

Briefing prepared for the Committee for Finance

Implications and impacts of the 2024-25 draft Executive Budget

May 2024

About NICVA

NICVA, the Northern Ireland Council for Voluntary Action, is the umbrella organisation for the voluntary and community sector in Northern Ireland with over 1,400 members, ranging from health, social care, and emergency services; advice and counselling, community development and peace-building; to environmental, arts, and sporting activities.

We represent a diverse range of organisations dedicated to making a positive impact on our communities, building a stronger, more resilient Northern Ireland.

We believe that collaboration between government and the voluntary sector is essential to achieving positive outcomes for our citizens, and we engage with MLAs, Ministers and officials in support of this aim.

Introduction

NICVA recognises the challenging financial situation that the Department of Finance is operating within during the preparation of the draft Budget.

As reported by the NI Fiscal Council, there is a fall in both resource and capital from the position at the end of the last fiscal year as well as the potential for continued overspend. The financing envelope for departmental spending is almost 2 per cent lower than the final plans for 2023-24.

For reference, the table below sets out the non-ringfenced resource budgets for NI departments 2024-25.

£ million							
	NIO's 2023-24 Budget	2023-24 Final Plan	Executive's 2024-25 Budget	Change between 23-24 Final plan and 24-25	Change in per cent (%)	Change between NIO opening 23-24 budget and 24-25 ³	Change in per cent (%)
Health	7,301	7,943	7,760	-183	-2.3	459	6.3
Education	2,577	2,879	2,874	-4	-0.2	298	11.6
Justice	1,157	1,259	1,262	3	0.2	106	9.1
Communities	862	870	856	-14	-1.6	-6	-0.6
Economy	772	796	767	-30	-3.7	-5	-0.7
Agriculture etc.	580	601	577	-23	-3.9	-3	-0.4
Infrastructure	523	631	560	-72	-11.3	36	6.9
Finance	147	180	208	28	15.3	61	41.1
The Executive Office	182	161	183	22	13.6	1	0.7
Minor departments	112	112	121	9	7.7	9	8.1
Departmental allocations	14,212	15,433	15,168	-265	-1.7	956	6.7
Centrally held ¹	20	42	26	-16	-39	6	29.0
Overcommitment ²	-	-13	-	-	-	-	-
Debt interest (RRI)	52	50	53	2	4.9	1	1.2
Total	14,284	15,512	15,247	-265	-1.7	963	6.7

Source: Northern Ireland Fiscal Council, 'The NI Executive's 2024-25 Budget: an assessment'

There is a need to rethink how we fund public services, and to really understand the connection between funding and supporting the wellbeing of people across Northern Ireland.

Collaboration and innovative thinking are crucial in unlocking the transformation needed to fund and deliver public services. This is an area the Voluntary and Community sector have vast experience in.

Across the VCS there are some excellent example of how pooling budgets and resources to deliver specific interventions to best meet the needs of the local community

NICVA believe that budget should be allocated after policy priorities have been established and would strongly encourage that future budgets are agreed after a Programme for Government has been brought forward.

This is in line with a potential intervention in the Fiscal Council's Report which states that putting in place a costed Programme for Government and an Investment Strategy would provide prioritisation over the short-medium term and could improve budgetary pressures.

Departmental funding allocations

We recognise that the Department of Health has received 50.9% of the financing pot. However, with many of our members delivering services within health, the level of need for the people and services that the Department supports cannot be underestimated. In this context we are calling for the full restoration of the Core Grant Funding Scheme to allow organisations to continue this critical work.

Protecting the most vulnerable

In our experience it is the most vulnerable across our communities who have inevitably borne the brunt of ever reducing public finances and cuts.

Inevitably these impacts will be felt upstream, creating an even greater reliance on many Voluntary and Community services, which are already significantly overstretched and often requiring more costly public sector interventions, in the long term.

Further decision making with regard to the current Budget must prioritise the most vulnerable, to ensure that the most disadvantaged do not experience further hardship. A cross departmental approach is necessary to ensure the cumulative impacts of any budgetary decisions on our most vulnerable, including Section 75 Groups can be adequately captured and understood, in order to be proactive in mitigating against negative impacts.

Furthermore, whilst we appreciate the time pressures on Government to agree and publish a draft Budget it would be highly 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.

The Role of the Voluntary and Community Sector in the Delivery of Public Services

It is important that the Budget, when considering the funding of public services in NI, takes full account of the public services which are delivered not just under the umbrella of the public sector, but by voluntary and community sector organisations.

Services delivered by the voluntary and community sector are an integral part of mainstream service pathways and well-established referral routes to many areas of public service provision.

The sector also continues to respond to and plug increasing gaps across many of our mainstream public services, delivering support that may not be readily available or accessible within the public sector for a variety of factors not least budgetary pressures.

Many of these services are delivered independent of funding from Government and/or across communities that are often marginalised or who struggle to access mainstream public services.

Despite delivering many essential services on behalf of government, staff within the VCS are not afforded pay and work conditions to that of the public sector and services remain vulnerable

In the context of the current budget and decision making by Government Departments there is a need to ensure there is balanced and equal treatment of statutory and voluntary and community sector delivered public services. For example, it is important that services that are considered 'essential public services' and that should therefore be prioritised in budgetary decisions should include sector-delivered services.

Impact for the Sector

As Departments struggle with a reduced Budget, NICVA is concerned that voluntary and community sector (VCS) organisations delivering public services will again be most vulnerable to unfair and potentially disproportionate cuts. This is because funding to VCS providers/organisations is often seen as discretionary and additional to statutory services, even where they have been contracted to provide core public services on behalf of a department.

