

## **Briefing on NI Budgetary Outlook 2018-20**

### **Draft Consultation Response from Fermanagh and Omagh District Council [Department of Finance]**

#### **Brief Background to the Fermanagh and Omagh District Council Area**

The District Council area is home to 114,992 people, approximately 52,500 jobs and 7,175 businesses. The District Council area is Northern Ireland's largest region in terms of land mass - approximately 3,000km<sup>2</sup> (or 20% of NI) - and is the smallest in terms of population. As a result, the population density of approximately 41 people per km<sup>2</sup> is the sparsest in Northern Ireland. This is a key feature of the district but presents challenges in terms of accessibility and service delivery.

#### **Consultation Response**

Fermanagh and Omagh District Council (Council) welcomes the opportunity to respond to the public consultation published by the Department of Finance entitled: 'Briefing on NI Budgetary Outlook 2018-20'.

Council recognises the difficulties of balancing competing priorities across the range of competing services, when valid priority approaches have been planned and embedded within business plans, for instance within DAERA.

Council is supportive of the approach to protect and enhance spending in relation to the provision of Health and Education services, but is also mindful that the burden of any proposed cuts will inevitably have a greater impact on the delivery of other services. It is important that services are maintained and improved within both Health and Education sectors, but equally that the Transformation agenda is also actively pursued, in order to ensure that funding is spent in the most cost-effective manner to deliver optimum outcomes for all stakeholders.

Council has restricted its response to comment on those proposals which directly affect Council service provision and impact directly on the community. The following response concentrates on a number of general comments, relating mainly to the approach to the consultation and the processes followed, and a number of specific comments, with particular reference to the Rate Support Grant and the potential impacts of reductions in funding.

#### **A. General Comments**

##### **Impacts of Assumptions**

Council is particularly concerned to note that, whilst there is a commitment to undertake Equality Screening and EQIAs where required, there is no similar commitment to undertake the Rural Needs Impact Assessment, which is also a Statutory requirement under the Rural Needs (Northern Ireland) Act 2016. Overall,

Council's assessment is that the proposals constitute an adverse impact on rural communities. In particular, the proposed reductions to the DAERA budget will inevitably impact upon the necessary grant aid and fundamental supports to the farming community.

In order for stakeholders to make any assessment of either the efficacy or fairness of the proposals, Council stresses the need for an Integrated Impact Assessment (IIA) to be undertaken to assess the potential effects of the budget proposals. This would require consideration of issues relating to different equality groups, community cohesion, human rights, well-being and health, socio-economic circumstances, the environment and the rural areas as part of the budgetary process in order to reach fair decisions.

The IIA would help Ministers to debate issues, review decisions, consider the viability of alternatives and think about potential mitigating measures to ensure that legal duties have been met and their decisions are fair. The use of all available evidence, including consultation feedback, would aid understanding of where groups or communities could be disproportionately affected, looking at how individual proposals relate to one another and considering how a series of proposed changes could impact cumulatively on particular groups of people and communities of interest, identity and geography.

Council acknowledges that in times of austerity, it is difficult to avoid all possible impacts of budgetary reductions. However, it is important that Ministers understand the cumulative impacts in order to consider potential mitigations in the areas where impact may be most significant; reductions should be made on the basis of the value and impact of spending. Council opposes the 'top slicing' of budgets, as it takes no account of the value of different spending programmes.

### **Approach to Public Expenditure Reduction**

The government has prioritised the reduction of public debt and is determined to keep extra taxation to the absolute minimum, resulting in a much tighter public expenditure target being imposed than other advanced countries. The consequence, according to the International Monetary Fund's predictions, is that while before the 2008 financial crisis, the UK's public expenditure as a percentage of GDP was in about the middle of the major capitalist economies, above the USA, Japan and Canada though below Germany, Italy, Sweden and France, the UK is heading swiftly to the bottom.

Such policies are now agreed by most commentators to be damaging to the national interest (Taylor-Gooby, 2012). While the government is determined to shrink public spending, it is maintaining spending on pensions, health and education. Welfare for the poor, by contrast, is being cut back sharply.

The consequences of these policies for those on low income have been extensively analysed. The Institute for Fiscal Studies predicts an increase in poverty (by the standard 60 per cent median income poverty line) of the order of 2.3 million by 2020. This increase will be concentrated among families with children and single people of working age (Brewer, 2011). The Resolution Foundation shows how job insecurity is increasing and wages stagnating, particularly at the bottom end (Brewer et al., 2012). Housing problems are growing steadily more pressing.

The proposals contained within the document, if implemented, will place a significant negative impact on people on the lowest incomes. Council recommends that the Government should raise additional revenue through the fiscal system by targeting taxation increases at those who have a greater ability to pay.

### **Timing of Consultation**

In order to examine how the Council could and should respond to the likely financial challenge lying ahead would require a detailed study of the demands facing each service area, the scope for cost-cutting and efficiencies, and the statutory obligations in place.

The restricted consultation period, taking into account the Christmas holiday period, has led to significant time pressures and, in the absence of detailed information on some key issues, the Council has been unable to prepare the type of coordinated report made in respect of previous consultation exercises. Previous consultative reports have contained detailed analysis, findings and recommendations based on comprehensive evidence on strategic, cross-cutting and departmental specific issues.

