



Response to 2015/16 Draft Northern Ireland Budget.

Northern Ireland Council for Voluntary Action.

December 2014

Contents.

1. Public Finances in Northern Ireland

- 1.1 Protect the most vulnerable
- 1.2 Impact on voluntary and community sector
- 1.3 Salami Slicing

2. Consultation on the 2015/16 Budget

- 2.1 Consultation
- 2.2 Measuring the Value of Projects
- 2.3 Equality
- 2.4 Scrutiny
- 2.5 A new budget process
- 2.6 Balancing the budget in the long term

3. Comments on 2015/16 budget

- 3.1 Approach to protecting the economy.
- 3.2 European Funding
- 3.3 Savings Plans
- 3.4 Public Sector Reform
- 3.5 Preventative Spending
- 3.6 Change Fund

4. Conclusion

5. Departmental Spending Plans

- 5.1 Department of Agriculture and Rural Development (DARD)
- 5.2 Department of Employment and Learning (DEL)
- 5.3 Department of Enterprise Trade and Investment (DETI)
- 5.4 Department of Social Development (DSD)
- 5.5 Office of the First and Deputy First Minister (OFMdfM)
- 5.6 Department of Health, Social Services and Public Safety (DHSSPS)
- 5.7 Department of Justice (DOJ)
- 5.8 Department of the Environment (DOE)
- 5.9 Department of Culture, Arts and Leisure (DCAL)
- 5.10 Department of Education (DE)
- 5.11 Department of Regional Development (DRD)

About our response.

This paper contains NICVA's reflections on public finances in general, our learning from our participation in this particular consultation process, and comments on each departmental spending plan.

It is based on our work on public finances in Northern Ireland over the last five years and consultation with our members on the 2015/16 budget. We held consultation meetings with eight departments over three weeks which were attended by 178 people. We would like to thank the 50 public sector officials who attended the meetings, shared their departments' thinking with us and answered our questions.

1. Public Finances in Northern Ireland

1.1 Protect the most vulnerable

From our perspective, the Northern Ireland Executive's 2015-16 Budget should ensure that the most disadvantaged do not experience further hardship. In setting the context to the reduction in Northern Ireland's block grant, the budget document cites the poor state of the public finances in the aftermath of the global economic crisis, and the UK government's plan to reduce the deficit. It is important to add that those with the lowest incomes, who are most vulnerable during recessions, have also borne the brunt of the government's deficit reduction plans.

1.2 Impact on voluntary and community sector

As budget holders struggle to meet these demands NICVA is concerned that voluntary and community sector (VCS) organisations delivering public services will be vulnerable to unfair and potentially disproportionate cuts. This is because VCS providers are often seen as additional to statutory services – even if they have been contracted to provide the core services of a department.

The sector is not adopting a begging bowl approach or seeking immunity from the financial pain. It is simply trying to ensure that it is not treated unfairly.

As the programme of cuts rolls out we believe the large number of budget holders across the public sector could be tempted to take what they feel may be easier options – cut the external or peripheral, as something that can no longer be afforded. Notably, recent reductions to DCAL's budget were passed on to the arts sector and cuts to the DOJ budget were passed on in-year to VCS organisations. DOE has proposed to cut its grant funding to external organisations by 100%. At a recent Committee for Employment and Learning meeting, DEL officials confirmed that the department planned to use the European Social Fund (ESF) to mitigate against budget cuts and cover some work currently under taken by the block grant and this

“would remove money that would otherwise go out to the community and voluntary sector.”

ESF money is used for training and support to people furthest from the labour market e.g. lone parents, people with disabilities or learning difficulties and people with literacy and numeracy problems. The fund is designed to improve their employment prospects, help them move to mainstream training and education, and live independent lives in work. VCS organisations are leaders in this field and have built up considerable expertise in working with these client groups. This is because their programmes tend to be highly personalised to the service user’s needs, extremely flexible to cope with complex lives of services users, and with a high level of user input.

1.3 Salami Slicing

We support the Finance Minister when he said in his budget speech *“It is likely that many Ministers will seek to make the savings required by their departments by way of an identical percentage cut across their services. This, in my view, is the wrong approach in these circumstances.”* Top slicing of budgets in this way rewards inefficiency and punishes lean organisations focused on service delivery. We know from our State of the Sector research that VCS organisations spend 87.3% of their income on their charitable activities. This means cuts have a direct impact on services and jobs.

In most cases the services delivered by VCS organisations are effective, efficient and provide real value for money. The consequences of unfair and disproportionate cuts are likely to impact on the most vulnerable people in our society as well as destroying the capacity of organisations to react to emerging needs in communities.

2. Consultation on the 2015/16 Budget

2.1 Consultation

NICVA and our members across the VCS engaged in a full consultation on the draft budget. 178 people attended meetings with officials from various departments organised by NICVA staff. However despite this effort we are responding to this document with a considerable sense of frustration. We echo the thoughts of the Committee for Finance and Personnel that the *“circumstances have resulted in a truncated budgetary process with considerably less scope than normal for input by the Assembly and wider public. Due to the resultant time pressures and absence of detailed information on some key issues, the Committee has been unable to prepare the type of coordinated report made in respect of previous Executive draft budgets”*.