The sector understands the reality of the financial challenges faced and is not seeking immunity from this but asks that it is not treated unfairly. Critical from NICVA's perspective is that the rationale and evidence base for making any reductions to funding are reasonable and transparent.

It is well evidenced that services delivered via VCS organisations are effective, efficient and provide real value for money. The consequences of any 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.-Short-term cuts that target investment

in VCS could lead to more expensive interventions, including those that fall under a statutory duty.

Impact of Short-term budgeting

Short-term/single year and last-minute public budgeting is particularly detrimental to the many voluntary and community sector organisations that receive public funding through grants and contracts to deliver services.

This is resulting in continuous uncertainty for these organisations, affecting their ability to offer stable employment, and to retain staff delivering their vital services, whilst responsibly managing their finances.

As we have detailed 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.

A funding policy and assessment framework needs to be developed with objective criteria. By setting out well communicated funding priorities, organisations will be able to make choices on their future.

There is a real and urgent need to ensure the sector is supported to deliver the essential services that thousands of people rely on and put it on a sustainable footing. This can only happen if the voluntary and community sector is recognised and invested in by government to unlock the huge opportunity to address key government priorities.

The Importance of Early Engagement and Communication with the VCS in Decision Making

In the context of the challenging financial situation with regard to the Budget and the significant likelihood of impact for our sector, we would press for full, timely communication and consultation with the sector, given their vested role, interest and expertise and the potential for adverse impact across the sector and its beneficiaries of many of these spending proposals

We appreciate the pressure on budget and time, but we would urge all Government Departments to engage with our sector during the difficult months ahead as we all aim to protect the most vulnerable.

This includes capturing of the cumulative impact of cuts to the sector and where possible to be proactive and mitigate against.

NICVA are keen to support ongoing communication and engagement with the VCS sector regarding the challenging budgetary decisions ahead and all efforts to reduce or mitigate their impact.

Protecting Investment in Early Intervention and Prevention

A key - way to improve the sustainability of public services without compromising their quality is by investing in preventative and early intervention programmes, lessening the need for later, more expensive, and reactive measures and ultimately reducing pressures on the public purse. Despite this these services, particularly when delivered within the Voluntary and Community sector are often the most vulnerable to cuts as a result of budget pressures.

We have already seen significant cuts to many such programmes, including counselling and other mental health provision and the resulting impacts. We press that adequate consideration is given within Budget considerations/by Departments on the long-term cost and impact of any further reductions/cuts to such services.

Unconfirmed funding for vital NI priorities

NICVA notes with concern that important sources of potential funding for Northern Ireland from UK Government remain unconfirmed, most notably UK Shared Prosperity Funding (UKSPF) post March 2025.

The UKSPF was introduced to support the UK government's wider commitment to level up all parts of the UK. Money is distributed to places based on a funding allocation for three years across three investment priorities: communities and place, local businesses and people and skills.

£57 million was invested through the UK SPF in projects delivering on Government's commitment to support many more people to move from economic inactivity into sustainable employment, which are currently being delivered by the voluntary and community sector sector in Northern Ireland.

There are currently over 100 organisations delivering programmes to support over 26,000 people to access employment.

On 11 March, UK Government announced that £22.6m of the Northern Ireland allocation of UK Share Prosperity Fund is to be reallocated to financial settlement between the UK Government and the Northern Ireland Executive on the restoration of the institutions.

This means that:

- The UKG is using what should be additional funding to deliver core public services.
- One of the places with the highest level of economic inactivity is losing the additionality of SPF.

NICVA are currently engaging with the UK Government on this issue and to ensure that we are not met with a cliff edge in March 2025 which current SPF is due to come to an end.

It is imperative that this funding is fully honoured and that any funding is ring fenced and protected for the delivery of these vital services.

£25 million towards support for a Childcare Strategy

As a cross-departmental issue, we welcome the inclusion of resource towards a Childcare Strategy as a centrally held item within the draft Budget. However the £25 million non-ring-fenced resource DEL is insufficient in delivering the reform needed.

Urgent financial intervention is needed while we wait for long term childcare reform. There is a continued sustainability challenge for many childcare providers within our sector such as SureStart.

High childcare costs contribute to gender inequalities with 35% of economically inactive women in Northern Ireland inactive due to family caring responsibilities.

We are also calling for a timeline for the delivery of the long-term childcare strategy.

Social value in procurement

In July 2021 the Northern Ireland Executive published Procurement Policy Note (PPN) 01/21 Scoring Social Value which mandated tenders to include a minimum of 10% of the total award criteria to social value.

Despite the 2021 policy, varying levels of understanding and commitment to social value result in inconsistent application across different departments and contracts.

Many public sector bodies and suppliers lack awareness of the new requirements and how to effectively implement them, leading to missed opportunities for maximising social value.

Legislated for in 2014, Scotland integrates sustainable and socially responsible purchasing into public sector procurement processes, reflecting the Scottish Government's commitment to inclusive growth.

A number of Sustainable Procurement Tools have been developed in Scotland to allow public sector organisations to identify and address how they can optimise the economic, social, and environmental outcomes of their procurement activity. Public authorities are required to report annually on their sustainable procurement efforts.

Success is measured in terms of outcomes aligned to the National Performance Framework and the UN Sustainable Development Goals. Public bodies must engage with communities who have an interest in the contract to get the best possible outcome.

In Northern Ireland, fostering stronger collaboration with the by involving them in the procurement planning process will better leverage their expertise to identify and deliver social value outcomes.

Additionally, as suppliers with often limited resources, voluntary and community sector organisations need support to meet the demands of monitoring and reporting as related to social value.

For further information on any aspect of this briefing, Please Contact Celine McStravick, NICVA Chief Executive email: celine.mcstravick@nicva.org