

May 2023



Agreement Nostalgia Fades with the Cold Reality of Budget Cuts

No one in Northern Ireland could have missed the media coverage of the twenty fifth anniversary of the Good Friday/Belfast Agreement. We had a whirlwind visit from US President Joe Biden who spoke at the official opening of the Ulster University's Belfast campus before heading south of the border for a longer state visit. This was followed by a week-long conference hosted at Queen's University which saw many of the protagonists in the Agreement negotiations assemble to reminisce and reflect. Participants included former US President and First Lady, Bill and Hilary Clinton, Senator George Mitchell, Gerry Adams, Lord Empey, Dawn Purvis, and Monica McWilliams to name a few.

In the weeks since, any warm glow of nostalgia from the anniversary and the various events and conferences has well and truly faded as Northern Ireland faces a further round of public sector cuts that will inevitably impact on the most vulnerable in society. They will pay the price for the political failure of the UK government and the DUP to agree post- Brexit arrangements for Northern Ireland. The Windsor Framework, negotiated by the EU and the UK government to further refine trading arrangements between Northern Ireland and Britain, was agreed in January. The DUP's MPs voted against the Windsor Framework at the end of March, but it passed into law with a large majority. The Assembly remains in suspension until agreement can be reached and the DUP signal that they will nominate Ministers.

This edition of *Policy Link* will focus on where some of the budget cuts may fall and how that may impact on rural communities. Budgets are being squeezed and the most deprived people in rural communities, who rely most heavily on public services, will bear the brunt.

NI Secretary of State Announces Budget

The NI Secretary of State set out the headline budgets for NI in a [written statement](#) to the House of Commons on 27th April. The table below compares non ring-fenced resource DEL budget allocations (pay, operating costs and grants to other bodies) to Departments this year with 2022/23.

The following table sets out a comparison between the 2022-23 Secretary of State Budget and the 2023-24 Non Ring Fenced Resource DEL Budget:

£m	2022-23	2023-24	%Change
Agriculture, Environment and Rural Affairs	564.2	579.8	2.8%
Communities	848.3	861.6	1.6%
Economy	781.8	772.0	-1.3%
Education	2,642.9	2,576.5	-2.5%
Finance	178.7	147.5	-17.5%
Health	7,280.1	7,300.9	0.3%
Infrastructure	521.2	523.4	0.4%
Justice	1,184.2	1,156.7	-2.3%
The Executive Office	156.8	181.8	16.0%
Food Standards Agency	14.5	15.5	6.9%
NI Assembly Commission	47.6	47.6	0.0%
NI Audit Office	8.4	8.4	0.0%
NI Authority for Utility Regulation	0.1	0.1	14.3%
NI Public Sector Ombudsman	3.9	3.9	0.0%
Public Prosecution Service	36.3	36.2	-0.3%
Departmental Allocations	14,269.1	14,212.0	-0.4%

RCN members will be particularly interested in the DAERA budget after media speculation in recent weeks that it would be subject to significant cuts.

Allocation of non ring-fenced Resource DEL in DAERA (pay, operating costs and grants to other bodies) in 2023/24 will be £579.8M; the comparable figure in 2022/23 was £564.1M. This represents an increase of £15.7M or 2.8%.

Allocation of Ring-fenced Resource DEL in DAERA (this covers the cost of depreciation and impairments and can't be used for any other purposes) in 2023/24 will be £35.9M; the comparable figure in 2022/23 was £31.9M. This represents a reduction of £4M or 11%.

Allocation of Capital DEL (reflecting investment in assets such as buildings or other infrastructure that underpin services) in 2023/24 will be £115.7M; the comparable figure in 2022/23 was £82.4M. This represents an increase of £33M or 40.4%.

The £297M overspend by Departments in 2022/23 that developed because Executive Ministers were unable to take decisions because of the collapse of the Assembly by the DUP, will be paid back over the next two financial years. The Secretary of State also announced that he would use any Barnett consequentials (these are uplifts in NI block grant funding which happen automatically due to funding uplifts by the UK government) to pay down the overspend. So, for example, if the UK government reaches a pay settlement with nurses, the equivalent sum which would accrue to our Department of Health could be used by the Secretary of State to clear the overspend.

It's important to remember that these are changes in cash terms only and do not make any allowance for the rise in inflation. Where budgets are stand-still or have been described as "flat" in the media, in real terms they are facing significant reduction because Departments' purchasing power has been eroded as inflation has risen. How Departments allocate budgets across their various programmes will emerge in coming weeks. Community and voluntary sector groups fear that their sector will be targeted for spending cuts as much of our work is considered "discretionary" by Departments.