In order to engage meaningfully with the consultation process it is important to have information not just on broad allocations to Departments and Arms-Length Bodies,

but on specific services and projects – it is really only at this point that the impact of cuts can be understood. However in general, the budget documents presented by departments lacked this level of detail. For example, in relation to the impact on Neighbourhood Renewal (DSD), the Rural Development Programme (DARD), the Employment Service (DEL), or how cuts to Health and Social Care Trusts will affect particular services (DHSSPS).

Government officials explained that the lack of detail was often due to the fact that decisions had not yet been made at programme or project level. We appreciate that the Draft Budget was agreed at a late stage and it takes some time for high-level allocations to make their way through to Arms-Length Bodies and specific projects. However government should ensure that it provides more detail during its consultation process for the next budget period.

2.2 Measuring the Value of Projects

In our consultation meetings Government officials explained that part of the reason why decisions on where to make cuts hadn't been made was the difficulty of determining which projects were of more value than others. This is despite the *Green Book* providing a methodology for assessing the value of central government projects in a standardised manner. The methodology is not without difficulties (a particular concern within the VCS is the extent to which non-monetary impacts are considered) but there appears to be a need for improved application of the *Green Book* guidance within the public sector.

Many VCS organisations deliver public services and as such may be directly affected by budget cuts. As set out above, the important thing from NICVA's perspective is that the rationale and evidence base for making reductions are reasonable and transparent. The VCS should not be offered unconditional protection but neither should it be targeted arbitrarily. The lack of objective evaluation of the impact and value of public services adds to our concern that the current round of budgets cuts are tactical, not strategic and the VCS will be regarded as the 'easy option' and will be first in line for cuts.

When budgets have to be cut Departmental priorities are: their statutory responsibilities, their Minister's priorities and then their discretionary spending. It is easy to see what is most vulnerable. Services delivered by VCS organisations invariably fall into the latter, discretionary spend. Short-term cuts that target this spend could lead to more expensive interventions, including those that fall under a statutory duty. This can be taking older people into residential, nursing care or hospital; taking more children into care. Cutting back work on reducing recidivism will lead to more crime and costs for police, courts and prisons, all at great expense to the public purse in the long-run.

So in today's terms, prioritising departmental budgets rigidly with statutory duty blindly trumping discretionary spend is counterproductive and might be 'penny wise and pound foolish'.

2.3 Equality

In allocating resources and deciding where to make cuts, government should aim to protect more disadvantaged people. Section 75 provides a number of techniques which can be used for this purpose and the consultation documents indicate that the equality impacts will be considered for individual projects. However, it is unclear how those screening exercises and Equality Impact Assessments (EQIAs) can be adequately carried out and factored in to the decision-making process at this late stage.

Furthermore, it would be preferable if equality impacts were considered *before* proposals on how to allocate Executive and Departmental budgets are published. The extent to which Section 75 is used to inform budgetary decisions is a longstanding concern and one that should be examined by the Equality Commission for Northern Ireland in time for the next budget period.

2.4 Scrutiny

The Committee system is an important element of the checks and balances of government in Northern Ireland and so it is concerning that the Committee for Finance and Personnel note: *"Assembly committees were not afforded the opportunity to scrutinise the departmental bids and proposed allocations and any supporting evidence prior to the Executive agreeing the Draft Budget for public consultation."*

2.5 A new budget process

We believe that the time is right to rethink the budget process for Northern Ireland. There are a number of potential options for this including the creation of a local version of the Office of Budgetary Reform as reported recently in the media. The Committee for Finance and Personnel suggest the *"need for the Executive to provide for an effective external advisory and challenge function in respect of budgetary savings and efficiencies. If it is not possible/appropriate to confer this function on an existing body, the Committee would propose that an external 'panel of experts' or commission is established, which has buy in from all Ministers. The focus would be on assisting in ensuring that savings are maximised while priority frontline services are protected. Having the expertise and access to the necessary information and undertaking its work on an ex-ante basis, such a body should report directly to the Executive in offering an independent critique of planned savings and efficiencies and in terms of ongoing implementation, both at a departmental specific and cross-departmental level. This would provide added assurance and may also serve to boost public confidence in the Executive's budget plans for 2015-16 and beyond."*

In Scotland, the Finance Committee recently appointed a Budget Adviser and the Scottish budget process includes a 'Budget Strategy Phase' carried out once in the life time of each government just before the UK comprehensive spending review.

The Innovation Lab process, recently introduced by DFP as part of the public sector reform agenda, would provide a unique and innovative way of exploring the budget process. We recommend that an Innovation Lab on the Northern Ireland Budget Process be organised as a matter of urgency.

2.6 Balancing the budget in the long term

Cuts and savings plans are only one side of the development a more balanced set of public finances for Northern Ireland. When seeking to balance its budget the Northern Ireland Executive has greatly reduced its options by closing the door to discussions on revenue-raising and greater fiscal devolution.

