

Report on	2023/24 Rate Support Grant update
Date of Meeting	13 June 2023
Reporting Officer	Strategic Director of Corporate Services & Finance
Contact Officer	Strategic Director of Corporate Services & Finance

Is this report restricted for confidential business?		Yes	x
If 'Yes', confirm below the exempt information category relied upon		No	
x	Information relates to financial or business affairs of a person (including the council)		

1.0	Purpose of Report
1.1	To provide Members with an update in relation to the amount of Rate Support Grant that may be received for the financial year 2023/24.
2.0	Background
2.1	Members will be aware that the Council's 2023/24 budget and district Rate assumed that the Department for Communities (the Department) would distribute £15.865m of Rate Support Grant (RSG) between eligible district councils in 2023/24.
2.2	RSG is a major source of income to the Council and the six other eligible district councils.
2.3	Significant reductions in RSG would have a major negative impact on the Council's ability to continue to provide its statutory services while continuing to strike an affordable district Rate.
3.0	Main Report
3.1	Members will recall that the Council has successfully challenged the Department on several occasions in relation to the quantum of the amount of RSG allocated to the Council.
3.2	On previous occasions the main issue challenged was the Council's share of the total RSG that the Department distributed between the seven eligible district councils. The issue on this occasion is the quantum of the RSG to be distributed.
3.3	Appendix 6.1 illustrates the amount of RSG distributed between eligible district councils since 2011/12.
3.4	With the notable exception of 2022/23, the Department usually notifies eligible district councils of the "opening baseline" amount of RSG to be distributed. This baseline has regularly been uplifted to a much higher level than originally notified.

3.5	When budgeted, the Council has regard to the total amount of RSG that it anticipates that it will receive in the relevant financial year. Consequently, the Council budgets for RSG that it will receive by the end of the financial year, which is often higher than the original baseline amount.
3.6	In 2022/23, the Department notified eligible district councils of the RSG extremely late (22 December 2022). The correspondence did not refer to the amount being an opening baseline and the much lower (from the amounts in previous years) amount of £8.924m was not increased prior to the end of the 2022/23 financial year (31 March 2023).
3.7	When the Council set its 2023/24 budget and district Rate, it had regard to the potential for the RSG to be lower than in previous years and, on consideration set a budget based on the Department distributing £15.865m RSG. Appendix 6.1 shows that, apart from in 2022/23, £15.865m equated to the lowest amount of RSG that the Department had distributed since 2011.
3.8	In setting a budget based on RSG of £15.865m, the Council anticipated that it would receive £2,538,400 in 2023/24.
3.9	At the time of striking the 2023/24 Rate, the Council was aware that there was some risk associated with the amount of RSG that it would receive in 2023/24. This “risk” manifested in the Permanent Secretary’s letter dated 9 May 2023, which notifies the Department’s intention to reduce the RSG to £4.9m (see appendix 6.2).
3.10	If the Department reduce the RSG to £4.9m, the Council will only receive £784,000 in 2023/24. This would produce a shortfall in the amount of £1,754,400, which is a considerable reduction.
3.11	Since receiving the Permanent Secretary’s letter, the officers have: <ul style="list-style-type: none"> • Continued with the Council’s application for leave to seek a Judicial Review of the Department’s decision to reduce the RSG distributed in 2022/23 – leave has now been granted • Prepared and submitted a response to the Department’s consultation – see appendices 6.3 to 6.5 (inclusive) • Sought to find ways to mitigate the implications of the potential, if not probable reduction in RSG in 2023/24.
3.12	The officers will bring a further report to the Committee and the Council in due course.
4.0	Other Considerations
4.1	Financial, Human Resources & Risk Implications
	Financial: See above

	Human: N/A
	Risk Management: N/A
4.2	Screening & Impact Assessments
	<p>Equality & Good Relations Implications:</p> <p>The officers are of the opinion that the proposed reduction in Rate Support Grant does have equality and good relations implications. The Council has already sought and received leave to apply for a Judicial Review of the Department for Communities' decision to reduce the 2022/23 Rate Support Grant.</p>
	<p>Rural Needs Implications:</p> <p>The officers are of the opinion that the proposed reduction in Rate Support Grant does have rural needs implications. The Council has already sought and received leave to apply for a Judicial Review of the Department for Communities' decision to reduce the 2022/23 Rate Support Grant.</p>
5.0	Recommendation(s)
5.1	That the Committee note the content of the report.
6.0	Documents Attached & References
6.1	Schedule showing the Rate Support Grant (formerly Resources element of General Exchequer Grant) distributed between eligible district councils since 2011/12
6.2	Copy of letter dated 9 May 2023 from Mr Colum Boyle, Permanent Secretary of Department for Communities notifying the proposed reduction in 2023/24 Rate Support Grant
6.3	Copy of extract from Department for Communities' website publishing the Department's Consultation on Department for Communities Budget 2023/24 allocations
6.4	Copy of the Department for Communities Equality Impact Assessment Budget 2023/24 Equality Impact Assessment
6.5	Copy of the Council's response to the Consultation

Appendix 6.1

Schedule showing the Rate Support Grant (formerly Resources element of General Exchequer Grant) distributed between eligible district councils since 2011/12

Year	Total amount of RSG allocated to all eligible councils £	RSG allocation to MUDC (and its predecessor councils for the pre LGR years of 2011/12 to 2014/15) %	RSG allocation to MUDC (and its predecessor councils for the pre LGR years of 2011/12 to 2014/15) £
2011/12	19,497,000	16.04%	3,126,467
2012/13	18,326,007	16.45%	3,014,981
2013/14	18,326,816	17.11%	3,135,494
2014/15	18,300,000	17.40%	3,184,240
2015/16	18,300,000	23.49%	4,298,548
2016/17	18,300,000	24.56%	4,494,442
2017/18	17,568,000	24.18%	4,248,339
2018/19	17,233,280	24.72%	4,260,240
2019/20	15,865,000	24.93%	3,955,299
2020/21	22,300,000	21.26%	4,741,167
2021/22	21,924,000	20.98%	4,600,657
2022/23	8,924,000	20.46%	1,825,504
2023/24 Proposed	4,900,000	16.00%	784,000
2023/24 Budgeted	15,865,000	16.00%	2,538,400
2023/24 Shortfall	10,965,000	16.00%	1,754,400



From: Colum Boyle
Permanent Secretary

Level 9
Causeway Exchange
1-7 Bedford Street
BELFAST
BT2 7EG

Telephone: 028 90 819366
E-mail: colum.boyle@communities-ni.gov.uk
Our Ref: PSC 0254.22
Date: 9 May 2023

Roger Wilson
Chair, SOLACE NI

Via email: roger.wilson@armaghbanbridgecraigavon.gov.uk

Dear Roger

RATES SUPPORT GRANT (RSG) ALLOCATION 2023/24

During our telephone conversation on Friday, I set out my initial assessment of the impact of the Department's 2023-24 budget position on local government, our ALBs and wider stakeholders.

By way of context, the 2023-24 Budget settlement provides DfC with £861.6m Resource, £216.1m Capital and £25.6m Financial Transactions Capital (FTC). This represents a Resource funding gap of £111.2m (15.5%) and a shortfall of £59m (27.3%) in capital required for 2023-24. With around 90% of DfC's resource budget either contractually or statutorily committed, our scope to make reductions in planned spending is severely constrained. The budgetary challenge is compounded by Resource reductions of £290m (30.9%) over the last decade. This is without doubt the toughest budget I have experienced in my career as a civil servant.

You and your SOLACE NI colleagues will understand fully my responsibilities as Departmental Accounting Officer. As you know, I have a legal duty to deliver a balanced budget. I can only achieve this by making some very difficult decisions about how this year's budget is allocated. Inevitably, this means that not only the Department itself but also our delivery partners, including district councils, will be faced with cuts. This includes reductions in our funding baselines for our Arm's Length Bodies of around 5%, at a time when all of them are dealing with ongoing inflationary pressures.



