NICVA Consultation Response to the Department of Finance Draft Budget 2026–29/30

Submitted: February/March 2026
From: Northern Ireland Council for Voluntary Action (NICVA)

Background

NICVA (Northern Ireland Council for Voluntary Action) is the leading membership and representative body for the voluntary and community sector in Northern Ireland, with over 1,500 member organisations ranging from grassroots community groups to larger charities. We work to strengthen, support and champion voluntary and community organisations, helping them to innovate, connect with decision-makers, and deliver vital services that improve lives and build resilient communities. Our response to this consultation draws on insights from our members, our policy work across key social and economic issues, and our ongoing engagement with government on sustainable funding and public service delivery.

Introduction

NICVA welcomes the opportunity to respond to the Draft Budget 2026–29/30. Our submission reflects the views of NICVA members, analysis from the voluntary and community sector (VCS), and feedback gathered at our sector-wide Budget Engagement Session as well as many parallel meetings with connected stakeholders and politicians.

This consultation response raises profound concerns about the viability, transparency, equality impacts and long-term sustainability of the budget as presented. These concerns are well known and documented.

At NICVA we have deep and escalating concerns about Northern Ireland's budgetary environment, emphasising that the voluntary and community sector (VCS)—a workforce of over 50,000 staff and 200,000 volunteers across 7,000 organisations—has become an essential part of public service delivery. Yet chronic underinvestment, political instability, and short-term budgeting have left the sector in a precarious position. We believe the Draft Budget is *wholly insufficient* to meet rising need, with financial pressures threatening the viability of many VCS organisations. In the face of predicted pressures NI's C&V sector is in the eye of a "perfect storm" that will force organisations to cut services, reduce staff, or close programmes entirely.

Strengthening the case for investment in the voluntary and community sector

The Partnership Agreement between Government and the Voluntary and Community Sector, endorsed by the Northern Ireland Executive in 2025, sets out a clear expectation that the sector is a strategic partner in delivering public outcomes. The Agreement recognises that voluntary and community organisations provide essential services, support vulnerable people, and contribute to social cohesion and economic wellbeing. Budget decisions must therefore reflect the Executive's commitment to a collaborative, long-term relationship with the sector, rather than treating it as an optional or discretionary area of spend.

The Agreement's **Fair Funding** principles are particularly relevant in the current budget context. Government has committed to ensuring that funding arrangements are sustainable, timely, and reflective of the true cost of delivery. Short-term allocations, in-year cuts, and delays in decision-making directly contradict these principles and undermine the ability of organisations to plan, retain staff, and deliver high-quality services. A budget that aligns with the Partnership Agreement must prioritise stability, multi-year planning, and full-cost recovery.

The Agreement also emphasises the importance of **early and meaningful engagement** with the voluntary and community sector in policy and financial planning. Effective collaboration cannot occur when organisations are consulted only after key decisions have been made or when budget uncertainty forces them into crisis-management mode. A credible budget process must therefore include structured engagement with the sector at formative stages, enabling departments to understand the real-world impact of funding decisions and to co-design solutions that protect essential services.

The voluntary and community sector is a major economic actor in its own right, employing tens of thousands of people and generating significant social and economic value. Cuts to the sector have a multiplier effect: they reduce service capacity, increase pressure on statutory systems, and weaken community resilience. The Partnership Agreement acknowledges this strategic importance, and the budget must do the same. Protecting and strengthening the sector is not only consistent with Executive policy—it is essential to achieving Programme for Government outcomes.

The draft budget is being set in a context of:

- Exceptional financial constraint across all departments.
- Falling cash allocations for 2026–27, an unprecedented situation highlighted by independent experts.
- Severe equality impacts, particularly on people with disabilities, children and young people, older people, minority ethnic communities, women, and unpaid carers.
- A critically damaging funding cliff edge caused by the Local Growth Fund (LGF), which threatens to dismantle essential community-based employability and inclusion services that reduce economic inactivity.

