

## **Summary of Responses to ‘Briefing on Northern Ireland Budgetary Outlook 2018-20**

### **Background**

The Department of Finance published a Briefing on Northern Ireland Budgetary Outlook 2018-20 on 18 December 2017. The document set out the broad strategic issues that will inform an incoming Executive’s Decisions on a Budget for 2018-19 and 2019-20 (and 2020-21 for capital).

Details on how to provide feedback on the document was available on the Department of Finance website and a dedicated email address was provided. A template was provided to facilitate responses but respondents were not restricted to its use. Views were requested by 26 January 2018.

### **Responses Received**

2856 responses have been received. A number of stakeholders requested an extension to the deadline and this was facilitated where possible.

Responses were received from a wide range of interested parties, including individual members of the public, business organisations, political parties, charities, sectoral organisations, local authorities and public sector bodies. Excluding signatures on petitions, only a small number of the overall responses were from individuals.

Individuals and small organisations tended to use the template provided and commented most on the income generation/ review of policy measures included in the document. Larger organisations provided more bespoke responses which, as expected, focused on the issues pertinent to their individual sectors. There were also, as is usual for this type of engagement, a number of co-ordinated campaigns whereby a number of respondents raised the same issue by use of pro forma letter.

This was most prevalent in relation to the potential reduction in funding provided by DAERA for rural affairs where out of a total of 1474 responses covering this area, 1400 took the form of a standard letter received from a wide range of rural community organisations.

A significant number of responses, 1045, opposed the potential cessation of the Education Maintenance Allowance (EMA). Of these 1022 took the form of signatures on a petition. This petition also opposed the removal of Entry and Entry Level 1 provision in Further Education Colleges and charging for Home to School Transport.

All responses received have been considered, logged and summarised. Responses referring to issues relating to individual departments have been provided to the departments concerned.

Department of Finance officials also attended a number of briefing sessions with key stakeholders. Individual departments have also engaged with their stakeholders on

the content of the briefing document. Departments have provided DoF with a summary of the responses they have received.

This document provides an overview of the issues raised and views expressed. It does not replicate the detailed summary of all responses received which has been compiled by DoF.

### **Centrally Held Budgets**

The template provided for feedback, posed the following question:

- Are there centrally held items that should be stopped, reduced or increased?

There were limited responses to this particular question. The responses provided included the suggestions that funding for Delivering Social Change, Air Passenger Duty, Tackling Paramilitary Activity and Confidence and Supply should be either reviewed to see if the funding would be more effective elsewhere or transferred to fund departmental pressures.

The Renewable Heat Incentive Inquiry was seen as too expensive and difficult to see what it would achieve.

### **Income Generation/ Review of Policies**

The template provided for feedback, posed the following questions:

- What are your views on household charges and whether they should be higher in order to provide more funding for public services such as health?
- Given current pressures, are there services which are currently being provided for free or subsidised that should attract a charge?
- Do you believe we should be charged the same for services as in other parts of the UK?
- What existing policies should be reviewed in order to provide more funding for public services such as health?

While the majority of respondents did not address all the questions posed, this issue did attract significant interest.

Most did not consider that we should be charged the same for services as the rest of the UK citing the different circumstances in NI and that this was a function of devolution.

There was a general concern around the cumulative impact of any proposed measures on the most vulnerable in our society and widespread support for means testing any charges. However, it was suggested that this should not be based solely on receipt

of benefits or free school meals and that regard should be given for low income working families.

While the majority of those that responded to the general question of income generation were opposed in principle, there was an overall acceptance that something needed to be done in order to fund public services.

However, many respondents also said that inefficiencies in departments must be addressed before considering additional charges. One respondent emphasised that services were not provided free of charge but rather were paid for through taxation. Another noted that the measures being proposed had already been rejected by the Executive.

Of the income generation measures suggested in the document, Regional Rates, Concessionary Fares, Home to School Transport and Prescription Charges received the most attention.

While responses were roughly equal in terms of those for or against increases in domestic Regional Rates, there was opposition to any increase in the non-domestic rate. A number of respondents referred to the need for an overhaul of the rating system rather than simply increasing the amount paid. This was particularly true for business rates. One respondent suggested that rates should be ring-fenced for social care, as originally intended to fund services provided by local authorities in other regions. Raising the maximum capital rate value was also suggested. It was also noted that while household bills may be lower than GB when expressed as a percentage of GVA the amount charged in NI was equivalent to the whole of the UK.

A small majority of responses which commented on Prescription Charges were in favour of introducing some type of charging mechanism. However, concerns were expressed as to the cost of administering a charging system. Others expressed a preference for restricting the items that were available on prescription, e.g. aspirin, paracetamol, or reducing wastage.

A majority of the responses referring to concessionary fares were in favour of the removal of free travel for new applicants in the 60-64 age range. However, it was highlighted that not all recipients in that age bracket were in fact in work and that for some this was a vital benefit.

