector services fall short, the voluntary and community sector requires parity of support and protections in order to meet these increased staffing costs.

However unlike public sector organisations, as a sector we currently have no protection against these rising costs, as we continue to press the UK Government on the need for this parity of support.

It is acknowledged that these budgetary decisions have been taken by the UK Government and were not by the NI Executive.

We recognise and welcome the fact that the Minister of Finance and the wider NI Executive continues to make representation to the UK Government regarding the impact of the increase in national insurance contributions and the need for urgent solutions and interventions including for our sector.

However, the reality is that if the UK Government does not change its current position, the consequences of that decision must fall on the NI Executive to mitigate from April 2025 onwards, with increased costs reflected in all future public sector contracts and grants to the voluntary and community sector.

We appreciate the very real challenges that this brings for the NI Executive and in the absence of a resolution via UK Government we ask that the proposed Budget and allocations to Departments are further considered to ensure these additional costs can be met, without placing further and unsustainable financial burden on our already squeezed sector.

## **Loss of/reduction of core Government Funding programmes**

### *Department of Health's Core Grant funding scheme*

The unprecedented demand seen for the Department of Health's Core Grant funding scheme, with nearly 260 organisations applying and 25 successful grants, demonstrates the critical role and urgent needs of Northern Ireland's voluntary and community sector in health and social care delivery and the challenges faced with regard to access to sustainable and adequate funding to deliver.

The decision to maintain cuts cut to this vital funding stream, undermines the sector's ability to support the health system at a time of unprecedented budgetary and operational pressure. The voluntary and community sector is an essential partner in healthcare delivery, providing crucial services across public health, social care reform, mental health support, disability services, and cancer care. Without adequate core funding, this vital infrastructure is at risk.

The Department of Health cannot deliver its strategic objectives without a strong, sustainable voluntary and community sector.

The current situation, with regard to the Core Grant is an example of the serious misalignment between Governments reliance on our sector and its investment in our capacity to deliver.

In light of the proposals with the draft budget to address some of the growing pressure on health services amidst increasing community needs, a more substantial and strategic approach to voluntary sector funding with regard to health and social care delivery is urgently required.

## *UK Shared Prosperity Funding (UK SPF)*

For decades the voluntary and community sector has been instrumental in addressing economic inactivity for those most marginalised from mainstream services and provision and in helping create a more inclusive labour market in Northern Ireland, including making a central contribution to NI Government funded programmes and services.

With current UKSPF funding due to end in March 2025 and funding for a one-year transition programme confirmed at a reduced rate by UK Government, this brings further financial burden on critical parts of our sector, already under financial pressure and significant uncertainty as what lies beyond this transition year in terms of funding.

## **Fair Funding**

In the face of the complex challenges faced and amidst rising demand, our sector needs fair, adequate and multi-year funding to keep service delivery viable, meet rising costs and attract and retain a suitable workforce.

NICVA continues to advocate for a fair and sustainable operating environment for voluntary and community sector organisations.

Whilst more sustainable funding models have been promised, as a sector we need to see more concrete action and meaningful progress from government to help realise this. This is vital as we face into this current budgetary picture and plan for service delivery in this next financial year and beyond.

We believe *the 'Fair Funding Principles and Ways of Working'* developed via the Joint Forum between Government and the Voluntary and Community Sector, supported by NICVA can play a key role here.

## **6. Closing Comment**

We are grateful to the Department of Finance for the opportunity to provide comment on the draft budget and trust our feedback has been helpful.

We look forward to the Department publishing their final decisions emanating from this consultation process, setting out how responses have been considered, and outlining plans for moving forward.

Clearly there is an urgency to determine how Government can best address short-term need, in the context of the current budgetary picture for 2025/26 and beyond, whilst retaining ambition for the long-term well-being and prosperity of all including via PfG commitments.

The voluntary and community sector must be supported by Government to make a meaningful contribution to these discussions and to be able to continue to sustainably deliver vital public services on behalf of government. NICVA is happy to provide expertise and any coordination regarding.

We trust the Department and the wider NI Executive departments will listen to and consider the expert insight and feedback from across the sector in response to this public consultation and beyond and respond appropriately in determining final priorities and decision making on budgets.

As always we would strongly encourage early engagement and collaboration with the sector with regard to ongoing budgetary decisions, by all Government departments and agencies wherever possible. As well as helping to delivering better outcomes, a stronger partnership approach with the sector can help explore alternative actions and solutions that could be taken to mitigate cuts or reductions in spending anticipated as a result of the draft Budget.

We would urge government departments to continue to work with our sector during the difficult months ahead as we all aim to do the best for communities, including protecting the most vulnerable. NICVA are keen to support ongoing communication and engagement with the sector regarding the challenging budgetary decisions ahead and all efforts to reduce or mitigate their impact.

NICVA and the sector would further welcome all opportunities to collaborate with Government in planning for public service delivery beyond March 2026 including informing budget priorities for a hoped next 3-year budget for NI.

Our unique value and expertise must be seen as an asset that can help Government successfully deliver on their missions and improve outcomes in communities.