RCN will keep members updated as more detailed information emerges.

Department of Education Funding Cuts Announced

In the past few months, in the run up to the Budget announcement, of cuts announced by the Department of Education as the squeeze on its budget became apparent. Many of these schemes were developed in response to rising levels of poverty, especially child poverty. They were implemented by the NI Executive to try and offset some of the impact of reductions in Social Security benefits introduced by the UK government such as the five-week waiting time for first payment for Universal Credit, the freeze in uprating of benefits and greater use of sanctions and conditionality generally across the system.

Cuts that will affect children and young people include:

Extended Schools

Funding for the Extended Schools programme has stopped. The programme was introduced in 2006. It provided additional funding to schools who had more than 51% of pupils drawn from either Neighbourhood Renewal Areas or the 30% most deprived areas using the NI Multiple Deprivation Measure. Schools with

37% or more of pupils entitled to free school meals were also eligible for the scheme. Schools used these schemes to provide breakfast clubs, afterschool activities, homework clubs and support for families.

Holiday Hunger Payments Ending

This scheme was introduced in June 2020 and provided a payment of £27 per child each fortnight to eligible families in school holiday periods. It was intended to help low-income families who struggled with the additional expense of feeding their children when free school meals were not available. 96,000 children who are entitled to free school meals benefitted from the scheme during school holidays.

Healthy Happy Minds Programme Cut

This programme which, since 2021, offered counselling to children in schools was cut by the Department in March. 19,000 children benefitted from the scheme in its first year of operation. It provided counselling and other therapies to children and young people in schools.

Engage Scheme Funding Cut

The Engage scheme provided extra funding for 400 schools to employ additional teachers to support some pupils to “catch-up” on their education post-pandemic. The Department of Education announced that this scheme was to be cut on the same day as Healthy Happy Minds and Holiday Hunger Payment schemes closures were announced.

Schools Capital Build Programme Paused

At the end of April, the Department announced that no new school building projects will commence in 2023/24 due to the budget pressures in the Department. The Department wrote to school principals informing them that because of capital budget cuts in the Department and rising construction costs due to inflation, no school new builds or school enhancement projects will commence this year. So, schools that had been expecting replacement buildings or significant renovation through the school enhancement programme will have been dismayed by the news.

Digital Devices Scheme Cut

This scheme has also been cut due to the pressure on the Department of Education’s capital budget. The department was spending about £1m a year providing schools with high numbers of pupils entitled to free school meals with new laptops and iPads. This scheme came from a recommendation in the 2021 “A Fair Start” report into the impact of deprivation on education. The Department planned to provide about 16,000 devices to about 450 schools by 2026, but that timetable is now unlikely to be met.

Book Start Baby Programme Cut

Northern Ireland will be the only part of the UK where new-born babies will not be provided with free books. This scheme run by the Books Trust provided a few free books suitable for babies and toddlers and reading advice to almost 20,000 families per year. The Department contributed £75,000 per annum to the scheme.

Department for Communities Cuts

The Department for Communities faces a cut of £111M; approximately 16% of its discretionary spending. The Department is now considering a range of cuts including reducing the target for new build social homes and a reduction in employment support funding. Discretionary Support grants are also under threat. These grants can be used by people waiting 5 weeks for their first Universal Credit payment or to cover unexpected household bills such as household appliances needing replacement. DfC distributed £40M worth of these grants last year.

BBC News NI reports that the target for new build social homes could be reduced from 2000 to 1400 new starts. This would be particularly grim news in rural areas where the new build target for social homes has already been missed in seven out of the last eight years and there is a widespread shortage in all types of accommodation across many rural communities. The Department's capital budget faces a £59M shortfall, which represents a cut of 27% and comes at a time when construction costs continue to rise because of inflation. The Housing Executive and Ulster University recently published research showing average private sector rents rising by almost 5% across Northern Ireland in the second half of 2022. (see page 8 of this edition of *Policy Link* for more detail on that research). Read more [here](#)

Shared Prosperity Fund Not Meeting Need

Readers of *Policy Link* will know that we have been following the development and implementation of the various strands of the UK government's Levelling Up policy over the past number of years. "Levelling Up" is the UK government's flagship approach to addressing regional disparities between different parts of the UK. It was developed post-Brexit to replace various strands of EU funding such as the European Social Fund. Levelling Up includes several funding strands including the UK Shared Prosperity Fund, the Levelling Up Fund, and the Community Ownership Fund.