While some respondents were in favour of parents contributing to the costs of Home to School Transport, a significant majority of responses which mentioned it were strongly opposed.

Increases to Higher Education Fees, Health Trust Car Parking Charges and Community Care Charges also attracted more opposition than those in favour, though the numbers commenting were not as high.

The remainder of the income generation measures included in the document received a lower level of interest with the balance of 'for' and 'against' being roughly even.

A number of respondents referred to potential income generation measures not included in the document. A number were in favour of the introduction of water

charges. While others suggested the tolling of roads, increasing Translink charges and charging for entrance to museums/galleries. Charging for GP visits and fines for missed GP/hospital appointments were also identified as possible sources of income. The introduction of other environmental levies, similar to the plastic bag levy, was also suggested, as was the need for the NI Environment Agency to adopt full cost recovery on licences. Reform of Civil Service Pay was also suggested.

In terms of a review of existing policies, the most significant response was in relation to the Educational Maintenance Allowance where a significant majority of those responding were opposed to its removal.

Industrial de-rating and Small Business Rates Relief also attracted opposition. As did cutting Council Rates support. It was suggested that there should be a fundamental review of business rates particularly the various reliefs available.

A reduction in Teacher Training places also attracted a degree of opposition from within the education sector.

A number of additional areas to be considered were identified including means testing the winter fuel allowance, considering funding for Irish/Ulster Scots and an energy consumption survey for the public sector to identify savings.

Other respondents emphasised the need to address inefficiencies before imposing charges - this included in the health and education sectors as well as within Translink with the number of empty buses being highlighted.

The fact that this was not an exhaustive list of policies was also raised with the need for a systematic review of all existing policies being identified.

## **Resource Scenarios**

The template provided for feedback, posed the following questions:

- Do you agree with the proposed basis for protection of some departmental budgets or do you have an alternative suggestion?
- Do you have a preference for a particular scenario?
- What are the merits of each scenario?
- What are the disadvantages of each scenario?

Again, the majority of the respondents did not address the questions asked.

In general, where it was mentioned, a relatively small majority of respondents were in favour of protecting health. For education the numbers for and against protection were roughly equal. In both cases there were concerns that such protection encouraged continued inefficiencies and that wastage should be examined rather than providing blanket protection. The adverse impact on other departments resulting from the protection of health and education was also cited as a significant concern.

One respondent highlighted the need for the Investing in the Teaching Workforce Scheme to be re-introduced.

Some respondents indicated that the protection of education should be extended to further and higher education, while there was some resistance to the protection offered to the budgets of North South Bodies and the Northern Ireland Assembly and the Public Sector Ombudsman.

The majority of respondents did not express a preference for any one scenario. Indeed many found them all equally unacceptable. Where a preference was expressed the majority chose Scenario 2.

## **Capital**

The template provided for feedback, posed the following questions:

- Do you support the proposed Capital scenario?
- Do you have alternative proposals for the allocation of capital – if so, what are they and how would they be financed (e.g. reducing the capital available to a department or accessing RRI funds)?
- What would be the best use of currently unallocated FTC funding?

The number of responses covering the capital budget were significantly lower than those focusing on resource budget issues.

A number of respondents indicated that the 3 year span of capital DEL budgets was not sufficient and that a longer term strategic view was needed.

Concern was expressed by a number of respondents about the significant proportion of the capital budget that was required for the flagship projects and that this left little for other services, including essential safety and maintenance work. Related to this was the concern that insufficient priority was being given to maintaining existing infrastructure. Others welcomed the new projects but indicated that these should not be at the expense of existing infrastructure.

There was a desire to see capital funding being used for economic benefit.

It was suggested that non-essential capital works on both the health and education estates should be stopped until after a transformation programme to avoid significant spend on sites that may subsequently be closed. Alternatively there was a suggestion that the Confidence and Supply funding should be directed to the schools estate. The possibility of transferring capital funding to cover resource pressures was also raised by a number of respondents.

While there was limited mention of RRI borrowing, it was indicated by some that further RRI borrowing should not be accessed due to its impact on the resource budget. Others suggested that borrowing in a sustainable and prudent way should be considered by an incoming Executive to further widen the Executive's capital budget capabilities, especially considering the significant sums to be spent on flagship projects.

Similarly there were limited suggestions as to the use of FTC. However, a number of respondents suggested that FTC funding should be transferred to the resource budget. It was also suggested that it should be used to fund transformation, investment in community organisations or housing.

The delay of the next tranche of the Schools Enhancement programme raised some concerns.

While equality issues were raised in relation to all aspects of public spending the need for departments and council to comply with their equality duties in relation to public realm works was specifically mentioned.

## **Other Views**

Overall the majority of responses related to other issues rather than addressing the specific questions posed by the template. These responses included support for specific sectors, opposition to reductions proposed by individual departments and discussion about the process itself. A brief summary of the issues raised is set out below.