While there may be understandable political reasons for this there is a need for a longer-term approach to public finances. With both the Conservative and Labour parties likely to reduce public spending, in real terms in the next Parliament, the Northern Ireland Executive is likely to continue to find itself in a difficult financial position. In this context, a strategic review of its fiscal arrangements is advisable.

There has been a sense that Northern Ireland has done well from the financial relationship with the Treasury, through the current Barnett Formula, and that it would be inadvisable to 'rock the boat' by seeking to alter the devolution settlement. However developments in Scotland mean that the financial arrangements of the devolved regions is likely to undergo change regardless – the question is whether Northern Ireland engages in and influences this process.

3. Comments on 2015/16 Budget

3.1 Approach to protecting the economy

While we welcome the general principle of developing the economy we believe this goes further than budgetary protection for DETI. The DE and DEL also contribute significantly to the development of the economy. Therefore, we are concerned about the cuts being faced by these departments, in particular the high number of higher education and further education places being placed at risk in DEL and the proposed impact of DE budget cuts on integrated education and funding for children in schools in our most disadvantaged areas. In a similar vein many of the programmes funded under DSD's Neighbourhood Renewal Programme support economic development and job creation in disadvantaged areas. This fund is facing a 14% reduction under the current DSD draft budget proposals.

3.2 European Funding

In terms of the DEL budget, we would draw attention to the fact that £9million match funding for the ESF is no longer available under the current draft budget proposals. As match funding is essential to ensuring that the circa £200million of ESF monies can be drawn down by Northern Ireland, we would ask that any reallocation of funding across departments seeks to ensure DEL is in a position to provide match funding for ESF.

3.3 Savings Plans

Without exception, the main cost savings suggested by departments at our consultation meetings were public sector redundancies through a 'voluntary exit scheme'. The numbers of proposed redundancies were alarming and the planning for how they would be carried out varied between departments. There was a sense for some that the numbers in question would not be achievable without considerable impact on public service provision. Therefore, we support the FP recommendation that *"a credible restructuring plan should be agreed corporately and published by the Executive as soon as possible including details of how risks to service delivery are to be managed."*

The second issue with the scheme is that it is likely to come into effect from September 2015 at the earliest. Therefore departments do not see significant in-year savings and are looking at more immediate options. Again its discretionary spending areas, most notably grant aid to VCS organisations. Again, ironically, where these funds support jobs the resultant cuts will cause immediate wide scale redundancies with only statutory consultation and redundancy payment by the employers that meet their legal obligations. Those employers are not bad employers; they will simply have no choice. The value of the work will merit little or no consideration.

3.4 Public Sector Reform

While there is always a need to review and reform public services, it is important that reform is genuinely about improving processes and outcomes, rather than managing with fewer resources. For example, NICVA is concerned that public procurement exercises are increasingly emphasising cost rather than quality.

The budget crisis of 2015 is not a one-off but is indicative of things to come in the next Parliament. Public expenditure will drop year-on-year in real terms during the life of the next Comprehensive Spending Review (CSR).

The crisis was not of Northern Ireland's making but Northern Ireland does however find the consequences inescapable and we have to deal with it.

The resultant squeeze on public expenditure cannot be dealt with by a crude reductionist approach to spending on public services. The inevitable result of that is protectionism, poorer services, a demoralised workforce and a disgruntled public that

think nothing works. Northern Ireland needs to respond to the crisis by recognising the scale of the problem.

3.5 Preventative Spending

One way of improving the sustainability of public services without compromising their quality is by investing in preventative programmes - those that stop social problems from occurring or worsening, lessening the need for later, more expensive and reactive measures.

3.6 Change Fund

NICVA joined with PwC and others in our critique of the 2011-15 Draft Budget by commenting that any mention of preventative spending was absent from that document, choosing instead to focus on short-term savings that ignore persistent and recurring problems requiring a large amount of financial resources to solve. An approach that they determined necessary was one that made use of cross-departmental working and used pre-emptive spending to address major social issues.

Therefore, it is welcome that the Draft Budget 2015/16 allocates £30m for such projects in the form of the Change Fund. Setting aside money for this purpose can be useful, as the fact that the benefits are gained over the longer-term (and often by multiple government agencies) means that there is a tendency for preventative measures to be underfunded, particularly with a one-year budget. We would encourage budget holders to work with VCS organisations to prepare bids for the Change Fund.

4. Conclusion

It is NICVA's general view that a radical approach to the current public expenditure crisis is required if the Northern Ireland Executive is to deliver the best public services for our people. Recurrent cutting across the board will only produce despair and failing public services in health, education, the environment, social security and the economy and all other areas. It's time to look for change and meet the challenges with new innovative responses.

To manage the required change process will require a united Northern Ireland Executive committed to collective decision-making for five years. For the first time, our CSR should be actually zero based and prevented from just rebuilding itself as it was – but with less.

Each Department or priority area of government should have a Change fund to finance new service delivery and the focus for all service delivery should be prevention first before cure is needed.

Northern Ireland needs to reinvent itself: as a place to invest, live, enjoy and grow old and be cared for.

While there will be less public funds than might have been expected there are still very significant resources that if utilised to their optimum value can produce an excellent return for the community. One that develops the economy, creates job opportunities, protects health, looks after those in need, educates people, and shares in the Arts, heritage and natural environment.

