



Northern Ireland Assembly

COMMITTEE FOR COMMUNITIES

Response to Committee for Finance on the

Draft Budget 2022-25

Introduction

1. The Committee for Communities thanks the Committee for Finance for co-ordinating a response from Committees on the draft Budget 2022-25.
2. Having had a briefing session with Officials from the Department for Communities (DfC) at its meeting on 13th January 2022 on the draft budget and on January Monitoring, the Committee is now in a position to provide you with its response on the draft Budget 2022-2025.

Overview Comments

3. The Committee generally welcomes the opportunity of a three-year draft Budget announced by the Finance Minister on 10 December 2021 and understands that it is now subject to a Department of Finance-led public consultation which runs until 7 March.
4. The Committee wishes to highlight that the Department for Communities provides many life-changing support programmes and services that need the continuity of funding that one-year budgets cannot provide. It therefore welcomes the long-awaited three-year draft budget to provide for improved planning and continuity of many services.
5. Members also reiterated support for the Minister and her Department in the work they have done and continue to do under the circumstances and with the finance provided.

6. The Committee has remained supportive of the Minister as she continues to lobby the Minister for Finance for additional funding to support the people who are most vulnerable in our society.
7. The Committee is extremely concerned about the Department's position in the draft Budget as it presents very significant challenges and notes the constrained spending review outcome against existing baselines in the context of the pandemic and the recovery from it over the next three years.
8. The Department advised the Committee at the briefing that it is working through the impacts of the proposed allocations and will consult on an equality impact assessment, alongside the Department of Finance public consultation on the proposed allocations, and consider its options and brief the Committee accordingly in the event that no further funding becomes available.
9. The Department further advised the Committee that it had carefully considered its financial position over the Budget 2022-25 period and developed its Resource bids in line with the four Covid-19 Recovery Strategy Pillars endorsed by the Executive as representing its top priorities - Sustainable Economic Growth; Green Growth and Sustainability; Tackling Inequalities and the Health of population.
10. The Committee wishes to highlight that it is not a straightforward task for the Department to arrange its bids in priority order, given the wide range of responsibilities the Department has and that the Committee supports the Minister's view that all of the bids for the Department are critical.
11. With regard to the Department's Capital Bids, the Committee supports the Department's approach that in order to reflect the wide remit of DfC business areas, it groups its bids by business area rather than ranked at Departmental level and that this is with the agreement of DoF.

Resource Position

12. The Committee notes that the Department submitted significant Resource bids which reflects Covid Recovery pressures and New Decade New Approach (NDNA) commitments in future years and that these are in addition to the pressures faced in order to maintain existing baseline services.
13. The Committee wishes to express grave concern that the Resource bids are very far from being met and that this will have a huge impact on service provision.
14. The Department highlighted the bids and allocations to Committee as follows:

- Bid - £315.4 million in the first year, proposed allocation - £50.5 million;
 - £397.1 million in 2023-24, proposed allocation - £54.9 million; and
 - £419.7 million in 2024-25, proposed allocation - £58.8 million.
15. The stark reality is that over the Budget 2022-25 period, these allocations reflect only 15%, 13% and 14% of the Department's bids for each respective year.
16. The Committee particularly wishes to highlight what this will mean in real terms for DfC, when the general additional allocation made to Departments to invest in ministerial priorities is taken into account and the 2% departmental budget reduction is applied to help address Executive pressures - the Department effectively faces a real-term budget reduction which increases each year.
17. The Committee was shocked to hear that, although all very worthy, the only resource bids that are met in the draft allocations are the ones in relation to existing mitigations, the Child Funeral fund, the translation hub, special rules, terminal illness, and Supporting People.
18. Members queried where the key concerns lay for DfC around service delivery risk but unfortunately have not yet had a clear answer in that regard as Officials advised that is ongoing work a piece of work along with the finalisation of the EQIA work, to identify those key risks and where the truly inescapable elements are in the bids that have not been met.
19. The Committee wishes to highlight its concern over the following specific bids that are not met in the draft budget:
- Benefit delivery response - £45 million bid in each of the three years;
 - Homelessness - bid of £14.4 million in the first year, £14 million in 2023-24 and £15.4 million in 2024-25;
 - COVID recovery labour market interventions bid - for £12 million in 2022-23, £5.8 million in 2023-24 and £3.3 million in 2024-25;
 - Pay and inflationary pressures bid for £9.4 million in the first year, £12.5 million in 2023-24 and £15.4 million in 2024-25; and
 - Inescapable pressures bid at £1.8 million in each of the three years for the North/South Language Body, the Building Safely Bill and the review of liquor licensing.
20. The Committee also wishes to highlight its concerns over the substantial amount of failed bid to support benefit delivery as there has been significant increases in working-age benefit caseloads, particularly as a result of COVID and over 800 additional staff have been recruited and brought into the Department to deliver this.

