



Equality Impact Assessment

Initial Period Consultation Response

**The Department for the Economy's
Spending Plans for 2023/2024**

July 2023

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1 Introduction

Following the Secretary of State's Budget on 27 April 2023, the Department for the Economy (DfE) launched its Equality Impact Assessment (EqIA) Consultation on its Draft Spending Plans for 2023/24.

This report considers the responses received and mitigations identified in the first four-week period. A full consultation response report will be published following the closing date of 30 August 2023 and review of final responses.

1.1 Background

The purpose of the EqIA is to contribute to the assessment of the draft proposals required by DfE to live within its 2023/24 Budget allocation and the potential impact to people in Section 75 (S75) categories of those decisions on the services and support DfE provides.

As decisions around budget reductions need to be made urgently, DfE split its response period into two stages:

- Initial responses received in the first four weeks from 7 June 2023 to 5 July 2023 will be used to inform DfE's initial allocation of funds to its business areas and Arm's Length Bodies (ALBs), as well as identify any early mitigations that can be put in place.
- Final responses received between weeks five and 12 of the consultation (6 July to 30 August 2023) will be used to consider further mitigation measures, to inform in-year budget reallocations, and to direct the movement of funding across the overall 2023/24 Budget over the course of the financial year to deal with emerging pressures or easements.

1.2 Initial responses received

There were 19 responses (12 organisations and seven individuals) received in the initial period (7 June to 5 July 2023). This report has been produced to summarise the key issues raised.

2 Draft Budget Proposals

Table 1 below lists the draft proposals which form the basis of the Budget Consultation.

| Table 1 - Draft Proposals to Deliver £130 million Non Ring-Fenced Resource DEL Savings | 2022/23 savings delivered to be replicated. £m | Additional 2023/24 savings required. £m | Total £m |
|---|---|--|---------------------|
| Invest NI in year reduction 22/23 | 14 | | |
| 115 vacant DfE posts not filled in-year | 7 | | |
| Reduction in HE Student Support | 10 | | |
| FE Colleges in-year reduction 22/23 | 5 | | |
| Invest NI R&D funding RDEL/CDEL switch ¹ | 12 | | |
| HEI Postgraduate funding RDEL/CDEL switch ² | 17 | | |
| Additional funding due to DfE from 22-25 Draft budget ³ | 10 | | |
| 10% Reduction in Funding to Higher Education Institutions | | 14 | |
| 33% Reduction in Funding to Tourism NI | | 9 | |
| 4% Reduction in Funding to FE Colleges | | 9 | |
| Wind down of Covid Support Schemes | | 7 | |
| Skills Initiatives Reduction in Funding | | 7 | |
| Removal of all additional Jurisdictional Funding for Tourism Ireland ⁴ | | 6 | |
| 5% Reduction in Funding to NI Screen | | 1 | |
| Removal of all additional Jurisdictional Funding for Intertrade Ireland ⁵ | | 1 | |
| Labour Relations Agency, Consumer Council & Health, and Safety Executive Reduction in Funding | | 1 | |
| Total | 75 | 55 | 130 |

¹ Change in accounting treatment but this resulted in a reduction in available RDEL.

² Change in accounting treatment but this resulted in a reduction in available RDEL.

³ DfE were due to receive an additional £10m from the 22-25 Draft Budget – non receipt resulted in suspension of launch of All Age Apprenticeships, Energy Initiatives and New Skills Programmes

⁴ DfE provided additional funding in 2022/23 to assist with covid recovery initiatives.

⁵ DfE provided additional funding in 2022/23 to assist with covid recovery initiatives.

3 Consultation Questions

The following six questions were asked as part of the consultation.

Of the 19 respondents only 13 directly responded to all/ some of the questions asked.

| | | |
|----|--|--|
| Q1 | Do you agree that DfE has gathered the necessary data to inform its decisions around the allocation of its budget? If not, what other sources of data should the Department consider? | 13 responses 7 Yes 5 No |
| Q2 | Do you agree with DfE's assessment of the proposals for budget reductions? If not, what other areas of the Department's spend should be considered? | 13 responses 3 Yes 10 No |
| Q3 | Do you agree with DfE's assessment of equality impacts of the options considered for budget reductions? If not, what other equality impacts does the Department need to take account of? | 12 responses 6 Yes 6 No |
| Q4 | Do you agree that DfE has correctly identified all relevant mitigations that could help reduce the adverse equality impacts of the budget reductions? If not, what additional mitigation measures should the Department consider? | 12 responses 6 Yes 6 No |
| Q5 | Do you agree with DfE's overall assessment of the business areas where the proposed budget reductions will need to be made? If not, which areas of the Department's business would be better able to withstand reductions? | 11 responses 5 Yes 6 No |
| Q6 | Do you have any other comments you would like to add about this consultation – yes or no? | Of the 19 full responses four provided no additional comments. |

4 Analysis of responses

All responses acknowledged DfE and all other NICS departments were in a difficult situation given the Secretary of State's budget allocation for 2023/24 and are faced with making decisions in a short timeframe, outside of the normal budgetary process.

