

## **EXECUTIVE SUMMARY**

### **RESPONSE OF THE COMMITTEE FOR SOCIAL DEVELOPMENT ON THE DEPARTMENT'S SPENDING AND SAVINGS PROPOSALS**

#### **Time constraints**

1. Given the potential impact of the proposed spending cuts the Committee is concerned at the limited time it has been afforded to discuss these with the Department and emphasises that it is within this time constraint that it offers its views on the Department's spending and saving proposals.

**In light of this the Committee would recommend that the Department for Finance and Personnel, in conjunction with Departments, agree a sufficient period for statutory committees to engage in a comprehensive scrutiny process on future budgetary matters.**

#### **Spending and Savings Proposals**

2. The Committee agrees with the Minister's four priorities which have guided where the reductions should be made in order to protect services as far as possible. The Committee welcomes the Department's view that the Social Fund and Supporting People budgets should be protected.
3. The Committee agrees that the Department's settlement does not reflect the contribution that the Department makes to the Programme for Government across a wide range of issues to tackle disadvantage. It also notes that the additional allocation of 2.3% (£15.1m) was the lowest provided to any department. Taking into account this along with the ring-fenced monies and contractual obligations the Department will have to reduce expenditure by 16%.

**The Committee therefore calls on the DFP Minister to review the level of allocation to the Department to ensure that the Department can effectively tackle disadvantage.**

4. The Committee notes that the Department, within the constraints of the budget, aims to provide an 'acceptable' level of service in discharging its statutory responsibilities. However, the Committee notes that the spending and saving plan provided by the Department advises that some services in SSA will be affected.

**The Committee believes that a comprehensive impact assessment should be carried out to ascertain the full impact on service delivery across all areas affected by the cuts once the final budgetary position is agreed.**

5. The Committee notes that the Department provides funding to other Departments and that it has indicated that it may have to withhold this funding. The Committee believes that the Department *should* withhold this funding until it has completed its assessment of the impact of the proposed cuts on its service provision.

**The Committee believes that any funding that originates from DSD should be retained within DSD unless there is a clear impact for other Departments in tackling disadvantage.**

6. The Committee acknowledges that all spending areas, other than those that are ring-fenced, have been assessed for potential savings and proposals made accordingly. However, the Committee believes that the Neighbourhood Renewal Programme and Ilex are key to help address social and economic inequalities which characterise the most deprived areas.

**The Committee believes that a combination of an increased level of allocation (as noted above) and greater savings on administration costs should be provided to address the proposed cuts in these areas.**

7. The Committee notes the substantial job losses within the Department and associated agencies. The Committee notes that the final figure for loss of staff *in-post* will only be determined following a final agreement on the spending plans.

**The Committee believes that all other options for budget reduction should be considered in order to minimise job losses.**

8. The Department aims to withdraw the £14m funding it provides for NIHE landlord services. The Committee heard that the NIHE could address this cut through improved efficiencies, reduced services or higher rents for NIHE tenants. The Committee understand that options are currently being considered by the NIHE.

**The Committee will engage with the NIHE on any proposed action but it encourages the NIHE to minimise the impact of this cut on its tenants.**

9. The Committee notes that a further £11m is required from the regional housing authority part of the NIHE. Again there is no information on how this

is to be achieved but the indications are that this may result in a reduction of over 100 posts.

10. The Committee notes that the NIHE has requested a voluntary release scheme for up to 300 staff as part of its 'Journey to Excellence' programme which will save around £11m, but it also recognises that this will not be sufficient to deal with the 400+ job losses expected.

**The Committee recommends that the DFP Minister approve this bid and urges the NIHE to bring forward proposals on how it intends to deal with the proposed reduction in its regional housing section.**

11. A key priority for the Committee is to ensure that a maximum number of social homes are built. The Committee accepts that the allocated funds of £95m for social houses is comparable to 14/15 but it also notes that due to increased land prices etc. this will only provide 1500 homes rather than the current target of 2000. The Committee is concerned that while the Department indicates that it will bid for additional resources in order to deliver this target, the money required may not be available in future monitoring rounds given the financial problems faced by the Executive.

**The Committee urges the Department to consider innovative ways of obtaining funds to ensure the target for social home new build is reached and would refer the Department to the recent announcement by the UK government regarding assistance it received from the European Investment Bank to build social homes in Bicester and Barnet.**

12. The Committee is supportive of co-ownership and recognises that the £10m allocated to this programme will support the construction industry and produce 330 new homes for purchase.

**The Committee also welcomes and encourages the Department's intention to explore whether Financial Transactions Capital could be used to finance this programme.**

13. The Committee is encouraged that funding for disabled grants and action to address fuel poverty is maintained at broadly comparable levels with 14/15.
14. The Committee notes the housing-led regeneration initiatives under Building Successful Communities pilots are at the master planning stage and £3m has been allocated for necessary capital investment.

**The Committee will engage with the Department to ascertain the progress made to date, what the £3m will be allocated for and what value-for-money assessment is planned for these pilots.**

15. The Committee is concerned that capital expenditure is dependent, at least in part, on capital receipts, estimated at £97.1m. It is noted that should these receipts not be generated in 2015/16 then expenditure would have to be curtailed.
16. The Committee believes that, particularly in an era of austerity, all avenues of potential funding should be explored by the Department.

**The Committee believes that the Department must allocate resources to establish potential sources of funding applicable to programmes within its remit, including all relevant sources of EU funding and work with other departments and stakeholders to maximise the drawdown of this funding.**