I am committed to being open and transparent in my approach to decision-making, including in respect of the Rates Support Grant. As you know, the RSG is a statutory grant, but its budget is discretionary and its level has to be set by the Department in each budget period in light of all other priorities and pressures. In effect, there is no baseline amount for the Grant, albeit that comparisons from year to year are always made. In setting a proposed budget for DfC, I have sought to maximise the amount of RSG that can be made available, and I have decided that that level in 2023/24 will be £4.9m.

I have also taken the difficult decision to pause funding to Labour Market Partnerships from 1 July 2023.

As you know, the Department has in recent years been able to increase the level of RSG when funding has become available in-year. This facility remains open to us, as the relevant legislation provides for in-year increases (but not decreases). I can assure you that should further funding become available, as some commentators seem to think likely, then I will of course consider my scope to improve the level of RSG this year in conjunction with other pressures identified across the Department and its Arm's Length Bodies.

An Equality Impact Assessment will be published on the DfC website tomorrow. This document will set out the potential areas for budgetary cuts, including the proposals in relation to the Rates Support Grant. I would encourage SOLACE NI and district councils to respond to this.

I will continue to engage with local government representatives as we finalise the budget decisions and navigate the impact of the funding cuts. It is no exaggeration to say that the budget position facing all of us who deliver public services will test us in a way that few of us will have experienced before; but I look forward to continuing the partnership working between central and local government that characterises the approach taken by you and SOLACE colleagues.

Yours sincerely

COLUM BOYLE
PERMANENT SECRETARY

Cc: Solace Members



Department for

Communities

An Roinn

Pobal

Department for

Communities

Menu

Search this site...



Consultation on Department for Communities Budget 2023-24 allocations

Consultation opened on **10 May 2023**. Closing date **02 August 2023** at **17:00**.

Summary

The Secretary of States Budget 2023-24 sets out the spending plans for the period from April 2023 to March 2024. This document details the Department for Communities proposed Budget 2023-24 allocations and how they will impact on the Department's ability to deliver public services, in the midst of the current cost of living crisis.

Documents



[DfC Budget 2023-24 Equality Impact Assessment \(EQIA\)](#)

PDF (166 KB) (<https://www.communities-ni.gov.uk/sites/default/files/consultations/communities/dfc-budget-2023-24-eqia.pdf>)

[Help viewing documents \(/help-viewing-documents\)](#)

Consultation description

The Department welcomes comment on any aspects of this document. **Interested parties are encouraged to make responses by 7 June 2023**, which will be used to inform the Department's allocation of 2023-24 funds. Any further consultation responses received between 7 June 2023 to 2 August 2023 will be used to inform further mitigation measures and reallocation of any additional funding available during 2023-24.

Comments on the Department's Budget 2023-24 allocation can be submitted via online survey or by email.

A summary of the EQIA in British Sign Language (BSL) and Irish Sign language (ISL) is available in the two videos below.

DfC Budget 23/24 EQIA BSL

05:55

DfC Budget EQIA 23/24 ISL

05:48

Ways to respond

Respond Online

(<https://consultations.nidirect.gov.uk/dfc/eqia-on-dfc-budget-for-2023-24/>)



Email -

dfcbudgeteqia@communities-ni.gov.uk (<mailto:dfcbudgeteqia@communities-ni.gov.uk>)

Write to -

Financial Management Directorate
Department for Communities
Level 5, Causeway Exchange
1-7 Bedford Street
BELFAST
BT2 7EG

Share this consultation

[\(/#facebook\)](#)

[\(/#twitter\)](#)

[\(/#linkedin\)](#)



Department for
Communities

An Roinn
Pobal

Department for
Commonities

www.communities-ni.gov.uk

Budget 2023-24 Equality Impact Assessment

May 2023

Contents

1.	Introduction	3
2.	Section 75 of the Northern Ireland Act 1998	5
3.	Equality Impact Assessment	7
4.	Policy Aim	9
5.	Budget 2023-24 Outcome	11
6.	Consideration of Available Data and Research	15
7.	Assessment of Impacts	16
8.	Consideration of Mitigation/ Alternative Policies	27
9.	Consultation, Decision and Publication	29
10.	Monitoring	31
11.	Confidentiality	32
12.	Consultation Questions	33

1. Introduction

- 1.1. The Department for Communities Budget 2023-24 consultation is published in a situation where Executive departments are collectively facing the most challenging budget in recent history, with pressures of over half a billion pounds in 2023-24.
 - 1.2. In this context, the Department for Communities and its Arms' Length Bodies face unprecedented funding challenges and cuts in 2023-24. This is being delivered against a backdrop of political uncertainty, inflation, ongoing Industrial Action and during a Cost-of-Living crisis.
 - 1.3. To inform Budget allocations for the 2023-24 financial year, a number of budget information gathering exercises were commissioned by the Department of Finance and the Northern Ireland Office over the course of the last few months, in order to provide background information and evidence to enable a 2023-24 Budget to be set by the Secretary of State for Northern Ireland.
 - 1.4. Through these exercises the Department identified £97.9m of additional Resource requirements above 2022-23, over £375m of new requirements to progress previous Ministerial priorities and Capital requirements of £275.1m in 2023-24.
 - 1.5. Despite the scale of pressures faced and in anticipation of reduced budget allocations, the Department's Arm's Length Bodies and Third-Party Organisations were provided with indicative opening allocations for the initial 3 months of 2023-24. This was to allow services to be maintained, albeit constrained, until a budget was set.
 - 1.6. The Secretary of State made a Written Ministerial Statement to Parliament on 27 April 2023, setting a 2023-24 Budget for Northern Ireland. While some flexibility has been granted by Treasury on the repayment of the £297m 2022-23 Budget overspend, providing some protection to front line public services in Northern Ireland, very difficult decisions remain in order to live within the funding available for 2023-24.
 - 1.7. **For the Department, the 2023-24 Budget allocations result in a Non-Ring-Fenced Resource funding gap of £111.2m (15.5%) and a £59m (27.3%) shortfall in Capital required for 2023-24.** Managing Resource and Capital shortfalls of this magnitude will undoubtedly have a significant and adverse impact on the Department's ability to deliver public services in 2023-24. It should also be noted that
-

the new bids totalling over £375m to progress Ministerial priorities such as new Welfare Mitigations have not been allocated within the 2023-24 Budget settlement against these bids.

- 1.8. The purpose of this Equality Impact Assessment (EQIA) is to present the decisions required by the Department to live within its 2023-24 Budget allocation and the potential impact to people in Section 75 categories of those decisions on the services and supports the Department provides.
- 1.9. In the absence of an Executive and a Minister, an assessment of the decisions required is ongoing. Some of the decisions required to live within the 2023-24 Budget allocation will fall to the Department's Permanent Secretary

under the Northern Ireland (Interim Arrangements) Bill which was introduced to the House of Commons on 27 April 2023, and is due to be taken through all its remaining Commons stages on Wednesday 10 May. However, some decisions may be outside the scope of the Bill and cannot be taken civil servants. Colleagues in The Executive Office are working with the Northern Ireland Office (NIO) to understand how such cases will be handled.

- 1.10. Your comment and feedback on the decisions required and impacts is sought through this consultation. The consultation activities will inform decision-making, and every response received by the deadline will be considered.

2. Section 75 of the Northern Ireland Act 1998

- 2.1. Section 75 of the NI Act 1998 requires the Department, in carrying out its functions, to have due regard to the need to promote equality of opportunity between -
- people with different religious beliefs;
 - people from different racial groups;
 - people of different ages;
 - people with different marital status;
 - people with different sexual orientations;
 - men and women generally;
 - people with or without a disability;
 - people with or without dependants; and
 - people with different political opinions.
- 2.2. In addition, but without prejudice to the duty above, the Department should also have due regard to the desirability of promoting good relations between people with different religious beliefs, different political opinions or from different racial groups.
- 2.3. The Disability Discrimination (NI) Order 2006, which came into effect on 1 January 2007, introduced new duties requiring all public authorities in carrying out their functions having due regard to the need to:
- promote positive attitudes towards disabled people; and
 - encourage participation by disabled people in public life.
- 2.4. Equality scheme commitments require public authorities to determine if there are any impacts on equality of opportunity and if there are opportunities to better promote equality of opportunity between people within the Section 75 equality categories. Where screening would not be an adequate means of gathering the information that is needed to assess the relevant equality impacts or opportunities, the public authority should proceed to do an EQIA. In response to this, the Department has determined that the Departmental allocation, as outlined in the Secretary of State's Budget 2023-24, requires an EQIA.
-

2.5. This document is therefore the prepared draft EQIA. The purpose of this document is to record the findings of the EQIA and invite comments.