4.1 General Issues raised

Table 2 below summaries the general issues raised from the Budget EqIA Consultation in the initial period.

| Table 2 – General Issues Raised | Issue Raised | Departmental response |
|--|---|--|
| Decisions Made in advance of EqIA | The department appears to have made decisions in advance of the EqIA. | <p>In setting a budget, existing contractual and statutory budgetary commitments must take priority. With constrained funding and time, the Department has little room in which to reassess and reprioritise its spending priorities particularly in the current political vacuum.</p> <p>Given the lateness of the Secretary of State’s budget allocation it was necessary to provide draft budget allocations to allow operations to continue to function and fulfil statutory and contractual obligations. However, these allocations were draft and subject to change following the outcome of the budget consultation.</p> |
| Data used | <ol style="list-style-type: none"> 1. A number of responses commented that only two policy areas, Apprenticeships and Invest NI, were considered to have disproportionate impacts across S75 groups and therefore included in the consultation. 2. The EqIA does not include information from all screenings for the basis for screening out. | <ol style="list-style-type: none"> 1. In preparation for this consultation, all policy areas within the department conducted a screening exercise to identify whether any S75 groups were disproportionately impacted by the proposed budget allocations. The consultation document reflected the outcome of that process. 2. It is noted that cuts of this nature will undoubtedly have profound impacts, but those impacts will be equally detrimental to all S75 groups. Only two policy areas, Apprenticeships and Invest NI, identified disproportionate impacts. Details of these were included in the consultation paper. |

| Table 2 – General Issues Raised | Issue Raised | Departmental response |
|-------------------------------------|--|--|
| | <p>3. The specific data on which the Department made its assessments was not extracted, therefore putting an onus on consultees to extract and analyse data.</p> | <p>DfE will use the responses provided to us from stakeholders as part of this consultation to obtain additional information of impacts to all S75 groups.</p> <p>3. DfE provided details of all data sources used in its analysis. Given the short timeframe in which to produce both budget proposals and a consultation the department has had to draw on previous analysis. The consultation process was also a means to obtain data to inform the budget decision making process.</p> |
| <p>Consultation Timeline</p> | <p>Concerns were raised in relation to the consultation period as the timeline is not in line with what is outlined in the Department's Equality Scheme.</p> | <p>Due to the lateness of the budget allocations, the timeline afforded to DfE was restricted and outside of the normal process.</p> <p>Decisions are needed early in the financial year to allow continuation and delivery of the work of the Department. Therefore DfE, similar to other departments, decided that splitting the response time, into an initial four weeks for immediate responses followed by a further eight weeks for final responses, was a pragmatic way forward.</p> <p>This ensured that there was a full 12-week consultation period:</p> <ul style="list-style-type: none"> • Initial period (4 weeks) for opening budget decisions, and • Final period (8 weeks) to inform in-year budget decisions. |

| Table 2 – General Issues Raised | Issue Raised | Departmental response |
|--------------------------------------|--|---|
| Rural Needs Impact Assessment | It was noted that a Rural Needs Impact Assessment was not yet published. | A Rural Needs Impact Assessment has now been published. |
| Impacts on Women | The issue of gender budget was raised by some stakeholders who highlighted the need that gender budgeting needs to be embedded in all stages of policy making. | DfE ensures appropriate assessment is made of any likely impact on equality of opportunity and good relations for those S75 categories affected by the proposed budget. |
| Cumulative Impacts | The EqlA does not consider cumulative impacts across the policies or if there are impacts on multiple identities. | Departments are facing unprecedented challenges and continue to manage in the absence of an Executive individually and collectively. Departments cannot mitigate all the impacts that will be felt across society with the budget allocations provided. |
| Lack of mitigations | Lack of mitigations impacts the ability of stakeholders to engage with the consultation. | <p>The Department has been operating under one-year constrained budgets (excluding additional one off Covid funding) for many years.</p> <p>Without further funding the Department is not able to effectively mitigate all the effects of these decisions. However, it will mitigate the impact of its budget allocation by removing the pause on the launch of All Age Apprenticeships.</p> <p>This action not only addresses issues raised as part of the EqlA and consultation process but reinforces DfE’s commitment to the delivery of work-based learning, and in particular apprenticeships. Apprenticeships are central to the delivery of the 10X vision: in particular</p> |

