

Institution of Civil Engineers NI Consultation Response:

Draft Budget 2015-16 - Spending and savings proposals within the Department for Regional Development

Background about ICE Northern Ireland

The Institution of Civil Engineers (ICE) is a global membership organisation of over 83,000 members that promotes and advances civil engineering around the world.

ICE Northern Ireland (ICE NI) is a leading source of professional expertise in transport, water supply and treatment, flood management, waste and energy in Northern Ireland. ICE NI's vision is to place civil engineering at the heart of society, delivering sustainable development through knowledge, skills and professional expertise.

Introduction

ICE is conscious that the draft budgets are unprecedented for most departments. Whilst they have been created in a challenging environment, we are aware that such government fiscal constraints will become our 'new normal' until the end of this decade. In this climate we must investigate all possible revenue raising mechanisms to fill this deficit to ensure that our economic infrastructure continues to maintain and build our quality of life.

ICE is not solely interested in the impact that such investment brings to the construction industry but puts greater importance of the enabling effect of our economic infrastructure as it builds our quality of life and has a ripple effect on the rest of our economy.

ICE supports DRD's assertion that the draft budget will have a severe impact on essential water, waste water, public transport and roads services. They state the budget reductions necessary as a result of the Executive's Draft Budget will:

1. have an unprecedented impact on water and waste water service provision to both domestic and non-domestic customers;
2. result in increased risk of fines from Europe and legal actions for failure to meet water and waste water standards;
3. reduce the availability of transport services, roads maintenance and street lighting services, particularly in rural areas;
4. require the withdrawal of all winter service provision on the road network;
5. significantly reduce emergency response services, including flooding response services;
6. affect public safety;
7. expose the public purse to the risk of greatly increased public liability claims and EU environmental infraction charges;

8. inevitably constrain economic development in Northern Ireland

Water and waste water services

NI Water has indicated that it can only implement this level of savings by reducing the level of treatment and pumping. ICE is concerned about the effect which this will have on water distribution to homes and industry and the increased risk of out-of-sewer flooding, intermittent spills to rivers and also a detriment in water quality arising from poorer performance at waste water treatment works. NI Water has made significant improvements in efficiency since its inception however the savings being proposed could result in these efficiency gains being reversed.

Para. 38 of the draft budget document states that “income generating options are being reviewed”. ICE would appreciate further information on this.

Non-domestic water charging

Earlier this year DRD noted in its draft Long Term Water Strategy for Northern Ireland that NI Water would need around £1.6bn of capital to address major infraction, flooding and development restrictions from 2015-21. It is unfortunate that the final level of funding determined by the Utility Regulator falls short of this at just over £1bn. Coupled with the reduction to the DRD budget, this will be an extremely challenging period for NI Water and ICE considers that it will be unlikely to carry out its role within this funding envelope.

Whilst the Executive does not have the mandate under this current Programme for Government to introduce domestic charging ICE would encourage the Executive to consider the alternative from a DRD reducing funding model – increased risk of infraction charges and flooding and lack of economic development. ICE encourages the introduction of charging in the next PfG period but maintains that the mechanism must protect those who are unable to pay, whilst supporting water conservation by having a direct link to consumption. Should such funding be introduced it would also significantly reduce the burden on other government departments.

Road Services

ICE maintains that Northern Ireland’s road network is of vital importance to the economic and social well-being of our country and, as such, it is valued at £28bn – our most valued asset. Indeed in the DRD Business Plan 2014-15, the Minister states that a key target is to ‘continue to manage and maintain Northern Ireland’s road network to keep it efficient and safe’. For example, for every £1 less we spend on our roads structural maintenance requirement it actually costs us £1.26.

Given the pressures on the Transport NI resource budget (which all in our society benefit from: road maintenance, winter services and street-lighting) it seems entirely appropriate that the concessionary fares scheme is reviewed. After inescapable costs, Transport NI has only £76m to undertake the remainder of its operations, of which £64m is committed to staffing. This leaves only £12m available to resource the remainder of its operations in 2015/16 - a reduction from £53m in 2014/15.

ICE supports the LED street lighting pilot study on A55 and would encourage DRD to apply to the change fund to broaden this across the network as it will significantly reduce whole life costs.

Public Transport Services

Whilst the concessionary fares scheme should be available for those who cannot afford private or public transport, ICE recommends that it become means-tested to ensure that a proportion of this resource funding is allocated to frontline operations such as road maintenance, winter services and street-lighting – thus providing greater benefit to our entire society. This issue must be resolved urgently as failure to establish constraints now will result in an increasing burden given our ageing population.

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