21. The Committee remains concerned at the lack of 'preventative spend' and wishes to highlight that adding up the failed bids - £133 million over three years for the benefit delivery response; £43 million on homelessness; £21 million on the COVID recovery labour market intervention; and housing revitalisation shows the Executive's lack of consideration of the longer term benefits of preventative spend.
22. The Officials also advised the Committee that it had bid for £164.6 million in 2022-23, £245.7 million in 2023-24 and £260.4 million in 2024-25 to progress planned work in a whole range of areas that the Committee sees as vital and are extremely concerned that none of these bids are met:
- Housing revitalisation;
 - Culture, arts and heritage sector recovery;
 - Community sector recovery fund;
 - Housing Executive's fundamental review of allocations;
 - Climate change; and
 - Potential new welfare mitigations, including mitigation of the two-child policy.
23. The Committee expressed alarm at the potential for inadequate funds for new welfare mitigations and mitigation of the two-child policy. Officials confirmed that a bid for £147.5 million for new mitigations and £57.7 million a year for mitigation of the two-child policy and these bids have not been met in the proposed Budget allocations.
24. The Committee wishes to highlight that if sufficient additional funding is not available, it is likely to impact on the ability to introduce any new mitigations that may flow from the work of the independent panel and this is a very concerning position to be in.
25. On a somewhat positive note in an overall gloomy picture, the Committee was pleased to have confirmed that the Supporting People funding bid is additional funding and if the additional bid is met, it will be on top of the existing £72 million funding that remains protected for Supporting People. However, the additional Supporting People budget, which would provide an uplift to the current budget, will not be confirmed until the final Budget has been agreed by the Executive
26. The Committee also noted with concern that bids to support delivery of the strategy for sport and physical activity, NDNA Executive commitments and the strategic reform of the Charity Commission have not been met.

Capital Position

27. The Committee was again concerned to be advised that the net capital allocations, excluding the regional stadia and city deals, show significant reductions against the opening 2021-22 position of £204.8 million and are £209.6 million, £180.1 million and £131.3 million, including £16.8 million of Fresh Start funding each year.
28. The Committee noted that separately ring-fenced funding has been allocated for flagship project regional stadia of £2.8 million, £40 million and £40 million over the three years.
29. The Committee remains concerned about the delays in taking these flagship projects forward and further queried these allocations with Officials. It was confirmed that the subregional and regional stadia all fall under the heading of flagship projects and that the capital bids for the regional stadia remain subject to the final business case being completed and with a judicial review ongoing, there is likely to be an impact on the situation before the business case can be finalised.
30. The Committee remains particularly concerned at the absence of concrete timelines for the delivery of the sub-regional stadia programme.
31. The Committee is very concerned that allocations for the housing development programme do not match the Minister's ambition, as outlined in her recent strategy on delivering social housing. Unfortunately, the Officials confirmed that indeed the capital budget is a decreasing budget over the three years and with the draft Budget allocations that are proposed at the moment, it will be difficult to meet those targets.
32. On a positive note, DfC received an allocation of £26.6 million as part of June monitoring. City deal funding and complementary funding for one project linked to the Department, Albert Basin Park in Newry, are also proposed to be funded.
33. The Committee noted that Financial transactions capital allocations fared better, with £52.1 million, £54.7 million and £52.4 million proposed against bids of £52.1 million, £57.4 million and £61.7 million over the three years.