2.6. To request an alternative format please contact:

Financial Management Directorate

Department for Communities

Level 5, Causeway Exchange

1-7 Bedford Street

BELFAST

BT2 7EG

Telephone: **028 90512 625**

Email:

dfcbudgeteqia@communities-ni.gov.uk

3. Equality Impact Assessment

3.1. The process of setting Budgets can in some cases have an unintentionally greater impact on some specific Section 75 groups than others, for example, on males, females, young people or pensioners, etc. In allocating Budgets, the Department aims to avoid any adverse impacts and where possible, action will be taken to mitigate against specific adverse impacts and consider alternative policies which might better achieve the promotion of equality of opportunity.

3.2. To comply with its Section 75 obligations, the Department for Communities (hereinafter referred to as ‘the Department’) has carried out a draft EQIA on the Secretary of State’s Budget 2023-24 allocation to the Department.

3.3. The primary function of an EQIA is to assess whether policy proposals would have a differential impact and in particular, an adverse differential impact on the categories of persons listed in Section 75, and any sub-groups within those categories.

3.4. When conducting an EQIA, the Department acts in accordance with the guidance published by the Equality Commission in February 2005¹ which recommends that there should be seven steps in the EQIA process:

- Step 1** Defining the aims of the policy.
- Step 2** Consideration of available data and research.
- Step 3** Assessment of impacts.
- Step 4** Consideration of measures which may mitigate any adverse impact and alternative policies which may better achieve the promotion of equality of opportunity.
- Step 5** Formal consultation.
- Step 6** Decision and publication of the EQIA results.
- Step 7** Monitoring for adverse impact.

¹ Practical guidance on equality impact assessment - <https://www.equalityni.org/Publications/Employers-Service-Providers/Public-Authorities/Practical-guidance-on-equality-impact-assessment?ID=1117>

- 3.5. In response to this, the Department has examined a number of potential scenarios for its 2023-24 Budget allocation and given potential for adverse impacts across Section 75 groups has prepared a draft EQIA and consultation, in order to collate views from interested stakeholders. This document is the draft of the EQIA prior to incorporating the outcomes of a public consultation.
- 3.6. This document includes information on how the publication of the results of the EQIA will be handled.

4. Policy Aim

Budget 2023-24

- 4.1. The 2023-24 Budget for Northern Ireland was announced by the Secretary of State on 27 April 2023. The Budget provides the Resource and Capital funding allocations to departments for the 2023-24 financial year.
- 4.2. The Budget 2023-24 allocations are presented at an overall departmental outcome level and departments are then required to consider their funding allocations in line with equality commission guidance and should an EQIA be required, this is to be published to support the consultation process.
- 4.3. The purpose of this paper is to set out the Department's initial assessment of the equality impacts of the Budget on spending proposals for the 2023-24 financial year.
- 4.4. It is important to note that the Department's Budget 2023-24 allocations will provide funding for the Department's programmes, Arm's Length Bodies, administrative costs and capital investment, but do not cover benefits payments to customers which are funded directly by Treasury or by HMRC National Insurance Contributions.

Department for Communities

- 4.5. The Department provides support to meet the needs of some of the most disadvantaged people, families and communities across Northern Ireland.
- 4.6. The Department delivers a diverse range of functions that impact on the lives of everyone in our society. The Department's common purpose is to make this a great place to live for everybody by supporting people, building communities, shaping places. Areas of responsibility include:
 - delivery of the social security system including child maintenance and pensions;
 - providing advice and support for those seeking employment and for those who are unable to work;
 - ensuring the availability of good quality and affordable housing;
 - encouraging diversity and participation in society and promoting social inclusion;
 - promoting sports and leisure within our communities;
 - supporting local government to deliver services;
 - supporting the Voluntary and Community Sector;

- delivering Neighbourhood Renewal and tackling disadvantage in the most deprived areas;
- identifying and preserving records of historical, social and cultural importance to ensure they are available to the public and for future generations;
- realising the value of our built heritage;
- supporting creative industries, and promoting the arts, language and cultural sectors;
- providing free access to books, information, IT and community programmes through our libraries;
- maintaining museums;
- revitalising town and city centres; and
- delivery of an Appeals Service

4.7. The funding allocated to the Department includes funding to support the Department's Arms' Length Bodies. These include:

- Armagh Observatory and Planetarium
- Arts Council of Northern Ireland
- Commissioner for Older People for Northern Ireland

- Charity Commission for Northern Ireland
- Local Government Staff Commission (LGSC)
- Museums and Galleries NI (known as National Museums Northern Ireland)
- Northern Ireland Library Authority (known as Libraries Northern Ireland)
- Northern Ireland Museums Council
- Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC)
- Northern Ireland Commissioner for Children and Young People
- Northern Ireland Housing Executive (NIHE)
- Sport NI
- Ulster Supported Employment Limited
- North South Language Bodies
 - Foras na Gaeilge
 - Ulster-Scots Agency

5. Budget 2023-24 Outcome

Budget 2023-24

- 5.1. The Secretary of State's Budget 2023-24 document sets out the spending plans for the period from 1 April 2023 to 31 March 2024.
- 5.2. The total Non Ring-fenced Resource DEL funding available for NICS Departments is £14,212m in 2023-24. Resource spending covers the day-to-day costs of public services and administration, plus debt interest. It is largely financed by the UK Block Grant (which comprises a core element determined by the Barnett formula plus 'non-Barnett additions' that include financing for political agreements), with a much smaller contribution from the Regional Rates.
- 5.3. The context of setting the Northern Ireland Budget for 2023-24 has been very difficult, with significant challenges for all NICS Departments to manage the forecasted level of pressures in 2023-24. HM Treasury have agreed to grant some flexibility on the repayment of the £297m Resource overspend against the 2022-23 Budget, which will now be repaid using future in-year Barnett consequential. This flexibility will provide some protection to front line public services in Northern Ireland. However, difficult decisions

remain in order to live within the funding available. The decision-making process is made more difficult in the absence of a functioning Executive and Ministers, and work is ongoing to clarify the powers of Permanent Secretaries to make decisions in the absence of Ministers.

- 5.4. The Capital funding available for NICS Departments totals £2,268.1m in 2023-24, including £2,239.7m Conventional Capital and £28.4m Financial Transactions Capital. Capital spending covers investment in infrastructure, plant and machinery. It is largely financed from the Block Grant, plus capital borrowing under the Reinvestment and Reform Initiative (RRI), which is limited in amount by legislation and agreement with the Treasury.

Department for Communities Budget 2023-24 Allocation

- 5.5. The 2023-24 Budget settlement provides the Department for Communities with £861.6m Resource, £216.1m Capital and £25.6m Financial Transactions Capital (FTC). Table 1 details the Department's Budget 2023-24 allocations against 2022-23 allocations.

Table 1 – DfC Budget 2023-24 allocations against 2022-23 allocations

DfC Budget Position (£m)	2022-23 Allocation	2023-24 Allocation	Change
Resource DEL Non Ring Fenced	715.5	702.1	-1.9%
Resource DEL – Earmarked *	157.1	159.5	1.4%
TOTAL RESOURCE *	872.60	861.6	-1.3%
Capital DEL	224.8	216.1	-3.9%
Financial Transaction Capital	38.8	25.6	-34.0%

£24m for DoF's Rates Replacement Scheme added back into 2022-23 earmarked funding as it's included in the 2023-24 total

5.6. The Department's 2023-24 Non Ring-Fenced Resource Budget allocation reflects a £13.3m (1.9%) reduction on 2022-23 Resource DEL. This must be viewed in the context of £97.9m of additional Resource requirements in 2023-24, which increases the Department's Non Ring-Fenced Resource funding gap to £111.2m (15.5%). Managing a Resource shortfall of this scale will undoubtedly have a significant and adverse impact on the Department's ability to deliver public services in 2023-24.