5. Departmental Spending Plans

5.1 Department of Agriculture and Rural Development.

NICVA welcomes the approach taken by the Minister to align her departmental funding with Programme for Government commitments, particularly the protection for the Tackling Rural Poverty and Social Isolation (TRPSI) budget.

However, rural stakeholders expressed worry that as the department do not core fund any rural organisations and despite the Ministers commitment, TRPSI targets would undoubtedly be affected if these core funded bodies were not supported by other departments.

This is a problem across the budget, as it has been dealt with in departmental silos, it is essential that conversations take place between the Minister and her counterparts who have responsibility for rural issues as these do not fall neatly within one departmental portfolio.

Other points made by VCS organisations at a consultation meeting with DARD Officials, attended by NICVA, organised by Rural Community Network (RCN) included:

- Funding for Going for Growth, a joint initiative between DARD and DETI, should, if possible, be picked up by DETI due to their increase in funding in comparison to the reduction for DARD.
- It is disappointing that the Assisted Rural Travel Scheme has been lost. This could be mitigated by using additional capital funding in the TRPSI budget for community transport vehicles.
- No consultation with DEL on their proposal to remove 16,000 further education spaces which could have a huge impact on rural young people. The Minister needs to seriously discuss rural proofing of policy decisions with other departments.
- The current high level equality screening has noted no differential impact for rural based ethnic minorities despite them being widely recognised as the most disadvantaged group that work in the agriculture sector. We welcome DARD's commitment to undertake further equality screening on final budgetary plans. As with other departments, it is unfortunate that DARD was unable to carry out a full EQIA to enable the department to properly assess the equality impacts of their funding proposals.

5.2 Department for Employment and Learning

The Minister for Employment and Learning has sought protection as far as possible for skills, the economy and protecting the vulnerable. While we appreciate these key commitments, we feel that the detail contained in the Draft Budget do not meet what has been proposed.

The changes to the guidance and provision of the European Social Fund (ESF) to the VCS will negatively impact the skills base that can be maintained for Northern Ireland, and the ability of the vulnerable and disadvantaged to avail of and benefit from training services. We have been engaging with the VCS and with the Minister in addressing outstanding issues with the 2014-2020 guidance. We welcome the commitment of DEL and the Minister to engage with us and to 'refresh' the ESF guidance. We ask that these issues are addressed:

- We share concerns about the availability of match funding and will be making this point in our overall response to the Draft Budget. The department is short of being able to provide full match funding to the ESF in 2015-16. A conjoined approach together with other departments could have identified this shortfall and ensured that a match funder is on hand to ensure that the ESF is not lost and continues to maximise the spending power available to the Northern Ireland Executive. A provision of more up to date information and guidance would be helpful for many groups so that they know where they stand.
- The restriction in qualifications covered up to Level 1 only from voluntary and community providers (at a time when FE and HE places are being reduced significantly) means that many disadvantaged people will be unable or unwilling to proceed to higher levels required to secure employment. This is also inconsistent with the targets of securing employment for participants. Though DEL has indicated that it is willing to cover up to Level 2 for services to disabled groups, it needs to consider extending this commitment to other community and voluntary training service providers.
- While we support quality assurance in the training that is provided, the requirement of a certificate in teaching from the University of Ulster (with no equivalent alternatives outlined) is unduly and highly restrictive to the supply of tutors that can be relied upon. It may also, in fact, fall foul of employment law. DEL should outline that equivalents can be accepted and trust providers to determine where trainers' qualifications meet the standards required.
- The issue is not with what the service that the HE/FE sector provides, but is about the (lack of) services that the disadvantaged will be able to avail of from the community and voluntary sector if the changes to ESF go ahead. We are also concerned that the proposal by DEL to fund its own skills and training services previously mainstreamed within the Department's budget from the

ESF will impact negatively on the voluntary and community sector. This is seen as a protectionist issue by many in the sector. We call for an independent person to act as either an observer or participant in the project scoring and selection process. We also ask that the Department commit to publish and make freely available documents relating to the determinations made on successful and unsuccessful applications.

In order to ensure the positive future of the United Youth programme in addressing good relations and employability for young people who are 'NEET', more progress on the initiation of the programme needs to be made. Clearer information on the programme and its provision would be welcome, including the future of any funding allocated to the 2014-15 period but not yet utilised. DEL stated that the employability aspects of ESF may be integrated into United Youth if PEACE IV money is acquired and is on the Executive's list of priorities. Any collective action to ensure that PEACE funds are forthcoming would be welcome.

On a wider issue, the Executive's Draft Budget allocations have provided protection to schools, but not those who have left them. If support to these client groups is to be ensured for the future, DEL will require a larger allocation of funding above its Draft Budget position. We recognise the reality of current public finances (and were among the first to address them) and appeal to the Executive to ensure that services and clients do not suffer disproportionately through a lack of funding to DEL.

