

**DRAFT BUDGET 2015-16:
SPENDING AND SAVINGS PROPOSALS WITHIN THE DEPARTMENT OF
CULTURE, ARTS AND LEISURE**

17 November 2014

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Contents

| | Page |
|--|-------------|
| Introduction | 3 |
| Consultation Arrangements | 4 |
| Contact Details | 4 |
| Draft Budget Outcome for DCAL | 5 |
| Savings Proposals – assessment of impact | 7 |
| North/South Bodies | 8 |

Appendix 1 Current expenditure proposals by Units of Service.

DRAFT BUDGET 2015-16: SPENDING AND SAVINGS PROPOSALS WITHIN DEPARTMENT OF CULTURE, ARTS AND LEISURE

Introduction

1. DCAL is committed to harnessing culture, arts and leisure to promote equality and tackle poverty and social exclusion. Over the course of the last number of years, DCAL and its arm's length bodies have made good progress transforming delivery. Targeted investment in these key priority areas will bring about lasting and meaningful change, provide access and participation especially to deprived communities.
2. The NI Executive's '*Draft Budget 2015-16*' was announced by the Minister for Finance and Personnel on 3 November 2014. The Executive's Draft Budget provides proposed departmental current expenditure and capital investment allocations for the one year Budget period. To allow Ministers time to make decisions on their own priorities, the proposed allocations were presented at an overall departmental level. The announcement of the Draft Budget triggered the commencement of public consultation period, the closing date for which is **29 December 2014**. A copy of the Executive's '*Draft Budget 2015-16*' can be accessed on the Budget website: www.northernireland.gov.uk/budget.
3. The purpose of this paper is to set out an initial assessment of the impact of the Draft Budget for the Department of Culture, Arts and Leisure's (DCAL) spending and savings proposals for the 2015-16 year. The public consultation period on the Department's spending and savings proposals runs concurrently with the public consultation on the Executive's Draft Budget.
4. All service areas across DCAL and its arms length bodies have been affected by the recently announced budget reductions. This is a direct

result of the year on year erosion of the Block grant by a Tory led British Government.

5. For all DCAL's arm's length bodies, decisions on how budget reductions are managed is a matter, in the first instance, for the relevant Authority's Board and Senior Management. I am confident each of these organisations is doing all it can to minimise the impact of any budget reductions on jobs and frontline services.
6. Libraries play a vital role within the community and must be afforded additional protection.
7. This document is available in a range of formats on request. Please contact us with your requirements on 028 90 515081 or by emailing budgetconsultation@dcalni.gov.uk

Consultation Arrangements

8. The Department is already taking steps to engage with key stakeholders. It will consult with the Assembly Committee for Culture, Arts and Leisure in developing its spending proposals.
9. It is publishing this document on its website: www.dcalni.gov.uk and the consultation process will continue with other key stakeholders.
10. Work on developing savings plans is continuing and the Department intends to publish a more detailed assessment of the likely impacts of the draft Budget by 30 November 2014.
11. DCAL welcomes interest and comment on any aspects of this document. Interested parties are encouraged to make responses by the consultation closing date of **29th December 2014**.

Contact Details

12. You may wish to make representations to the Department directly or to its arm's length bodies or to the Assembly Committee for Culture, Arts and Leisure. In the case of the Department, please use the link below:

<https://www.surveymonkey.com/s/DCALdraftbudget1516>

Or send written responses to:

Budget consultation

Finance Branch

Department of Culture, Arts and Leisure

Causeway Exchange

1-7 Bedford St

BELFAST

BT2 7EG

Draft Budget Outcome for DCAL

13. The Department is dedicated to fully harnessing the transformative power of culture, arts and leisure to deliver wider social and economic change. It has responsibility for setting policy, bringing forward legislation and resourcing in the following areas:
 - Arts and creativity;
 - Museums
 - Libraries
 - Sport
 - Regional stadiums
 - Inland waterways and fisheries
 - The Public Record Office of NI
 - Derry~Londonderry City of Culture Legacy
 - Architecture
 - Languages (Irish, Ulster-Scots and Sign Language) and
 - Cultural Awareness.

14. The Executive's Draft Budget sets out proposed allocations to DCAL for both current expenditure and capital investment.

15. Current expenditure reflects the recurrent costs of services provision (for example, pay, operating costs and grants to other bodies). Capital expenditure includes investment in assets which will provide or support services in the longer term (for example buildings, facilities and IT systems etc.). The proposed allocations for DCAL are provided in Table 1 below.

Table 1 Draft Budget Proposed Allocations (£million) with 2014-15 for comparison

| | 2014-15 | 2015-16 |
|--------------------------------|----------------|----------------|
| Net Current Expenditure | 99.9m | 89.9m |
| Capital Investment * | 90.3m | 54.1m |

* Note £85.1m and £46.0m in 2014-15 & 2015-16 respectively is included in the capital investment allocations regarding the Stadium Programme.

Current Expenditure

16. Budget reductions for the 2015-16 year will present very significant delivery challenges for the Department and its Arms Length Bodies. The implications will be set out in Saving Delivery Plans to be published by 30 November 2014.

The baseline in Current Expenditure falls by 10% (before inflation) compared to 2014/15.