5.7. Within the Resource DEL position, earmarked funding of £159.5m has been provided for Welfare Mitigations, Housing Benefit Rates and Debt Advice. It is positive that these allocations, will enable these provisions to continue in 2023-24 without cut and any adverse impact.

5.8. The Department's Capital allocation totals £216.1m Net Capital in 2023-24. This is a £8.7m decrease in Net Capital when compared to the Department's 2022-23 Net Capital allocation of £224.8m. Furthermore, given the greatest proportion of the Department's budget provides for new build Social Housing and recent construction industry inflation of 26%², the Department's Capital allocation is now £59m (27.3%) short of £275.1m required for 2023-24.

5.9. Overall, given the Department's additional 2023-24 Resource and Capital requirements, the allocations present a very constrained budget position for the Department in 2023-24. In managing this position, the Department has firstly considered its ability to deliver internal efficiencies, prior to the need to reduce or stop service delivery or any reduction

2 [https://bcis.co.uk/news/bcis-construction-review-2022/#:~:text=Construction%20materials%20price%20inflation%20peaks,\(RPI\)%20was%207.5%25](https://bcis.co.uk/news/bcis-construction-review-2022/#:~:text=Construction%20materials%20price%20inflation%20peaks,(RPI)%20was%207.5%25)

to its Arm's Length Bodies and 3rd party funded organisations, including the Voluntary and Community sector.

- 5.10. Further detail on the Department's Resource, Capital and Financial Transaction Capital requirements is provided below.

Resource Budget 2023-24

- 5.11. The Department's 2023-24 Resource funding is intended to cover the administration of Social Security benefits, Pensions and Child Maintenance Service delivery, support social and affordable Housing, Urban Regeneration and Local Government, and provide support for the Voluntary and Community Sector, the sports, arts, language and cultural sectors, our Arm's Length Bodies, the Public Record Office of NI and our built heritage. The Department's Resource budget also includes ring fenced funding for Housing Benefits Rates benefits (£113.9m) administered by Land and Property Service in DoF on behalf of owner occupiers and the NI Housing Executive on behalf of tenants, and for continuing of existing Welfare Mitigations (£43.0m) which includes Social Sector Size Criteria (known as Bedroom Tax) and Benefit Cap mitigation.

- 5.12. Given over 90% of the Department's total Resource requirement relates to areas of protected, contractual, inescapable and statutory spend, only the remaining 10% of the resource budget can be classified as discretionary with potential for reduction. However, a proportion of the discretionary funding requirement relates to other statutory and contractual obligations related to Councils, Arm's Length Bodies and voluntary bodies. Therefore, even with a continued focus on improving the efficiency and effectiveness of existing spending, there is limited scope to reduce funding for particular areas over the budget period to help mitigate any adverse impacts on Section 75 categories.

- 5.13. In addition to the pressures faced, new bids totalling over £375m were included within the Department's 2023-24 Resource requirements. This included the funding required to progress Ministerial priorities such as new Welfare Mitigations, a Supporting People provider uplift, and replacement European Social Fund support. No funding was allocated within the 2023-24 Budget settlement against these bids.

Capital 2023-24

5.14. The Department's Capital allocation is £216.1m Net Capital in 2023-24. This is a £8.7m decrease in Net Capital when compared to the Department's 2022-23 Net Capital allocation of £224.8m. This allocation will allow the Department to meet its statutory obligations (such as Housing Disabled Adaptions and Renovation Grants, Discretionary Support Loans, Funeral Loans and Health and Safety requirements), other contractual and inescapable commitments and existing contractual delivery of new social house building. However, the remaining funding will have to be carefully prioritised to take forward a limited number of projects in Housing, Regeneration, Culture, Arts, Sports, Libraries and other sectors.

Financial Transaction Capital 2023-24

5.15. The Department's Financial Transaction Capital allocation is £25.6m in 2023-24, which is in line with the forecasted need. This will support loans to, or equity investment in, capital projects delivered by the private sector and allow continuation of Co-Ownership affordable housing in 2023-24.

6. Consideration of Available Data and Research

- 6.1. In assessing the impact of the Budget 2023-24 policy against obligations under Section 75 of the 1998 Act the Department concludes that there is evidence of significant and adverse impact in respect of some Section 75 categories. Impacts have been considered against the backdrop of available data and the stated policy intent to determine whether differential impacts identified are adverse. Where this is the case, consideration will be given to potential mitigating factors.
- 6.2. The data utilised to assess the impacts of the 2023-24 budget is derived from a number of sources, details of which are listed in the 'Research' section of the Department's Audit of Inequalities.³
- 6.3. The Department continues to work with its Arm's Length Bodies to understand the impact of the Budget 2023-24 outcome on service delivery, the potential impacts of the policy on the various Section 75 groups and how any impacts could be mitigated.

3 Audit of Inequalities - <https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dfc-audit-of-inequalities-2012-2022.pdf>

7. Assessment of Impacts

7.1. The Department is committed to ensuring that it fulfils its duties under Section 75 (1) and (2) of the Northern Ireland Act 1998 in relation to having due regard to the need to promote equality of opportunity and to have regard to desirability of promoting good relations.

7.2. This section provides an assessment using the most recent evidence available to help:

- Identify those who are likely to be most affected.
- Assess the likely impact on Section 75 equality groups, examining whether they are likely to have any direct or indirect differential impact on any of these groups.
- Assess the extent to which the specific needs of section 75 equality groups will be addressed.

7.3. In so doing the intention is to ensure that in identifying and taking forward Budget proposals, due regard has been given to the needs and concerns of all Section 75 groups and that the subsequent actions put forward in support of the Budget proposals effectively target the needs of those most vulnerable and at risk.

Actions already taken to live within 2022-23 Budget

7.4. The Department faced budget challenges in 2022-23, partly due to the late setting of the Budget in November 2022, and many actions had to be taken to live within the reduced Budget outcome including:

- Reduction of the Rates Support Grant by £3m;
- Robust vacancy control so as not to increase the Department's overall headcount, despite resource pressures and critical vacancies;
- Internally managing a £5m funding gap, given a Resource funding shortfall against the 2022-23 Budget allocation;
- Curtailing all overtime spend apart from out of hours and essential statutory service provision;
- No funding allocated to support Covid Recovery schemes for Culture, Arts and Heritage, Sport and Voluntary and Community sectors;
- No additional investment in Employment Programmes, despite high levels of economic inactivity and the largest disability employment gap in the UK;

- No funding to Executive and New Decade New Approach commitments, including Social Inclusion strategies and associated legislation; and
- Hybrid adaptations in offices to support New Ways of Working curtailed and only essential expenditure on accommodation and Digital Transformation has been progressed.

2023-24 Resource

- 7.5. To set the Department's Resource position in context, whilst the Department has received funding for new areas of work, existing Resource has seen a £277m (29.5%) reduction over the last 11 years to 2022-23. The further cut in 2023-24 exacerbates this position to a £290m (or 30.9%) Resource reduction since Budget 2011-15.
- 7.6. Given the Non-Ring-Fenced Resource funding gap of £111.2m (15.5%) in 2023-24, preliminary, high-level considerations of the decisions required to live within budget were undertaken. On this basis, the Department has determined an EQIA is necessary given the decisions required to live within its 2023-24 Budget allocation will adversely impact on the services and supports the Department provides.
- 7.7. In managing the constrained financial position, the Department has firstly considered options for internal efficiencies, prior to considering the need to reduce or stop service delivery or the funding provided to its Arm's Length Bodies and 3rd party funded organisations. However, given the scale of the Department's Resource funding gap, cuts to services and supports the Department provides is inevitable. The functions and bodies identified as impacted by the 2023-24 Resource Budget include –
- **Social Security Delivery**
 - Universal Credit
 - Move to Universal Credit
 - Health Assessments
 - Ability to open all offices 5 days per week.
 - Social Security Benefit Delivery Laptop Replacement
 - **Discretionary Support Grants**
 - **Employment Support**
 - Labour Market Partnerships (LMP)
 - **Arm's Length Bodies;**
 - **Third Party Organisations;**
 - **Rates Support Grant (RSG);** and
 - **Supporting People (SP) Programme.**

Further detail on the functions impacted is provided below.

stock and put at risk the Department's ability to safeguard public funds.