The latest announcement was of the second round of allocations from the UK Shared Prosperity Fund at the end of March. An allocation was announced of

£57M of funding over two years, aimed at helping economically active people into work through 18 separate projects. This funding came as the European Social Fund (ESF), aimed at addressing social inclusion and supporting excluded groups into employment, ended. The full list of projects and funding awarded can be found [here](#). In this round of funding, RCN, along with a number of other community partners, is involved in the successful South West College Rural Economic Accelerator Programme bid. The community partners' role will be to disseminate information on the programme through their networks.

Some ESF- funded organisations that had applied to the UKSPF were unsuccessful and therefore will face staff redundancies and the closure of projects. Others, who were successful, have pointed out that this round of funding (£57M over two years) represents a considerable reduction on the ESF allocation that totalled approximately £40M per annum.

Dial-a-Lift funding only guaranteed until end of June

Community transport partnerships were informed in March that the Department for Infrastructure would commit to fund the rural Dial-a-Lift scheme only until the end of June. Budget uncertainty and anticipated cuts to the Department's budget mean that the continuation of this vital scheme beyond June is now in doubt.

The Dial-a-Lift service makes about 200,000 journeys each year in Northern Ireland - transporting vulnerable service users to medical appointments, food shopping, day care opportunities and social activities. For its members, who are older or disabled people, it is a lifeline service that enables them to access services and activities many of the rest of us take for granted. With public transport options in most of rural Northern Ireland extremely limited and the prohibitive cost of taxis, the Dial-a- Lift service is the only option many of its members have for making essential journeys.

Noeleen Lynch, Director of the Community Transport Association in Northern Ireland supporting the 11 local Rural Transport Partnerships, warned that without the funding commitment from the Department of Infrastructure some organisations may have to consider winding up. The Community Transport Association and the Rural Transport Partnerships are continuing to lobby the Department and politicians here for funding to allow the service to continue.

You can read a blog from Jason Donaghy, Manager of Fermanagh Community Transport, [here](#).

Neighbourhood Renewal funding Only Guaranteed for three months

Community groups delivering vital services in some of Northern Ireland's most deprived communities have been notified by the Department for Communities that they are guaranteed funding only until the end of June. The Neighbourhood Renewal programme supports almost 100 community groups through 36 Neighbourhood Renewal Partnerships, delivering a wide range of schemes and programmes to meet local need. Neighbourhood Renewal is targeted at the 10% most deprived areas determined by the Northern Ireland Multiple Deprivation Measure (all these areas are in towns and cities). The Department estimates that 630 jobs in the community and voluntary sector are supported through Neighbourhood Renewal. Many of these jobs will be at risk and the services that these organisations run will be severely impacted if no additional funding can be found.

Stormont budget cuts “will cause irreversible damage to services”

Former head of the NI Civil Service, Sir David Sterling, said in an interview on Sunday Politics at the end of April that planned budget cuts “will cause irreversible damage to services.” He questioned the undemocratic nature of the forthcoming budget as unelected civil servants are limited in their powers to take decisions. Mr Sterling said that he believed public services and Departments would be “collateral damage” in the struggle to restore the Stormont Assembly.

Meanwhile, a letter from the current head of the Civil Service, Jayne Brady, leaked to BBC News NI warned that the damage caused by cuts to public service will be “unprecedented”. The letter also sought clarification from the Secretary of State for NI on his remarks to the NI Affairs Committee stating that he would not set out ministerial direction for civil servants in relation to spending priorities as he did not think “it was the right thing to do”. Her letter questioned how civil servants could make budgets balance when up to £100M of public spending per month required Ministerial decisions. Read more on this story [here](#).

Research Shows Private Rents Rising Sharply

The Housing Executive, in partnership with Ulster University, published research earlier this month on the Performance of the Private Rental Market in the second half of 2022. The research was based on 5,958 rental transactions recorded on *PropertyNews.com* and the Housing Executive's LHA dataset for Housing Benefit database for the second half of 2022 (July-December). It showed strong growth in average rents – fuelled by high demand and the lack of rental properties – which is creating a highly competitive market driving up the price of rent.