5.3 Department of Enterprise, Trade and Investment

Though protecting the economy and its potential for growth is a very important matter, we note that there is more to economic matters than those which are the responsibility of DETI. For example, education, skills and employment support are equally vital areas of economic importance that sit outside of DETI, in the Education, Employment and Learning, and Social Development Departments respectively.

It is undoubtedly good news that InvestNI have been able to achieve many recent success in bringing business and jobs to Northern Ireland. With the agency's overall budget increasing due to pressures arising from contractual commitments, it is essential to know the economic benefit that these investments return, as the increased pressure put on other areas of the Department as well as the remainder of the Executive's departmental allocations from the quantity of spending delivered through InvestNI. We are aware that projects and programmes are subject to economic appraisal prior to commencement. However, a higher level evaluation of particular areas would help to focus the restructuring of priorities and service delivery that InvestNI is currently facing and disputably will face in future years.

The proposals for the Consumer Council mention that research into the problems faced by consumers accessing affordable financial services will not proceed (among other research projects). Our own research in the matter (NICVA, 2013, Payday Loans) identified that the lack of access to affordable finance is a major issue for many people in Northern Ireland struggling+ to cope with rising prices and falling wages, and we ask that this proposition is reconsidered.

The spending proposals make no specific mention of social economy and social enterprise. As the social economy forms part of the Executive's Economic Strategy, we ask that the Department dedicates resources to ensuring support for the growth of this sector and that it isn't regarded as an area in which to make easy reductions.

5.4 Department for Social Development

The Minister and the Department have sought to mitigate the effects of Departmental budget cuts by protecting services that the vulnerable rely on and maximising alternative sources of funding. The Social Fund and Supporting People budgets have been protected from reductions in 2015-16. Voluntary advice services will also be protected from cuts. DSD also have a number of statutory and legal duties to discharge, requiring significant commitment of resources that reduces the number of areas from which cuts can be made.

The spending and savings proposals put forward a high-level assessment of the impact of reductions. They do not, however, provide evidence for the impact of cuts in specific programmes. This is instead occurring through an ongoing process of appraisals within the department. For instance, Urban Regeneration is prioritising the detail of projects not yet put in place and the Department should engage with stakeholders to adapt the approach that is taken.

- Reductions of £2.5m in the Urban Regeneration resource budget will impact on a range of funded programmes and their posts, significantly in Neighbourhood Renewal. We ask that Neighbourhood Renewal is instead guarded as a priority area. Indeed, the Executive's priorities were to safeguard the economy and vulnerable people and we believe that Neighbourhood Renewal serves both of these purposes. A 14% reduction to its budget in 2015-16 (following on from a 10% reduction in 2014-15) will work against the important objectives that the programme delivers and lay waste to many of the organisations that deliver these needs.
- We also ask that the Neighbourhood Renewal budget is protected when the delayed transfer of responsibility to the new councils as part of Local Government Reform is made in April 2016. The Department was unable to provide assurance that the funding that councils receive in respect of Neighbourhood Renewal will be distributed proportionally by councils – if fact, it was stated that councils are free to do with this money what they like. As the legislation is not yet in place, it is important that DSD ensure that this situation is avoided and that the Neighbourhood Renewal money can be ring-fenced.
- £70m of mitigation to reduce the negative impact of Welfare Reform proposals has been committed by the Minister. The burden of these changes, however, is greater than this in sum, and it will be left to community and voluntary organisations to pick up the pieces and deliver services to those impacted. This is not achievable under the proposals that have been put forward. Many groups will suffer from a lack of funding or assurance within 3 months' time, and the 350 people working on Neighbourhood Renewal projects will be put under strain. A lack of information is leading to the powerlessness of the sector in planning for the future. This has a particular effect when changing

departmental priorities are conveyed, leading to equivocal strategies being taken.

- We back the protection for Supporting People and for the voluntary advice services (regional and front-line). The additionally that these interventions provide reduces demand on other services, including those outside DSD. However, the impact analyses that could be used to prioritise elements of Supporting People are embryonic and require further development, as the compliance and probity data that is currently collected provides little worth as to the value of individual services offered. The Department for Employment and Learning is £9m short of being able to provide match funding to the ESF in 2015-16. A conjoined approach together with other departments could have identified this shortfall and ensured that a match funder is on hand to ensure that the ESF is not lost and continues to maximise the spending power available to the Northern Ireland Executive.
- DEL's advice to applicants mentioned local councils as potential match funders. This would make perfect sense if reform of local government had gone ahead as planned, with DSD Neighbourhood Renewal and Community Investment Fund (CIF) transferring to councils. However, the delay in transferring these functions has meant that neither of these traditional match funding sources can be used as DSD are not in a position to guarantee funding in these programmes beyond the draft budget period, when they will then transfer over to local government (April 2016). We would like to see DSD commit to match funding for the life of the ESF programme with a handover to local government predicated on that basis.

We appreciate that DSD has not taken a "salami slicing" approach to its reductions and is aiming to carry out economic appraisals on areas that can be targeted for savings. However, the Executive's entire budget would benefit from a high-level Equality Impact Assessment (EQIA) being carried out and an approach that addresses cross-cutting themes rather than focussing on individual departments. In addition, the impacts of individual organisations' work often benefit more than one departmental area (if not more than one department), and a multidisciplinary approach would be better placed to appreciate the overall picture of what can be gained and what will be lost when spending and savings proposals are made.