Potential Impact of Proposals

i. Social Security Delivery

- **Universal Credit** - Similar to the Department for Work and Pensions (DWP), the Department's Universal Credit (UC) caseload doubled during the pandemic and continues to remain high. DWP has recruited significant numbers of additional staff to administer their increased UC caseloads and in the 2021 Autumn Budget and Spending Review were allocated £900m each year (until 31 March 2025) to meet recruitment costs. Given budget shortfalls facing DfC in both 2022-23 and 2023-24, the Department has curtailed (and now stopped) recruitment to avoid creating a further Departmental pressure. This has left the Department operating with insufficient staffing levels which is presently impacting on operational benefit delivery areas. Longer term continued failure to secure the funding necessary to appropriately resource benefit delivery will lead to delays in benefit payments and place working age customers in financial hardship and put at risk delivery of the Move to Universal Credit programme. The need to prioritise new benefit claims to deliver statutory obligations will lead to slippage in lower priority areas, such as debt referrals and increase the overall debt

- **Move to Universal Credit** - There is an immediate risk to service delivery given the additional staff required to deliver on the UK Government led Move to Universal Credit Programme, whereby all individuals on working age legacy benefits will be migrated to Universal Credit. The Move to Universal Credit in NI is aligned with DWP. Securing funding for the departmental staff needed to deliver Move to UC in 2023-24 in NI is critical, to meet the Executive's previous commitment to implement and maintain parity in statutory benefit delivery. There is a significant risk that if working age legacy customers here are not moved on to UC, the Department could become liable for the full IT costs associated with the maintenance and running of HMRC's National Tax Credit system and DWP legacy benefit systems. As part of closing tax credits activity, HMRC intend to introduce legislation to cease all payments of tax credits after 5 April 2025. If the 55,000 tax credits claimants in NI have not been migrated by this date, they will lose their access to welfare support. To mitigate the risk to NI tax credit claimants losing their access to welfare support and to maintain parity of social security the Department will aim to progress Move to UC within its existing staff complement. This position is not without significant

risk and will greatly exacerbate the pressure already being felt in operational benefit delivery areas and further adversely impact on service delivery.

- ▶ **Health Assessments** – Aligned with DWP and to maintain parity of social security delivery, the Department’s Health Transformation Programme (HTP) will transform health assessments in NI from Spring 2024. The provision of health assessments in the administration of health-related benefits is a statutory requirement, currently provided by two suppliers. HTP will transition the current separate assessment services into one unified, integrated service with one supplier, and improve customer service delivery. Whilst there are inescapable costs associated with HTP delivery, there has been a significant increase in health-related benefit claims during the current cost of living crisis, which has increased demand and costs associated with health assessment delivery. This is effectively an inescapable cost for the Department, and failure to fund would have a fundamental impact on service delivery to customers, particularly people with a disability or health condition and older people. Impacts would include a diminished service leading to an increase in backlogs, waiting times and the possibility of benefits not being received by some of the most vulnerable in our society.
 - ▶ **Close Departmental Offices 1 day a week** – Given the very constrained 2023-24 Budget position, combined with increasing running costs of office estates and the ability of staff to work remotely, closing offices one day per week could realise savings in cleaning, security and energy. This option is being considered, in conjunction with longer-term opportunities to reduce the overall size of the DfC estate. However, given the potential impact on front line customer service delivery, further work to assess the impact of office closures is being progressed, particularly given the Department’s responsibilities for delivery of benefits and pensions to vulnerable people, including people with a disability and older people who may require more face-to-face support.
 - ▶ **Social Security Benefit Delivery Laptop Replacement Programme** – Given the constrained budget position, the Department has no funding to progress replacement of IT (laptop) devices over 3 years old. This will pose a considerable risk to social security operational benefit delivery, including put at risk the Department’s ability to pay all customers and maintain parity of social security with GB.
- ii. Discretionary Support (DS) Grants**
- ▶ **Discretionary Support (DS) Grants** (equivalent to GB Household Support Fund) provide support to people facing

financial hardship. Grant demand has risen to unprecedented levels, almost a fourfold increase, during the cost-of-living crisis. The Department's historic Baseline budget for Discretionary Support Grants totalled £13.7m; which given the constrained budget position is not sufficient to meet current demand of almost £40m forecast in 2023-24. Given the pressures facing the Department in 2023-24, it is proposed that DS Grants awards would be scaled back to live within budget available for 2023-24. Whilst it is proposed that the same range of grant supports would be available, such as grants for living expenses and household items, reductions would be applied through reducing the number of times and/or circumstances where help is made available, rather than removing certain elements of help completely. The Department recognises the vital support DS provides and the constrained budget position will curtail the Department's ability to support any vulnerable individual or household facing financial hardship, particularly during this cost-of-living crisis. Whilst Capital funded hardship loans will continue, these will also be subject to the same restrictions as grant awards. Scaling back grant awards will put at risk the Department's ability to help address the basic needs of people who present with hardship, particularly people with dependents, older people and people with a disability.

iii. Employment Support

- ▶ **Labour Market Partnerships (LMP)** – LMPs, which are delivered through local councils, provide a suite of employability provision to support people to find and retain employment. LMP aims to improve employability outcomes and labour market conditions by working through a multi-agency partnership approach at local and regional level, with regional objectives whilst being flexible to meet the needs presented by localised conditions, such as economically inactive, long-term unemployment, youth unemployment, disability, skilled labour supply and economic shock. Whilst an initial 3-month allocation was provided to Councils to maintain provision in 2023-24, given the Department's constrained Budget position in 2023-24 funding for LMPs will be paused from 1 July 2023. There will be adverse impacts across Section 75 groups, especially in the context of the removal of European Social Fund (ESF) funding. LMPs not only help those seeking work, but they are also a critical intervention to help people with a disability or health condition to remain in work.

iv. Arm's Length Bodies (ALBs);

- ▶ The Department's 11 ALBs provide services and support to a range of sectors including Housing, Arts, Libraries, Museums and Sports. Funding will have to be curtailed by reducing the 2022-23 baseline position by 5%.

Across these bodies this is likely to have impacts such as those set out below.

- The **NI Housing Executive** goal is that everyone has access to decent, affordable housing and they do this by working with communities and other organisations to meet the housing needs of existing and future generations. A reduction to the NI Housing Executive budget will likely impact on their ability to deliver better homes and support people into independent living. Given the services they provide are to those most in need there are likely to be adverse impacts across the Section 75 groups.
- **Arts Council NI** funding has decreased, in real terms, by 30% over the last decade. Whilst funding has remained standstill since 2018-19, a combination of historic reductions and inflation has considerably decreased the spending power of local groups working within and for communities. Evidence also points to long-standing disparity in per capita investment in the Arts here compared to other jurisdictions across the UK and in Ireland. Reduced funding will damage delivery by, and sustainability of, arts and cultural organisations based in and supporting communities across the region. Jobs are likely to be lost; groups and associated venues/facilities may close; and support and services currently aligned to departmental priorities on tackling poverty; enhancing well-being; inclusion,

community wealth building and life opportunities will be curtailed or cease.

Arts Council NI Funding Programmes are generally open and therefore a reduction in arts funding could have a negative impact across all Section 75 groups.