## **Overarching**

### ***Process***

While most respondents welcomed the opportunity to express their views on the Budget briefing, a number highlighted the need for a full consultation. A number of respondents indicated that the period provided for responses was too short, especially given the Christmas holiday period. A small number of respondents expressed dissatisfaction with the template provided suggesting that the references to health funding were emotive or leading.

### ***Absence of an Executive***

A number of respondents expressed concern at the impact of a lack of an Executive. This included asking how a Programme for Government could be progressed in the absence of an Executive alongside concerns over approval of projects/programmes and the impact of potential delays to Confidence and Supply funding. There were also calls for a reduction in or cessation of MLA pay.

### ***Equality/ Rural Needs***

A significant number of organisations highlighted the need for an Equality Impact Assessment (EQIA) as well as a Rural Needs Assessment.

While individual respondents did not refer specifically to the need for an EQIA, there was a general consensus that regard must be given to the effect of any proposals on

the most vulnerable in our society and that there must not be an adverse impact on any individual group.

Respondents were keen that the cumulative impact of proposals should be considered rather than each proposal being considered in isolation.

### ***Programme for Government***

The majority of responses were supportive of the draft PfG outcomes with a number commenting on the need to prioritise funding to achieve these outcomes. The need to align existing policy and spending with PfG outcomes was also highlighted.

However, there was also concern that the Budget briefing was in direct conflict with the PfG outcomes and that the lack of funding would have an adverse impact on achievement of outcomes.

It was also felt that continued 'silo' funding of departments was not conducive to achievement of PfG outcomes.

### ***Anti-Austerity***

A number of responses were strongly opposed to any reductions or charges stating that more should be spent on public services and that the austerity agenda should be challenged and more funding should be sought from the block grant.

### ***Transformation***

There was widespread support for transformation of public services. While comments were mainly in relation to health and education, it was not limited to these sectors. There was an acceptance that transformation would take time and there would be some up-front costs attached.

### ***Brexit***

Concerns were expressed not only about the impact of Brexit on the Northern Ireland economy but on the lack of funding for those departments with the greatest level of involvement i.e. DAERA and DfE.

### ***Corporation Tax***

While there was support from some sectors for the devolution and reduction of corporation tax, others questioned the viability of a reduction in the current public expenditure climate while others commented that the lack of certainty was having an adverse impact.

## **Departmental Specific**

A wide range of departmental specific issues were raised as part of the responses to the Department of Finance. Some of those attracting the most comments are set out below. Any responses containing reference to departmental specific issues have been shared with the departments concerned. The departments themselves will also have received responses in relation to these areas.

### ***Rural Affairs***

A significant number of responses, 1474, expressed concern at the DAERA proposal to cease all Rural Affairs programmes.

The majority of these responses were from rural community organisations and took the form of a standard letter which expressed concern that DAERA would be forced to cease all funding and future work in Rural Affairs. This would mean the cessation of all funding support from DAERA to the Rural Community development Support Service (RCDSS) under targeting Rural Poverty and social isolation which would have a serious detrimental impact on the community and voluntary infrastructure operating in rural areas.

### ***Entry Level / Level 1 Qualifications***

A high degree of concern was expressed in relation to the reference by the Department for the Economy to the potential cessation of skills programmes that offer entry level and Level 1 qualifications, through Further Education colleges and the Training for success programme.

This issue was raised by teachers, parents and young adults themselves. The responses highlighted the significant impact the withdrawal of this funding would have on adults with special needs.

### ***Higher/ Further Education & Skills***

There was a call for more funding for both the higher and further education sectors with particular concern expressed around the cessation of post graduate studentships. Funding for skills was also a matter of concern with some requesting that employers have access to apprenticeship levy funding.

### ***Arts***

A significant number of responses were received expressing the need for more funding for the Arts. Particular concerns were raised about the potential funding reduction for Kids in Control.



## ***Roads Safety / Roads***

A number of responses raised concerns about reductions in the Road Safety budget. The potential impact on road safety of reductions to the DfI budget leading to reduction/cessation of gully emptying, gritting, grass cutting and reduction in street lighting was also raised.

## ***Other Issues***

A wide range of other issues were identified, these included:

- Agri-food sector
- Community Transport
- Cost of Legal Aid
- Early Years
- Economy
- Environment
- Historic Buildings
- Historical Institutional Abuse
- Importance of Community and Voluntary Sector
- Importance of Tourism to the economy
- Investment in Cycling Infrastructure
- Neighbourhood Renewal Funding
- NI Water
- Older People
- People with Disabilities
- Policing Budget
- Protection for Invest NI budget
- Public Transport
- Reduce Number of Departments/MLAs
- Research Funding
- Roads Maintenance
- Rural Transport
- Shop Mobility
- Waiting times for Ophthalmology

This list is not exhaustive, but provides an indication of the wide range of issues covered.