| Table 2 – General Issues Raised | Issue Raised | Departmental response |
|---------------------------------|--------------|--|
| | | <p data-bbox="1413 233 2114 304">promoting inclusion and inclusive growth that are aligned with DfE’s economic priorities.</p> <p data-bbox="1413 344 2107 491">All Age Apprenticeships will help address skills gaps; provide an employed route for re-skilling in line with 10X; and can also help address the gender gap in apprenticeships.</p> <p data-bbox="1413 531 2136 788">This will not be funded from removing funding from somewhere else, rather DfE will proceed at risk on the basis there will be sufficient in-year easements across several other demand led initiatives. In affect DfE will overcommit its allocation. DfE will accept the risk of future financial commitments from this initiative.</p> <p data-bbox="1413 828 2119 1011">DfE will continue to make the case to DoF, the Secretary of State, and any future Executive, for additional resources to advance the Department’s outcomes. The outcome of the EqIA will be used to prioritise the distribution of resources.</p> <p data-bbox="1413 1051 2107 1198">In addition, DfE will continue to work with other organisations in the public, private, and voluntary sectors to identify alternative sources of support for groups impacted by the budget allocations.</p> <p data-bbox="1413 1238 2130 1382">The Department has already secured £15 million from the Northern Ireland Office New Deal funding across the next two years for a new Step-Up project. This project will deliver a suite of intensive</p> |

| Table 2 – General Issues Raised | Issue Raised | Departmental response |
|---------------------------------|--|---|
| | | <p>support interventions across the further and higher education sectors.</p> <p>£10 million of Entrepreneurship funding, across the next two years has also been secured to support the foundation and growth of more high potential innovation driven start-ups, directly contributing to DfE’s 10X Vision.</p> <p>Two FE Colleges along with Partner Groups from the Voluntary and Community Sector have secured £5.8m, across the next two years, from the UK Shared Prosperity Fund for training, employment schemes focused on the economically inactive.</p> |
| Consultation Method | It may have assisted consultees to engage more effectively with the consultation if additional consultation methods were used, such as face-to face meetings with officials, as referenced in the Department’s equality scheme. | Given the lateness of the Secretary of State’s budget allocation, and the short turnaround time required to provide budget certainty for contractual and statutory obligations, it was necessary to find a pragmatic solution that would provide immediate responses. |
| Monitoring | <p>The Department has not included how it proposes to monitor the impact of budget decisions on Section 75 groups.</p> <p>The final EqIA report should outline what specific systems and mechanisms the Department will put in place to do this.</p> | <p>The Department recognises this requirement and will continue to monitor the financial position and associated impacts as the year progresses.</p> <p>The Department acknowledges that S75 requires it to have due regard to promotion of equality. Services can only be provided within the budget</p> |

| Table 2 – General Issues Raised | Issue Raised | Departmental response |
|---------------------------------|--|---|
| | The Department is reminded that the Section 75 duties are continuing duties, and it is required to equality assess any changes to circumstances. | available and taking into account the requirement to in deliver its statutory duties. |

4.2 Specific issues raised

Table 3 below highlights the key issues raised in relation to specific proposals.

| Table 3 – Issues Raised | Issues Raised | Departmental response |
|---|---|--|
| <p>Cuts to Further/ Higher Education and Apprenticeships</p> | <p>1. In relation to cuts to Further/ Higher Education and Apprenticeships stakeholders felt that this would have a direct impact on working class communities and inhibit social mobility, undermine progress on widening participation, and result in an exodus of young people and those who are vulnerable, from universities and colleges.</p> | <p>1. In recognition of the impact of reductions to Skills and Education, DfE has taken the decision to move forward with All Age Apprenticeships as this will help to address skills gaps; provide an employed route for re-skilling in line with priorities; and could also help address the gender gap in apprenticeships – female participation in AppsNI is 26% (to end April 2022), the lowest percentage recorded. This will also indirectly increase funding to Further Education colleges as they will facilitate some of the training.</p> <p>The delivery of work-based learning, and in particular apprenticeships, is central to the delivery of the 10X vision: promoting inclusion and inclusive growth that are aligned with DfE’s economic priorities.</p> <p>In addition, the Department has secured £15 million from the Northern Ireland Office New Deal funding across the next two years for a new Step-Up project. This project will deliver a suite of intensive support interventions across the further and higher education sectors. These interventions will engage those hardest to reach and ensure higher engagement, retention, and progression rates of participants.</p> |