- **Libraries NI** focus on the delivery of services to the public is reflected in their use of financial resources with some 86% of all funding being expended directly on the provision of frontline services. In the absence of sustainable and stable funding it is inevitable that a reduction in the scale and scope of library provision will be necessary, and it will not be possible to continue to deliver the service in line with statutory obligations and the existing library policy and standards. It may lead to a reduction of libraries opening hours, potentially library closures and impact on services delivered by Libraries NI. Therefore, a reduction in funding impacting frontline staffing would have a negative impact on a number of Section 75 groups.
- **National Museums NI** develop, manage and care for the collections, making them accessible to the widest possible audience. As part of this National Museums NI provides a range of on-site and outreach activities to older people and those with mental health issues and physical disabilities. Therefore, a reduction in funding impacting frontline staffing would have a negative impact on a number of Section 75 groups.

- The previous NI Executive committed to having an active, healthier and fitter society, which is delivered by **Sport NI** through the Sport and Physical Activity Strategy for Northern Ireland. This is a cross-cutting strategy, contributing to the long-term health and well-being of the population.

Sport NI grants, if stopped or reduced, will affect the 3rd party organisations they support. They may not be able to deliver the policy objectives set by Sport NI to encourage participation in sport and physical activity in Northern Ireland and their viability may also be at risk.

- **Ulster Support Employment Ltd (USEL)** - Operates a social enterprise business model and is Northern Ireland's largest provider of support for people with disabilities or health conditions to move into and sustain employment. Each year USEL employ, support and train over 1,200 people with disabilities or health conditions across Northern Ireland. Funding reductions will adversely impact on the support USEL provides to people with disability and health conditions.
- **Other** - Reductions in funding for Charities Commission NI, NI Commissioner for Children and Young People and Commissioner for Older People NI may impact the statutory work they carry out and therefore adversely impact on Section 75 groups including children and young people and older people.

v. **Third Party Organisations;**

- Withdrawal of funding support by the Department to some third-party organisations may lead to viability issues or closure of the bodies. On this basis there may be impacts on Section 75 Groups.

vi. **Rates Support Grant**

- The **Rates Support Grant** provides financial support, on an annual basis, to those councils whose needs exceed their wealth relative to other councils in NI. The Rates Support Grant is a statutory grant; however, the level of funding is not set in legislation. The Rates Support Grant was reduced by £3m in 2022-23, and a further reduction of £4m has been proposed for 2023-24 and the decision to implement was screened out for Section 75 Equality purposes as no adverse impacts were identified.

vii. **Supporting People Programme**

- **The Supporting People** programme is the policy and funding framework for housing support services. The Programme assists 19,000 vulnerable people each year to live independently and is focused on four thematic areas; working with people who are experiencing homelessness, young people, older people and people with a disability including mental health and learning disabilities. A report in 2020 identified significant shortfalls in supply of housing support particularly for the following groups:

- Older people with housing support needs (service shortfall of 9% or c. 920 units).
- Women who are at risk of domestic violence (service shortfall of 49% or c.650 units).
- People with learning disability or mental health issues (service shortfall of 15-21% or c.540 units).
- Homeless people experiencing alcohol or drug issues, homeless families, offenders and other homeless people (service shortfall of 12-24% or c. 540 units).

Therefore, a number of Section 75 groups including older people and people with a disability including mental health and learning disabilities may be disproportionately impacted by a reduction in funding.

Capital

- The Department's Net Capital budget has decreased by £8.7m when compared to the 2022-23 Net Capital allocation of £224.8m. This allocation will allow the Department to continue to meet its statutory and contractual obligations, however only a small portion of the budget will be left to allocate funding to other priority investment projects, with potential for impacts on Section 75 groups.
- **Social Housing** is a priority for the Department, but the 2023-24 net capital allocations will have a significant detrimental effect on the numbers of new social homes that can be built through the Social Housing Development Programme in 2023-24. This Programme is the means to counter increasing waiting lists, which are currently at record levels. The target for 2023-24 is 2,000 starts. The previous Executive agreed to prioritise Green Growth and Social Housing with any surplus Capital DEL which emerges.
- In the scenario that the split of the capital allocations across the different sectors supported by the Department is in similar proportion to 2022-23, then a high-level estimate of the numbers of New Social Housing which could be delivered with 80% of the total Departmental budget, is 1,400. This represents a 600-unit reduction against the current target of 2,000 units.
- Any reduction in budget for the current **Affordable Warmth Scheme**, which runs until March 2024, could mean consideration may need to be given to closing the Scheme to new applicants in the current year. This could potentially impact Section 75 groups, in particular vulnerable, low-income households who are most at risk of fuel poverty.
- Most of the **Private Sector Grants and Major Adaptations** budget is in relation to statutory Disabled Facility and Repairs grants. The reduced budget in year could necessitate the need for an immediate reduction in the number of grant approvals in order to reduce financial commitments.

This means that future statutory requirements may not be met in full. This would have a disproportionate impact on Section 75 groups, in particular those with a disability and low-income households.

- The **Urban Regeneration programme** contributes to the previous Executive’s commitment to create town and city centres in which people want to live, shop, work, or visit. At the core of the Department’s investment in public realm, and other regeneration projects, is the desire to create public spaces that are accessible to all. Stopping this investment would have an adverse impact on people with disabilities and older people.
- Urban regeneration also encourages the economic improvement of the retail and hospitality sectors. These are often predominant in town and city centres and employ a younger workforce. Stopping investment in these projects could therefore also have a disproportionate impact on younger people.
- Capital projects in **Culture, Arts and Heritage, Sports and Green growth** will either be significantly curtailed or stopped completely. The previous Executive had agreed to prioritise Green Growth and

Social Housing with any surplus Capital DEL which emerges. Without additional funding this is likely to have a negative impact across Section 75 Groups.

Section 75 Categories Potentially Impacted

- As set out above, the actions being proposed by the Department to live within the Budget for 2023-24 will have a dramatic impact on public services delivery. Following consideration of the Department’s 2023-24 budget allocation, it is identified that there is potential for adverse impact on five Section 75 categories -

- **People of different ages**

The Department’s Audit of Inequalities identifies young people (18-24 year olds) as having the lowest working age employment rates and the highest rates of unemployment and economic inactivity. Young people and in particular those aged 18 to 24, faced a particular disadvantage in the labour market even before the Covid-19 pandemic. This has been highlighted in researched reports from the Centre for Labour and Social Studies⁴, Chartered Institute of Personnel and Development⁵, European Economic and Social Committee⁶, City and Guilds⁷ and the TUC⁸. This disadvantage is likely to continue as a result of the cost-of-living crisis. This position would

4 **Labour Market Realities: Barriers Facing Young People | Blog | CLASS (classonline.org.uk)**

5 **Recruiting young people facing disadvantage: an evidence review (cipd.co.uk)**

6 **Young people are worse off than older generations in today’s labour market | European Economic and Social Committee (europa.eu)**

7 **Youth Misspent: Uncovering the harsh realities for Britain’s young people in today’s job market - News (cityandguilds.com)**

8 **<https://www.tuc.org.uk/news/young-workers-three-times-more-likely-be-employed-sectors-where-jobs-are-most-risk-tuc>**

be exacerbated with reduction and/or withdrawal of local employment support provision such as the Department's Labour Market Partnerships with Councils and supports currently available through Universal Credit work coaches to help move people into employment.

- **Men and women generally**

The Department's Audit of Inequalities identifies that women may experience barriers to employment and economic participation whilst men may be subject to health problems leading to higher rates of morbidity and mortality associated with poverty.

Lack of funding to provide employment support is likely to adversely impact on both men and women. Additionally, both men and women will be impacted by the constrained funding available to support parity social security benefit delivery and Move to Universal Credit which will also impact on their households and dependents.

Men and women will also be impacted by lack of funding to take forward new welfare mitigations.

- **People with or without a disability**

The Department's Audit of Inequalities identifies that people with a disability and/or health conditions may experience barriers of economic participation, social isolation and poverty. The Joseph Rowntree Foundation – Poverty in

Northern Ireland (2022) report outlines that disabled people in Northern Ireland have faced a higher poverty risk for at least the last 20 years. This is driven partly by the additional costs associated with disability and ill-health, and partly by many disabled people facing barriers to accessing work. Those barriers mean that many disabled people and/or families where someone is disabled rely on benefits as a source of income. The Department's 2023-24 funding gap will impact on the ability to maintain parity of social security benefit provision and meet Discretionary Support Grant demand in 2023-24; which will adversely impact on people with disabilities reliant benefit income. Furthermore, the lack of labour market support will also adversely impact on unemployed disabled people, who will now be even further from the labour market during the current cost of living crisis.