5.5 Office of the First and deputy First Minister

NICVA welcomes the commitment of the department to finding the bulk of reductions in funding internally in the department, or through Arm's Length Bodies rather than targeting grant funding which is the approach taken by other Departments.

However, we believe there is little consideration given to the harm done by reducing grants. Whilst this restructuring work is carried out, often expertise is lost immediately upon reductions to grants which cannot simply be instantly reinstated when funding becomes available.

With this mind we would note concern that officials stated progress on many of the outstanding strategies within the OFMDFM remit will slow further due to the reductions in staffing levels. The speed of production of these strategies from the department is already a concern for many within the sector as many are well over due for publication.

Other key issues raised by the sector at a consultation meeting with OFMDFM officials included:

- With the timescale for consultation and the level of detail given, it is difficult to really comment in great detail on the department's draft budget proposals. This is especially true for equality impact as no EQIA has yet been carried out. However, we recognise that this is not unique to OFMDFM and is an issue with the budget as a whole.
- We note with concern at the lack of any budget for Together: Building a United Community (T:BUC) in either the department's budget or centrally, coupled with the DE's complete eradication of Community Relations, Equality and Diversity in Education (CRED) funding the impact on community relations will undoubtedly be huge. With unprecedented budgetary pressures falling across all Departments, it will be more difficult for additional funding to be achieved through monitoring rounds as is the departments plan to fund T:BUC currently.
- These impacts on funding related to community relations again highlights where there has been little coordination across the Executive on individual departmental level decisions, resulting in the same sectors or groups of people being repeatedly hit by reductions in funding across departments where responsibilities do not fall neatly in line with departmental silos.

5.6 Department of Health Social Services and Public Safety.

NICVA welcomes the frank discussion that took place with departmental officials on the draft budget proposals, particularly given that this is first time the department has not been totally ring-fenced. With the reduction in funding to non-front line service we would note concern that there is no widely used/recognised definition of “front line services” for Health and Social Care meaning it is impossible to understand what falls within the ring-fence for front line services.

With this lack of definition, it is difficult to understand the rationale for many of the decisions taken by the department. A number of the areas which will suffer reduced or no funding in this budgetary year, outlined at the NICVA consultation meeting, included items which NICVA would see as front-line services, including NICE drugs, mental health and learning disability services.

There has also been no correlation between Programme for Government commitments and the criteria or rationale applied to spending decisions, including *“improving patient and client outcomes and access to new treatments and services,”* and *“Reconfigure, reform and modernise the delivery of Health and Social Care services to improve the quality of patient care”*

Other key points from NICVA consultation meeting with departmental officials include:

- When reducing what is termed as “discretionary spend”, it is important that voluntary and community organisations are judged based on their merit and value and not seen as additional, remembering that in the majority of cases they save more for the department in the long term.
- It is also important that the department prioritises early intervention/prevention spending and recognises the ability of this to save money in the long term, not just for health but across all departments on which health spending has an impact.
- Completely cutting funding for resettlement of those with a mental health or learning difficulty is unacceptable and runs contrary to the implementation of the Bamford Review. Arguably it could be seen as a breach of human rights and Section 75 commitments. Each of these issues should be considered before final policy decisions are taken. It also appears short sighted when we consider the on-going costs of keeping people in institutional care.
- It is worrying that there is no budget built into this draft budget to deal with an outbreak of any epidemic or emergency situations, such as previously encountered with swine flu. Given the current budgetary pressures on all

Departments funding for issues such as these would be difficult to recoup from other areas.

- Rolling back on commitment to the implementation of Transforming Your Care (TYC) is a real issue. TYC was aimed at rebalancing health and bringing it back into communities. If the commitment to its implementation is not taken forward, the opposite will happen resulting in more people in hospitals requiring front line and emergency care which will cost more to the health service over all.

We welcomed the Minister's decision not to cut core funding to voluntary and community organisations in the current financial year. When we wrote to the Minister on this issue we *'recommend that you allow time to make the changes in an orderly way rather than in-year, as quite frankly some organisations will not be able to cope, will have to cut activity, jobs and might not even survive.'* This will still be the case during the review of funding and so we strongly recommend that this decision be extended to 2015/16 in order to allow for a proper review of the fund and a new process to be created.

When budgetary decisions are as difficult as they currently are this represents an opportunity to use Section 75 as a method of developing departmental budgetary proposals. However, it is very difficult to see how an EQIA can be done adequately, with the appropriate consultation ahead of the budget being implemented on April 1st.

This departmental budget is a good case for looking at children's budgeting, as children are invisible in this and many other budget documents and as a result are at real risk of feeling adverse impacts from a range of decisions made by a number of departments.

Added to this NICVA would note concern at the lack of strategic oversight of the health budget as a whole. This is needed to ensure that cuts to one part of the health budget do not simply increase pressures elsewhere.