NICVA emphasises that the budget:

- Provides insufficient information for meaningful scrutiny.
- Lacks a coherent strategic framework aligning with Programme for Government priorities.
- Places disproportionate pressure on the VCS at the very moment demand is increasing.
- Will impact the most vulnerable: The equality impact assessment indicates that the groups facing the strongest and most cumulative impacts are:

People with disabilities Children and young people Older people People with dependants / unpaid carers Women (especially lone parents and carers) Racial and minority ethnic groups

This issue of c**ross-cutting risks** is a huge issue as the above groups often overlap (e.g., disabled children, minority ethnic carers, older disabled people), making cumulative disadvantage more severe. The same equality report explicitly warns of a **"multiplier effect"** where cuts in different departments compound one another.

We urge the Executive to revise allocations, protect frontline services, challenge the UK Government's LGF model, and embed fairness and evidence in final decisions.

Key Concerns About the Draft Budget

- **Insufficient Detail for Effective Scrutiny:** NICVA members consistently expressed frustration that the headline allocations lack the detail required to understand departmental impacts, strategic trade-offs, or alternatives. This undermines the purpose of the consultation and risks decisions being made without adequate evidence or transparency. Our members requested clarity regarding existing statutory financial commitment and further breakdown of the budgets for each department.
- **Real Terms and Cash Terms Cuts:** Leading analysis confirms that in the coming financial year Departments will have less in cash terms than this year, despite rising pay, inflation and service pressures—an unprecedented scenario. Members described this as "by far the worst situation" they have seen in decades.
- **High-Risk Timing and Misalignment with Programme for Government:** The Budget runs to 2029/30 but the Programme for Government expires in 2027, creating significant misalignment and uncertainty for multi-year planning.
- **Equality and Human Rights Implications:** This draft budget if implemented predicts severe and Cumulative Impacts on Section 75 Groups. The DoF's own Equality Assessment identifies that the greatest and most cumulative harm will fall on the most vulnerable in society.
- **Disproportionate Impacts on VCS-Delivered Services:** VCS organisations deliver essential services relied upon heavily by the groups above, including advice, housing support, carers' services, disability services, youth provision and community health programmes. Cuts to departmental baselines will therefore have secondary and indirect equality impacts through reductions in grant funding and commissioned services. The Northern Ireland Partnership Agreement

- **Local Growth Fund (LGF) – A Critical and Immediate Threat:** NICVA reiterates its strongest concerns regarding the structure of this programme and damage it has created to relations between local Stormont institutions and UK Government. Funding for tackling economic inactivity will fall by 64% (from £25m to £9m) from April 2026.The imposed 70% capital / 30% revenue split is detached from labour-market realities and will collapse 17 VCS-led inclusion and employability projects, affecting over 11,000 people annually and putting 400 staff at risk. This change was made without adequate consultation, transparency or impact assessment, despite repeated warnings. At our NICVA budget session, members emphasised that NI is uniquely disadvantaged as it does not have access to inclusion programmes available in other parts of the UK. This is a direct threat to economic inclusion, equality, and long-term sustainability of communities across NI.

- **Impact on the Voluntary and Community Sector: First Cuts Fall on VCS -** Members highlighted that in previous fiscal crises, the VCS is the first area where cuts land, despite delivering services that government is unable to provide itself. The 2024-2027 Programme for Government stated that *" Our Community and Voluntary Sector is a key partner, but we recognise they have been significantly impacted by unpredictable funding arrangements along with increased demand. The problems are interconnected, so we will prioritise interconnected solutions and sustainable funding models" .* We fail to see any interconnected solutions proposed in this 3-year budget.

- **Collapsing Preventative Infrastructure:** Loss of community-based services will: Increase pressure on health and social care; Drive up crisis spending; Undermine government priorities on economic inactivity, childcare, mental health, disability, ageing, and poverty. Create irreversible loss of staff and organisational capacity.

- **Lack of Strategic Approach:** Members pointed to multiple unfunded or partially funded strategies (e.g., Early Learning and Childcare, Mental Health, Disability Employment, Ageing) and highlighted a widening gap between strategy and budget reality.

Comments on the Consultation Process

NICVA members raised several process concerns:

- Tailored written responses are not weighted or considered equally compared to online surveys.
- Insufficient time and information undermine meaningful engagement.
- The consultation asks the sector to suggest what should be cut, pitting services against one another instead of providing a strategic rationale.
- Lack of rural needs assessment at this stage creates gaps in evidence.