- **People with or without dependants**

The Department does not collect information on dependents. The 2021 Census however identifies that 29% of all households had dependent children. Where these households are receiving Universal Credit, the impact on payment times due to staff shortages will indirectly and adversely impact on children. Additionally childcare can act as a barrier to moving towards employment or obtaining, retaining or progressing

within employment, particularly for women, lone parents and those from disadvantaged backgrounds and the Department's proposed labour market interventions were aimed at supporting Section 75 groups adversely impacted by increasing unemployment.

Additionally, the lack of funding for the Department's Arm's Length Bodies and potential reductions to other funded 3rd party organisations could also impact on these Section 75 groups. As the people in need of financial support, including disabled people and people with dependents are more likely to require the services and supports the Department provides.

- **People with different religious beliefs;**

Failure to provide funding sufficient for new build housing could potentially impact on people with different religious beliefs. The Equality Impact Assessment for the Housing Supply Strategy⁹ contains a detailed Equality Impact analysis of the whole Housing system. This outlines that following examination of NIHE waiting list time data for social housing for the period 2016 to 2021 that Catholic household reference person applicants experienced the longest median waiting times for social housing at the point of allocation in Northern Ireland as a whole (18 months, as opposed to an average of 13 months).

The Budget 2021-22 consultation responses reference that failure to provide funding to mitigate the impact of the two-child policy in NI is of particular concern. Responses outline family size could disproportionately affect families from specific religious beliefs and racial groups where there is a trend for bigger families. This is supported by the 2011 Census which notes that in Northern Ireland Catholics had the largest average household size, at 2.76 persons.

- **People with different sexual orientations;**

No inequalities with regard to people with different sexual orientations have been identified in considering of the Department's Budget 2023-24 allocations.

- **People with different marital status;**

No inequalities with regard to people with different marital status have been identified in considering of the Department's Budget 2023-24 allocations.

- **People with different political opinions.**

No inequalities with regard to political opinion have been identified in considering of the Department's Budget 2023-24 allocations.

9 <https://www.communities-ni.gov.uk/sites/default/files/consultations/communities/dfc-draft-eqia.pdf>

8. Consideration of Mitigation/ Alternative Policies

- 8.1. The impact of the Budget 2023-24 on the Department is extremely challenging with the Department facing a very constrained financial position in 2023-24. In the context of delivering public services with constrained allocations and other inescapable pressures, the Department has considered options to live within its 2023-24 allocation whilst continuing to maintain public service delivery in so far as this is possible.
- 8.2. Sustaining an accessible social security and financial support system and supporting people into employment are a core priority for the Department. The Department's budget will continue to be deployed in support of this objective. The promotion of equality of opportunity and good relations is also an important part of ongoing policy development, legislative activities and operational programmes. In managing within the Resource Budget allocations, the Department will make every effort to protect front line service delivery.
- 8.3. The Department will seek to ensure that its budget allocations are applied as far as possible in a manner that does not disproportionately or adversely affect one Section 75 category, over another and has identified the following potential areas for mitigation:
- a. Baseline staffing within Universal Credit will be used to support the Move to Universal Credit, to ensure tax credit claimants transition to Universal Credit and do not losing access to welfare support. However, it should be noted this will increase pressures on staff delivering Universal Credit.
 - b. Whilst there is a significant shortfall in the funding available to support Discretionary Support grants demand, scaling back to live within the available budget, whilst far from ideal particularly during a cost-of-living crisis, will at least ensure a level of support is available for people presenting with hardship.
 - c. Budget allocations will be revisited during the financial year, particularly during the Monitoring Round process. Funding may be reallocated to other priority areas depending on relative spend levels in each Departmental business area. Response from this consultation will be used to inform such reallocations.

- d. The Department will seek to ensure that any available Capital funding made available during the year is allocated to Social Housing, as was the intention of the previous Executive.
- 8.4. It will however be difficult to mitigate the potential adverse impacts anticipated, given the scale of additional funding required in 2023-24. Where options for efficiencies are identified, these will be subject to separate screening. Where necessary, full EQIAs will be undertaken as options to live within the Department's 2023-24 budget allocations are further developed and implemented.
- 8.5. The Department would welcome comments on any potential equality implications arising from the 2023-24 Budget and will consider the need for any further mitigating actions in light of responses received during the consultation. Promotion of equality of opportunity and the protection of services to vulnerable groups will be a key consideration in the Department's final Budget decisions.

9. Consultation, Decision and Publication

- 9.1. The Department is committed to seeking the views of those who are affected by the decisions that it will make in relation to its budget reductions. We are keen to hear from individuals and organisations about their views on the equality implications of the decisions being made and about any mitigations that the Department could put in place to address what will undoubtedly be the adverse impacts of a reduction of this size.
- 9.2. Any further mitigating actions received during the consultation will be carefully considered. Promotion of equality of opportunity and the protection of services to vulnerable groups will be a key consideration in final Budget decisions.
- 9.3. Decisions around the budget reductions need to be made urgently. This is so they can be implemented in time to take effect over as much of the financial year as possible; and so that business areas, Arms' Length Bodies and organisations who depend on our funding can make the necessary plans as soon as possible.
- 9.4. Therefore, given the urgent need to provide certainty of funding to the Department's Arm's Length Bodies and other organisations, the Department will consult over a four-week period. Views received during this time will be used to inform the Department's allocation of funds to its business areas and ALBs as well as any early mitigations that can be put in place. Any responses received between weeks 5 and 12 of this consultation will be used to consider further mitigation measures, to inform in-year budget reallocation processes, and to direct any additional funding (or further reductions) that emerge over the course of the financial year.
- 9.5. The purpose of this consultation paper is to set out the Department for Communities' initial assessment of the impact of the Draft Budget on spending proposals for the 2023-24 financial year. The Department will analyse the responses to this consultation and consider the findings of the EQIAs before making any final decisions on its Budget 2023-24 allocations. The outcomes of the Department's EQIA will be posted on the Department's website.

9.6. The Department welcomes comment on any aspects of this document. Interested parties are encouraged to make responses by 7 June 2023, which will be used to inform the Department's allocation of 2023-24 funds. Any further consultation responses received between 7 June 2023 to 2 August 2023 will be used to inform further mitigation measures and reallocation of any additional funding available during 2023-24.

9.7. Further consultations and equality screening will be considered, as appropriate, as plans to live within Budget 2023-24 allocations are considered.

10. Monitoring

10.1. In keeping with this Department's commitments under its Equality Scheme, any adverse differential impact on equality of opportunity or good relations that may be identified through this assessment process will be taken into account in informing the Department's Budget 2023-24 allocations. Any such findings will be used to inform further development of mitigations, revised Budget allocations and in-year bids.

11. Confidentiality

11.1. The Freedom of Information Act 2000 gives the public the right of access to any information held by a public authority, namely, the Department in this case. This right of access to information includes information provided in response to a consultation. The Department cannot automatically consider as confidential information supplied to it in response to a consultation. However, it does have the responsibility to decide whether any information provided in response to this consultation, including information about identity, should be made public or treated as confidential.

11.2. This means that information provided in response to the consultation is unlikely to be treated as confidential, except in very particular circumstances. The Lord Chancellor's Code of Practice on the Freedom of Information Act provides that -

- the Department should only accept information from third parties in confidence if it is necessary to obtain that information in connection with the exercise of any of the Department's functions and it would not otherwise be provided;

- the Department should not agree to hold information received from third parties "in confidence" which is not confidential in nature; and
- acceptance by the Department of confidentiality provisions must be for good reasons, capable of being justified to the Information Commissioner.