5.7 Department of Justice

At the NICVA meeting on the DOJ's draft Budget, officials told sector delegates that this was the most difficult budget context that they had ever experienced, both in quantum and in the expected timeframe. Within the department, the cuts were further complicated by the inordinate number of non-departmental public bodies (NDPB) within the department's remit (14) which all had to be factored into budget considerations and comprised 78% of the total departmental budget. The PSNI was the biggest benefactor of DOJ funds by a significant margin (approximately 7 times that of the second biggest benefactor, the Northern Ireland Prison Service).

In line with draft budget priorities outlined by the Minister of Justice, the departmental budget is protecting front line police services as far as possible and ensuring the PSNI has adequate additional security funding. Given the percentage of the department budget that the PSNI takes, any small budget protection will have a significant impact on other parts of the department.

The third draft budget priority as outlined by officials was to protect other frontline areas across the department as far as possible, with the aim of protecting outcomes for the public. This priority however isn't reflected in the decision to cut grant funding to community and voluntary sector organisations working in criminal justice. The organisation NIACRO, who are receiving departmental grants, will have to lose between 30-40% of their staff in the new financial year. NIACRO and other community and voluntary sector organisations had been producing excellent outcomes for offenders and victims. NICVA is concerned that the budgetary decisions made within the draft budget had not been outcome focused. Furthermore, we are concerned that any cuts to the community and voluntary sector will result in job losses and, therefore, a loss of expertise.

NICVA is concerned that in compiling the draft budget, the department had not maintained a focus on prevention and early intervention, a framework that will ensure savings in the long term.

An effective EQIA had not been carried out to ensure that cuts to spending did not negatively impact on vulnerable groups. Although a high level equality screening was being carried out, this was not subject to consultation and therefore there would be little opportunity for the sector to feed into this once it had been completed. Although DFP would carry out an EQIA on the budget in its totality, there were concerns from sector delegates that this would not go far enough.

NICVA urges DOJ to effectively engage with other departments to ensure that cuts made have a strategic direction and to ensure there is no duplicity in cuts to services. Although the department assured delegates that these conversations would occur with the DHSSPS on cross cutting work such as the Sexual Violence and Abuse Strategy, more could be done with other departments. Furthermore, once more details had been received by the department in each NDPB's saving delivery

plans, the department should further engage with the community and voluntary sector. This would ensure that the level of expertise present in the sector from their experiences on the front line of service delivery would be factored into budgetary decisions.

5.8 Department of the Environment

At the NICVA meeting on the Department of the Environment's (DOE) draft Budget, officials told sector delegates that this was the most difficult budget context that they had ever experienced, both in quantum and in the expected timeframe.

NICVA urges DOE to adopt a strategic, long term and transformational framework when deciding what to cut. Although recognising the statutory and regulatory obligations the department has responsibility for on behalf of the Executive, and that these have to be prioritised to prevent EU infractions, the department has not prioritised the management and care of Northern Ireland's unique natural and cultural heritage. Developing a risk register would be useful as community and voluntary organisations assist departments in hitting various targets, particularly European Environmental targets (e.g. freshwater, birds and habitats).

Given the link between a healthy environment and a healthy society we have concerns that these budgetary decisions will negatively impact upon other department's budgets in the long term. Furthermore, NI's unique landscapes are vital to the tourism economy and in film and production. This could therefore lead to a loss of earnings from tourism and potentially will impact upon NI's ability to attract film and TV production. This is counter to the aims in Creative Industries in Northern Ireland Strategy (2011) and will potentially overturn the last decade of success in this area.

We are concerned that DOE has made 100% cuts to grant funding. The community and voluntary sector rely on these grants using their expertise to deliver services on behalf of the department, cheaply and with better outcomes than many of those delivered by the department itself. Reducing funding for these organisations will also mean it is less likely departments will meet EU directed targets and therefore may face infraction fines much higher than the total amount of funding withdrawn. Furthermore, the removal of grant funding also prevents departments from applying for other external grants as it is normally used as organisations' match funding. The total removal of grant funding will mean that many of community and voluntary sector organisations working within the environmental sector will cease to exist and will result in significant job losses thereby losing expertise and experience.

Significant cuts proposed to community planning will compromise the years of preparation that has went into Local Government Reform. We urge the department to reconsider the extensive cuts to community planning support that are proposed, especially given the role community planning will play in providing funding to community and voluntary sector organisations for delivering services.

5.9 Department of Culture Arts and Leisure.

At our consultation meeting with departmental officials, NICVA was shocked at the admission that grant spending was being targeted as a way of reducing departmental expenditure, as this is the only/easy option available to the department.

Added to this was the admittance that once savings were made through reductions to the departmental staff bill, through the voluntary exit scheme grant funding would increase. This shows a fundamental lack of understanding of how grant funded organisations work as once funding is lost, in many cases, these organisations cease to exist and the expertise of their staff is lost. This cannot simply be switched back on again when funding becomes available. It is important that the department understands that grant funding is not a hand out, it is for specified activities following an application process. It must be used for the purposes specified and the money is restricted to these activities only.

NICVA welcomes that the Department has made a policy decision to protect libraries as passing on cuts via salami slicing is not good budgetary management. However beyond the protection given to libraries we would note our concern that passing on salami sliced cuts to the rest of the Department's Arm's Length Bodies appears to be the approach taken.