Greater transparency around the basis for the proposals would enable the Council to determine, for example, whether a consistent approach was taken across departments and whether the funding of particular 'central strategic pressures' warrant the resultant reduction in departmental resource budgets.

## **B. Specific Comments**

### **Council Rates Support Grant**

The Rates Support Grant is one means by which less wealthy Council areas, including those rurally based, receive some modest contribution towards achieving greater equality of service provision and facilities.

In 2016/17, Council received £1,546,000 through the Rates Support Grant, £1,756,00 through the Transferred Functions Grant and £520,000 through the De-Rating Grant. While the latter two are protected by legislation, the Rates Support Grant is not. Any reduction is likely to have a significant impact, bearing in mind that a 1% increase on the rates generates £300,000 in additional income.

Council would not support the removal or reduction of the Grant, as the key objective is to ensure that councils continue to offer and maintain high quality, productive frontline services at affordable costs, consistently across NI.

**Impacts on Centrally Funded Programmes**

Council is the Lead Partner in the development and delivery of the “Fermanagh and Omagh 2030 Community Plan” which sets out a clear, long term vision for the district, and is clearly linked to the delivery of those outcomes within the Programme for Government covered by the Community Planning Partnership Framework.

The Council’s Corporate Plan Update for the 2017-2019 period incorporating improvement objectives aligns the Council’s Vision, Values and corporate priorities to those set out in the Community Plan for the district and identifies the key actions to be completed in the remaining two years of the current Council term.

The delivery of such outcomes will be clearly affected by any changes in the levels of funding from Central Government, as shown in the examples below:

Within the Community Services section, the following Programmes will be significantly constrained by any reductions in grant aid:

Programme	Department	17/18 Grant
Community Support Programme	DFC	£198,075
<u>Neighbourhood Renewal</u>	<u>DFC</u>	<u>£67,000</u>
Community Festivals Fund	DFC	£23,800
Good Relations	EO	£218,584
PCSP	DOJ	£263,951

Within Environmental Health, the following Programmes will be significantly constrained by any reductions in funding:

Function	Department	17/18 Funding
Food Safety	Food Standards Agency	£65,000
Affordable Warmth	DfC	£73,305
Tobacco Control	PHA	£57,375
Accident Prevention	PHA	£56,378 (Plus Slippage this year an additional 24,368)
Fuel Poverty	PHA	£4,280
<u>Animal Welfare</u>	<u>DAERA</u>	<u>£334,000</u>

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Function	Department	17/18 Funding
<u>Water Quality</u>	<u>NIEA</u>	<u>£565,000</u>

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Within Leisure Services, the following Programmes will be significantly constrained by any reductions in grant aid:

Programme	Department	17/18 Grant
Physical Activity Referral Scheme	PHA	£33,000 annually
Healthy Towns	PHA	£33,000 annually
Every Body Active	Sport NI	£85,000 annually*
Every Body Active (small grants)	Sport NI	£38,000 annually

\* committed until 2020.

Within the Arts and Heritage Service, the following Programmes will be significantly constrained by any reductions in Grant aid:

Programme	Department	17/18 Grant
<u>Access and Inclusion</u>	<u>PHA</u>	<u>£45,000</u>
<u>Arts and Heritage Programmes</u>	<u>Arts Council Northern Ireland (DfC), Ni Museums' Council (DfC), NIEA, DAERA</u>	<u>£50,000</u>

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## Conclusion

Council recognises the budgetary difficulties outlined in the consultation briefing, but does not subscribe to the philosophy that constraining public sector expenditure is the most appropriate method of achieving a balanced budget. Inevitably, there should be a combination of local revenue raising initiatives and appropriate fiscal policies to ensure that additional financial pressures are primarily targeted at those with the ability to pay.

In relation to local revenue raising initiatives, Council stresses that careful consideration is given to the net potential income to be generated e.g. in relation to any changes to Prescription Charges, the costs of setting up and administering a charging system should not outweigh the value of any income generated.

Council's least favoured option to achieve a balanced budget is to reduce public expenditure. Rather than cutting budgets, there should be a firm commitment to progress and embed transformation proposals across Government Services, but particularly within the Health Sector, using revenue take and fiscal policies to ensure that outcomes are targeted at those with the ability to pay.

Council stresses that it is more important than ever to ensure that scarce resources are prioritised fairly and that Government does everything possible to minimise the harm that cuts to services cause for individuals and communities. It is essential that Ministers maintain a broad outlook and take decisions based on a robust understanding of how cuts will impact on people and places across the region.

It is important to understand the combined impact of budget proposals on particular communities and on people with particular characteristics such as the youngest, oldest and most vulnerable. Beyond that, the Council also believes that it is critical to consider the impact on socio-economic disadvantaged groups and in relation to wellbeing and health, the environment, community cohesion, and community safety. The use of an effective Integrated Assessment Tool is essential in this regard.

A further period of consultation is required to ensure that there is a fully informed debate on how best to help meet future budgetary challenges.