Average rents across Northern Ireland increased by 4.8% over the half year to £778 per month. This was up 8.5% compared to the same period in 2021. The average monthly rent across the Belfast City Council Area (BCCA) increased by 2.5% to £875, considerably up 12.7% in annual terms. Outside of Belfast, the average LGD rent was up by 7.9% over the half year period to £708 per month, and up a similar rate of 7.2% over the year.

TABLE 4 Average rent by property type (LGDs outside Belfast), H2 2022

Council area	Average rent by property type (£)				
	Apartment	Terrace/ Townhouse	Semi- detached	Detached	ALL
Antrim & Newtownabbey	£649	£675	£765	£963	£714
Ards & North Down	£746	£784	£860	£1,249	£859
Armagh Banbridge & Craigavon	£553	£609	£682	£823	£656
Causeway Coast & Glens	£556	£610	£670	£774	£645
Derry & Strabane	£551	£613	£729	£831	£629
Fermanagh & Omagh	£509	£609	£640	£672	£599
Lisburn & Castlereagh	£703	£760	£867	£1,068	£823
Mid & East Antrim	£597	£623	£709	£948	£670
Mid-Ulster	£521	£593	£643	£711	£627
Newry Mourne & Down	£639	£659	£750	£866	£729
ALL	£628	£657	£734	£901	£708

The increase in private sector rents is biting hard in rural areas where the supply of social and affordable housing is even more scarce and private rentals are most people's only option. Undoubtedly this is contributing to increasing hardship in communities as even tenants on full housing benefit must find more money to top up housing benefit payments to cover the rent. Local Housing Allowance rates have been frozen at 2020/21 levels until at least 2024 whilst rents continue to rise. Click [here](#) to read the full report.

Integrated Care System Community & Voluntary Sector Engagement

Several sessions have been held in the past weeks to seek the views of the Community and Voluntary sector on the Integrated Care System (ICS). The Department of Health has begun work to develop an ICS for Northern Ireland. An Integrated Care System brings together a range of partners to take collective responsibility for planning health and social care services, improving health and well-being and reducing health inequalities. The ICS will involve Health and social care professionals, working with local councils, the community and voluntary sectors, patients, carers, and service users to plan and deliver health and social care services based on the needs of the local population.

A key part of the ICS is the establishment of five Area Integrated Partnership Boards (AIPBs). They will have responsibility for planning local services within Health and Social Care Trust geographical areas. AIPBs will identify the needs of their population, agree the key priority areas based on need, and develop plans to meet that need. AIPBs will be made up of key stakeholders from across the Health & Social Care system. They will also include representation from Health and Social Care Trusts, GPs, Community Pharmacists, local councils, the Voluntary and Community sectors and service users and carers.

If you are interested in contributing your views on how the Community and Voluntary sector should engage with the Area Integrated Partnership boards to plan Health and Social Care Services, a final workshop in the series is being held on Tuesday 23 May 2-4pm as an online session hosted by NICVA. You can register [here](#)

Council Elections checklist for candidates

Local government elections to select councillors who will sit on the 11 District Councils take place on Thursday 18th May. Councils in Northern Ireland have more limited powers compared to their counterparts in Britain.

If your door is knocked by prospective candidates or their canvassers here are some questions you might usefully ask (depending on your interest) which might help you make your choice on polling day:

- Considering the cost-of-living crisis, how will the Council ensure that the services it delivers are accessible and affordable to citizens and tackle increased levels of poverty?

- There is a real shortage of social housing in rural communities. How will you ensure Council is prioritising social and affordable housing through its planning decisions?
- What can the Council do to help tackle sectarianism, racism, and other forms of exclusion to support diversity in rural areas?
- What steps will you take to ensure the Council is delivering its services in a way that meets carbon reduction targets and protects biodiversity?
- How are play parks, recreational facilities, community centres and other Council facilities being made accessible to rural citizens?
- How will the Council support the community and voluntary sector in rural communities considering the anticipated cuts in NI Departmental budgets?
- How can the Council support communities to explore and celebrate rural heritage such as events, protecting historic buildings and monuments, natural and built heritage?
- What can the Council do to tackle digital poverty in rural communities that excludes people in a range of ways?
- How will the Council support young people in rural communities as further cuts are imposed on youth services?
- How can the Council support community ownership of council/publicly owned land and assets to support community wealth building?



Rural Community Network (NI)

38a Oldtown Street, Cookstown, Co Tyrone BT80 8EF

T: 028 8676 6670

E: aidan@ruralcommunitynetwork.org

W: www.ruralcommunitynetwork.org