NICVA Recommendations

Demonstrate courageous long-term thinking

We urge the NI Executive to adopt a more strategic, integrated approach to addressing key challenges facing Northern Ireland. Rather than continuing with fragmented initiatives that often duplicate efforts and dilute impact, we need comprehensive, cross-departmental strategies that maximize value for money and deliver meaningful outcomes. We currently have a number of strategies that have no funding attached yet they have consumed considerable effort to produce. We need strategies that can make a meaningful difference.

A prime example would be establishing a Northern Ireland-wide Economic Inactivity Programme that:

• Consolidates existing interventions - Bringing together the current plethora of separate programmes, schemes and initiatives under a single, coherent framework
• Demonstrates clear efficiencies - Eliminating duplication, streamlining administration costs, and creating economies of scale
• Centres beneficiary needs and impact - Designing pathways based on what actually works for individuals facing barriers to employment, rather than what fits departmental structures
• Enables joined-up support - Coordinating health, skills, childcare, transport and employment support services around the individual
• Measures what matters - Focusing on sustainable employment outcomes and wellbeing improvements, not just programme throughput

This type of strategic thinking should characterise the entire 3-year budget approach. We need fewer, better-resourced strategic programmes that break down departmental silos, leverage partnership working, and put citizens' outcomes at the heart of public spending decisions. The current fragmented approach wastes resources, confuses service users, and fails to achieve the transformational change Northern Ireland needs.

The budget should incentivise and enable this shift from tactical spending to strategic investment.

Revise the Budget to Protect High-Risk Groups

- Prioritise allocations that mitigate severe equality impacts identified in the Equality Assessment.
- Protect frontline VCS services relied on by Section 75 groups.

Urgently Challenge and Renegotiate the Local Growth Fund

NICVA calls on the Executive and Department of Finance to:

1. Reject the 70/30 capital-to-revenue split, which is unworkable for Northern Ireland.
2. Seek an immediate revision of the funding allocation for 2026/27.
3. In the short term we need the NI Executive to guarantee continuity of existing services through the establishment of a £15 million Northern Ireland Executive Economic Inactivity Fund.

The Executive should earmark £15 million to sustain current provision supporting those who are economically inactive. This funding must recognise the cross-cutting nature of economic inactivity, its impact across multiple departments, and the significant social inclusion and labour market participation outcomes delivered by these services.

This investment would protect approximately 400 skilled staff and sustain support for over 11,000 beneficiaries annually — including women, young people, people with convictions, individuals with learning difficulties, those experiencing mental health needs, and others furthest from the labour market.

The fund should operate as an interim stabilisation measure to maintain essential infrastructure, prevent loss of expertise, and avoid service disruption while a co-designed, long-term delivery model is developed and implemented from 2027/28 onwards.

Publish Detailed Departmental Allocations and Impact Assessments

- Provide meaningful detail for scrutiny and enable evidence-based responses.
- Include cumulative impact analysis.

Protect Preventative and Early Intervention Services

- Departments should be mandated, not merely encouraged, to protect revenue-based, preventative programmes that save long-term public expenditure.

Strengthen Financial Transparency and Strategic Direction

- Align the budget with the PfG vision for inclusive economic growth.
- Set out a medium-term savings and revenue-raising roadmap.

Conclusion

The draft budget, as it currently stands, poses significant risks to equality, economic inclusion, public service sustainability and community wellbeing across Northern Ireland. NICVA is deeply concerned that without urgent revisions and strategic clarity, the Executive will preside over:

- the collapse of essential community services,
- worsening inequalities,
- a rise in crisis-driven public spending, and
- long-term damage to people, places, and economic opportunity.

We urge the Department of Finance and the Northern Ireland Executive to revise the Draft Budget alongside publishing a clear, time-bound transformation plan that demonstrates how efficiencies will be realised, duplication reduced, and resources redirected toward prevention and measurable outcomes. In the absence of such a plan, communities across Northern Ireland face increasing and potentially irreversible harm.

NICVA remains ready to engage constructively with Ministers, officials and Assembly Committees to secure a fair, sustainable and evidence-based financial settlement. As recognised in the Programme for Government, the voluntary and community sector is a strategic partner in delivering public outcomes, and we expect to be treated as such in financial planning and reform discussions. Without urgent and decisive intervention, the consequences for essential community services and for the people who depend on them will be profound and long-lasting.