Furthermore, we would note our concern at the approach being taken to grant funding by Sport NI. At the NICVA consultation event the official from the department's sport branch noted that Sport NI would be focusing on programmes that end in March. We believe that this is not an appropriate way to deal with grant funding; there should be a focus on the outcomes of projects and the ability of these to assist the Department in meeting its Programme for Government commitments.

Other points that were raised at the NICVA consultation meeting include;

- Contracts that have already been given out for specific lengths of time should be honoured by the department. This is viewed as committed expenditure by organisations in receipt of it and people have been employed on contracts on the basis of this funding continued.
- Focusing on grant funding for reducing funding has a disproportionate impact on the voluntary and community sector. Furthermore, passing the same level of cut through all levels of DCAL, with the exception of libraries, and their arms-length bodies makes no judgement of or reflection on the impact of programmes that will be affected by reduced funding.
- Directing activities towards those that generate income is not always or often an option for arts and sporting organisations. Putting a price on participation runs contrary to the stated aims of DCAL in promoting equality and targeting social exclusion.

- Arts, sporting organisations and events play a much bigger role other than that which exists within the DCAL remit. For example, global companies the Executive are seeking to attract to Northern Ireland via a reduction in corporation tax may not be attracted to invest in areas that are cultural wastelands lacking in cultural and sporting activities and events.
- The department should look internally at where it can make efficiencies; particularly ensuring work is not doubled up. For example, with waterways.

5.10 Department of Education.

NICVA welcomes the initial commitment in the department's budget consultation document that the budget allocation is to "provide for the delivery of the Department's objectives and to support the priorities outlined in the Executive's Programme for Government." However, we note that the only other reference to Programme for Government commitments is the removal of the commitment to establish an Education Skills Authority. We believe departments should, as far as possible use their Programme for Government commitments as the framework for the strategic prioritisation of their budgets.

Other points raised by stakeholders at NICVA's consultation event with departmental officials include:

- The complete eradication of the CRED budget is entirely out of line with reductions across the rest of the department, it also runs contrary to recent outcome of inspectorate on delivery of CRED in schools and the Programme for Government headline priority to "*building a strong shared society.*"
- There has been no rationale given for higher reduction, of around 20% being passed to the youth service budget compared to other parts of DE. This is especially concerning when you consider the ability of organisations such as Youth Action to leverage £11.60 for every £1 received in funding. Therefore, even what may be seen as a 'small reduction' in funding by the department results in programmes and organisations closing and front line services being lost to their service users.
- The impact in the medium to long term of these decisions does not seem to have been taken into account. Removing support and activities from young people can have future costs in terms of health, employability and the justice system.
- The proposed 15 % reduction to NICIE's budget is almost twice the average across the rest of the department and is at odds with the department's statutory duty to encourage and facilitate the development of integrated education.

As with other departments, it appears budgetary decisions have been made within the department's silo. It appears no discussions have taken place with other departments in relation to their reduction in funding, and NICVA believes this will lead to children being hit by reductions across a range of departments. Just one example of this is through cuts to both early years and SureStart.

NICVA would note concern that an EQIA has not yet been carried out nor has the department's draft budget been Section 75 screened as yet. We would question the

result of the high level screening which has highlighted only “minor impacts” despite the clear effects reductions in education spending will have on young people.

5.11 Department of Regional Development.

NICVA welcomes that the department is looking both internally, as well as at its Arm's Length Bodies, to income generating options, (including the work with Belfast Harbour Commissioners aimed at releasing value) and where savings can be delivered rather than simply passed on.

We would however note with concern the lack of consideration given to rural and community transport in the budget document, simply stating there will be a required "*reduction in the grants*" available does not give any context to the size or scale of these reductions. More importantly it does not reflect on the disproportionate impact reductions to funding for community transport would have on Section 75 groups such as older people and those with a disability.

This also does not take into consideration the rural impacts of this decision. We note with concern this quote from the budget document: "*the department recognises that the proposed cuts to expenditure will impact more severely on those people who take public transport in rural areas. This is because the services provided in those areas are not as economically viable and therefore are likely to be the first to be curtailed if this is the final budget.*" This raises particular concerns due to the resulting impact of this decision on issues such as TRPSI which has been prioritised by the DARD Minister. This once again raises concerns of how this budget has been made with no oversight and each department only considering its own budget in a silo.

NICVA would strongly urge the Department to carry out an EQIA on the decision to make as yet unspecified reductions to grant funding to community transport as this has not been considered in the Section 75 annex to the budget document and to ensure rural proofing all of its policy decisions takes place.

There is no mention in the budget of cross departmental discussions on issues such as community transport, where decisions made in one department can have additional impact. For instance at a consultation meeting with DARD officials, suggestions were made that additional capital funding now available in the TRPSI budget for community transport vehicles.

NICVA would highlight concerns that there is no reference to the Department's Programme for Government commitments whatsoever in the consultation document. NICVA believes that Departments should, as far as possible, use their Programme for Government commitments as the framework for the strategic prioritisation of their budgets.