In arriving at proposed allocations to its various business areas, the Department took into consideration representations from these areas, departmental priorities and achievability of savings. Following this, a decision was taken to offer some level of protection to the libraries sector – sufficient to allow all existing libraries to remain open. This reflects the essential role that libraries play within communities. The draft budget for Libraries NI therefore shows a 7.5% cut and that in turn increases the reductions in all other areas from 10% to 11.2%.

Capital Investment

17. The proposed allocation for capital investment in 2015-16 provides some funding to allow the Department to progress the Stadiums' programme, meet other contractual commitments and pressing statutory, health and safety and essential maintenance requirements in different sectors.

At the time of writing, the budget requirement for Stadiums in 2015-16 has still to be confirmed and will depend on the outcome of the current Judicial Review. However, based on current assumptions, there may be a funding shortfall of around £12m. The Department is liaising on this issue with DFP.

Savings proposals – assessment of impact

18. The Draft Budget provides this Department with current expenditure baselines of **£99.9m**. The overall savings requirement is therefore **£10m**. The allocation of these savings across the Department and its Arm's Length Bodies is summarised in the appendix to this document.
19. The Department is now thoroughly reviewing its expenditure and that of its ALBs to order to determine where the required level of savings could be delivered while minimising the impact on frontline services and on employment levels.
20. Payroll is the single largest cost in the Department, Libraries NI and National Museums. It is also a material cost in other ALBs. It is recognised, therefore, that delivering the required level of savings will mean significant reductions in the pay bill across the DCAL family. This is likely to be the case across many other departments as well. For this reason, the Executive is formulating a workforce restructuring plan which will include consideration of recruitment freezes, the suppression of existing vacancies, pay restraint and a voluntary exit scheme. DCAL will not be able to deliver the overall savings requirement without

reducing staff numbers through an exit scheme and work is underway to quantify the number of staff which will be involved. A number of DCAL's ALBs will also need to be able to reduce paybill costs in this way. A core assumption in the budget is that the additional costs from any voluntary exit scheme are met from central funds.

21. Property and other asset-related costs also form a large part of the Department, Libraries and Museums' cost structures. These expenses tend to be committed in the short term and so are difficult to extract savings from. This means that disproportionate savings may be required in other areas to deliver the overall requirement in 2015-16.
22. It is inevitable that a budget cut of this magnitude will have detrimental impacts on front line services. We will provide greater detail on these when we publish savings delivery plans at a later date but give an outline below of the effects on main service areas.

Department

Savings measures will include reconfiguration of "back office" services in order to release additional efficiencies. Discretionary overhead costs will be minimised as far as possible and the Department will also review direct grant allocations.

Arts Council

Grant programmes will be significantly cut. It is highly likely that some organisations involved in the promotion and delivery of arts will cease to receive funding and this may put their viability into question. DCAL, alongside the Arts council, is currently working on developing an Arts and Culture Strategy. This will look at the potential of the arts and culture sector as a driver for the achievement of broader social and economic goals such as social inclusion and cohesion, urban

regeneration, tourism, inward investment, employment, development of high added value creative industries, education and health

Museums

Visitor numbers and associated admissions will reduce. Events and exhibitions will be fewer and other programming will be scaled back. Galleries, exhibit buildings and parts of the museums may be subject to periodic closure. NMNI, with the support of DCAL, will continue to develop innovative outreach work programmes. In addition NMNI will develop affordable opportunities for school children to attend museums and a further strand of NMNI's work will centre on lifelong learning. There will also be a focus on facilitating the increase of access to collections.

Libraries

While the libraries sector has been given a measure of protection from cuts to avoid library closures, there will be reductions in opening hours, and on discretionary spending such as book stocks and buildings maintenance. Libraries NI will continue to prioritise its resources to encourage new users from areas of social deprivation to make use of the wide range of facilities and activities on offer, whilst at the same time provide a service for everyone. The needs of those in rural communities will continue to be at the forefront of Libraries NI's outreach programme

Sport

A large proportion of the proposed savings will be taken from grant programmes in the areas of performance sport, coaching framework for sport, participation programmes and Club/Governing Body development. Sport NI will look to develop initiatives which will seek to increase the number of people from areas of greatest need participating in sport and continue their work in developing skills within areas of greatest social need.

North/South Bodies

The budgets for the North South bodies (The Language Body and Waterways Ireland) are decided by the North South Ministerial Council and so lie somewhat outside the normal budget process. At this point Budgets for the calendar years 2015 and 2016 have not yet been agreed and indicative amounts have been included in the attached table.

APPENDIX 1

DEPARTMENT OF CULTURE, ARTS AND LEISURE – DRAFT BUDGET 2015-16

Current Expenditure Proposals by Unit of Service (£million)

Current Expenditure Allocation

| Business Area | 2014-15 Opening Budget £k | 2015- 16 Draft Budget £k |
|--|------------------------------------|--------------------------------------|
| Department | 20.91 | 18.57 |
| Libraries NI | 31.82 | 29.43 |
| National Museums NI | 12.76 | 11.33 |
| Arts Council NI | 12.30 | 10.93 |
| Sport NI | 9.27 | 8.23 |
| Other ALBs * | 2.93 | 2.60 |
| Languages** | 5.77 | 5.13 |
| Waterways Ireland** | 4.19 | 3.73 |
| Total Resource Department & ALB | 99.95 | 89.95 |

* Other ALBs include: NI Screen, AOP and NIMC

** Indicative subject to NSMC agreement.