| Table 3 – Issues Raised | Issues Raised | Departmental response |
|-------------------------|--|--|
| | <p>2. Planned reduction in budget will require a reduction in undergraduate numbers to be sustainable.</p> <p>3. Reductions to the Higher Education Student Maintenance Grant may introduce further inequalities between students from different economic backgrounds, and thus perpetuate socioeconomic inequalities into future generations.</p> | <p>2. DfE has been working closely with Higher Education Institutions to mitigate the risk of a reduction to student places as a result of the budget cuts, whilst maintaining the requisite standard of tuition.</p> <p>DfE’s understanding is that no student places will be cut in the forthcoming academic year, other than some Initial Teacher Education (ITE) places as proposed by the Department of Education.</p> <p>3. Whilst the Maintenance Grant has remained unchanged, DfE has implemented a 40% increase in the maximum maintenance loans available from 2023/24.</p> <p>DfE has also committed to undertake a full review of the Higher Education funding system, including the support provided to students such as Maintenance Loans, Grants and other student support products, and the support provided to the sector, such as the level and mix of Teaching Grant and fees.</p> |

| Table 3 – Issues Raised | Issues Raised | Departmental response |
|-------------------------------|---|--|
| | <p>4. Competition between Higher Education Is and FE Colleges for student enrolments diverts resources away from the rationalisation of courses, skills intervention, and excellence in teaching.</p> | <p>4. Against a background of falling Further Education enrolments and increasing cost of delivery, the Department for the Economy is carrying out a review of the Further Education delivery model.</p> <p>The purpose of the review is to ensure that the Further Education sector is operating as effectively as possible and has the agility and flexibility needed to deliver on its critical role in meeting the skills needs of both learners and employers.</p> |
| <p>Cuts to Tourism</p> | <p>The 33% reduction in funding to Tourism NI will impact on investment in events, marketing, and capital development, which will slow the renewed growth in tourism further to the Covid-19 pandemic. It also reduces skills and economic development within the Tourism and Hospitality sector in NI.</p> | <p>Difficult decisions have been and will continue to be needed in order to live within the funding available. Tourism NI along with many partner bodies in NI has been impacted by this but continues to deliver a range of activities to develop and enhance this sector and its contribution to our economy.</p> <p>In relation to skills, Invest NI and Tourism NI recently agreed to fund a further phase of the Hospitality and Skills (HATS) Network, complementing the Department’s work on the NI skills agenda. Tourism NI works with a range of partners such as Hospitality Ulster, Local Colleges, the NI Hotels Federation, and the NI Tourism Alliance on projects where there are mutually beneficial outcomes for the industry.</p> |

| Table 3 – Issues Raised | Issues Raised | Departmental response |
|--------------------------------|---|--|
| Social Economy | <p>One response highlighted the need for departments to have more consideration for the social economy including additional support for social enterprises noting that it is important, to support local communities and especially those with a mind set to develop their own business using the social enterprise business model.</p> | <p>DfE recognises the vital role the social enterprise business model plays in reinvesting business profits back into the NI economy, creating social impact in our communities, and reducing the burden on the public purse in the longer term through increased economic participation among disadvantaged groups. DfE has committed to maintaining its current level of support for the NI Social Economy Work Programme in this financial year amidst the ongoing financial pressures.</p> |

5 Next Steps

Following review of the initial consultation responses the Department will look to finalising the draft 2023-24 Budget allocations indicated to its business areas and ALB's.

The impact of the Secretary of State's Budget 2023-24 is challenging, with the Department facing a constrained financial position in 2023-24 and uncertainty on future allocations.

In the context of delivering public services with constrained allocations, the Department will continue to consider options to live within its 2023-24 allocation whilst seeking to maintain effective public service delivery.

In developing options to live within the 2023-24 Budget allocation it will however be difficult to mitigate all the potential adverse impacts anticipated, given the scale of reductions.

The Department will consider the need for any further mitigating actions following responses received during the final period of the consultation. Promotion of equality of opportunity and the protection of services to vulnerable groups will be a key consideration in the Department's final Budget allocation decisions.