11.3. For further information regarding confidentiality of responses please contact the Information Commissioner's Office at -

Information Commissioner's Office – Northern Ireland

3rd Floor

14 Cromac Place,

Belfast

BT7 2JB

Telephone: **028 9027 8757**

/ 0303 123 1114

Email: **ni@ico.org.uk**

Website: **http://www.ico.org.uk**

12. Consultation Questions

- 12.1. As set out in this document, the Department is facing a constrained financial position in 2023-24.
- 12.2. In consulting on the Department's 2023-24 Budget allocations views were welcomed on the following:
1. Are there any data, needs or issues in relation to any of the Section 75 equality categories that have not been identified in Section 6 of the EQIA consultation document? If so, what are they and can you provide details?
 2. Are there any adverse impacts in relation to any of the Section 75 equality groups that have not been identified in section 7 of the EQIA Consultation document? If so, what are they?
 3. Please state what action you think could be taken to reduce or eliminate any adverse impacts in allocation of the Department's budget.
 4. Are there any other comments you would like to make in regard to this pro forma or the consultation process generally?
- 12.3. Comments are sought by online survey, email or postal response.
- 12.4. The Department welcomes comment on any aspects of this document. Interested parties are encouraged to make responses by 7 June 2023, which will be used to inform the Department's allocation of 2023-24 funds. Any further consultation responses received between 7 June 2023 to 2 August 2023 will be used to inform further mitigation measures and reallocation of any additional funding available during 2023-24.
- 12.5. The final deadline for responses is Wednesday 2 August 2023.

Available in alternative formats.

© Crown Copyright 2023



Department for
Communities
www.communities-ni.gov.uk

An Roinn
Pobal

Department fur
Commonities

01 June 2023



Comhairle Ceantair
Lár Uladh
Mid Ulster
District Council

Financial Management Directorate
Department for Communities
Level 5, Causeway Exchange
1-7 Bedford Street
BELFAST
BT2 7EG

Email: dfcbudgeteqia@communities-ni.gov.uk

Ref: DFC Draft EQIA on the SOS's 2023-24 Budget Allocation

To whom it may concern

Mid Ulster District Council would like to take this opportunity to provide comments on the Department's EQIA 2023-24 Budget Allocation.

While the Council appreciates that the Department for Communities (DFC) is facing a challenging financial year and that it will likely continue to face into a difficult economic context, it should be noted that the financial and other contributions provided by DFC are of great value to society generally, and particularly to district councils as they deliver essential statutory services within their district council areas.

DFC financial contributions to district councils, although supplemented by income from district Rates, are critical. The various amounts make a massive difference to the public and it is undoubtedly the case that material reductions in these amounts will produce significant negative impacts on the groups protected by Section 75. The DFC must have due cognisance for the consequences of the proposed funding reductions

and it would be unacceptable for the DFC to simply let the problem ‘flow downstream’; to do so would be unacceptable and morally unconscionable.

The Council will, in the following paragraphs, outline its reservations in so far as is practicable given the very short time allocated by the DFC for responses to the consultation. In this regard, notwithstanding the fact that the Council recognises the challenges that the DFC is facing, the Council is extremely disappointed that the time allocated for responses to be submitted and thereafter inform the DFC’s allocation of funds in 2023/24.

Quite simply, the reductions proposed are of such significance that the refusal of the DFC to consider responses received post 7th June 2023 is totally unacceptable. In addition, the Council asks if the DFC sought the views of the Equality Commission in relation to its approach in advance of prescribing the deadlines included within the Equality Impact Assessment that is being consulted upon? On the assumption that the DFC did consult the Equality Commission in relation to its proposal to apply differential treatment to responses received, the Council asks that the DFC, on publishing the outcome of this consultation exercise, expressly publishes what advice it received in relation to this matter prior to commencing the consultation exercise.

Rates Support Grant

The DFC is consulting upon this EQIA in the context of a very significant proposed reduction in Rate Support Grant, which follows on the back of a reduction in the previous year (2022/23) which of itself was of an unprecedented (in at least 25 years) scale when the amount distributed in 2021/22 (£21.924m) was reduced to £8.965m in 2022/23. For the avoidance of doubt, the DFC will be aware that the average amount of RSG distributed between eligible councils in each since 2011/12 prior to 2022/23 (2011/12 to 2021/22 inclusive) was £18,721,828.

The proposed further reduction to £4.9m in 2023/24 is simply unworkable. While the Council is aware of the (probably remote) *possibility* of additional monies being released prior to 31 March 2024, it is clear that the current proposal will see the Council seeing a massive reduction on a major source of income upon which the Council relies

to fund its statutory services. In short, as notified to the DFC (in the normal fashion) in February 2023, the Council struck its 2023/24 district Rate on the assumption that the DFC would distribute RSG in the amount of £15.865m. The DFC will be aware that this meant that the Council budgeted to receive £2,538,400 RSG in 2023/24; a senior DFC officer acknowledged this fact in correspondence to the Council shortly after receipt of the 'General Estimate of Rates Return for 2023/24'. Consequently, in proposing to reduce RSG to £4.9m, the DFC must acknowledge that it is consciously proposing an amount that will see the Council experience a reduction in RSG received in the amount of £1,754,400 (£2,538,400 less £784,000 (being the Council's share of the proposed £4.9m)). It must also acknowledge that this decision that it is aware that this shortfall immediately follows the reduction in RSG in the amount of £1,577,539 that the Council experienced in 2022/23 when the DFC reduced the RSG to £8.965m (see above).

The Council therefore challenges the DFC to explain how it is reasonable for it to knowingly reduce the Council's income by £3,331,939 (£1,577,537 plus £1,754,400) within 24 months without meaningful consultation and, at the very least, effective transitional relief.

In short, the DFC proposal to further reduce RSG to £4.9m is forcing the Council to either cut statutory services or fund those services from reserves or both. This is wholly unacceptable, undemocratic and will result in services to protected groups (both under Section 75 and those living in rural areas) being unreasonably reduced or withdrawn.

Quite clearly, the DFC is failing to have due regard to its statutory responsibilities and the DFC must not underestimate the overall detrimental impact on the protected groups. The Council urges the DFC to review information previously supplied by the Council in relation to groups protected by Section 75 and those envisaged by the Rural Needs Act (Northern Ireland) 2016.

Community Support Grant

The community support grant again is important to Council. The advice grant does require protecting particularly in the current climate of financial hardship. This is a

procured contract, via Council, and the contribution is matched more than 50% by the rate and allows for general advice support to those most vulnerable.

The further contribution to community support of £54,000 allows for an investment return on community activity and engagement of over £700,000 which is funded by Council. Whilst it may seem a small amount of funding it is important to allow Council to deliver its wider grants programme. This is a similar position with regard to the community festival grant, the contribution of £29,000 allows for an investment return and match contribution of over £150,000. A large percentage of this grant support is for Section 75 groups and activity, including women, race, religion, political opinion, disability, age, LGBTQ, and carers. Any reduction to this support will have a direct impact on these groups.

Neighbourhood Renewal

Neighbourhood Renewal is working to alleviate poverty in the most disadvantaged communities. Any reduction in support to the neighbourhood renewal programme would target the most vulnerable at a time of hardship and would have a direct impact on section 75 religious and political background.

Council has worked in partnership with the DFC Urban Regeneration team over the last number of years in driving regeneration in all our main towns. The investment impact to our towns due to the funding contribution has been significant. All of the public realms and urban regeneration grants have had a major impact on economic growth. The continuation of the urban regeneration grants and support remain critical as spending power has fallen and continues to fall, while businesses are forced to close, leaving towns having to reinvent themselves as leisure and event spaces.

Affordable Warmth Scheme

Mid Ulster District Council has been delivering the Affordable Warmth Scheme within the Mid Ulster District Council area on behalf of the Department since 2014. The nature

of the Affordable Warmth scheme, targeting low income households who experience the effects of fuel poverty and energy inefficiency, means the impact upon vulnerable Section 75 groups will be profound. The targeted nature of the scheme is aimed at those areas where levels of fuel poverty are highest. This Scheme has been an extremely successful programme for Council and due to this Council has continued to lobby DFC for additional funding to meet the demand in the area. This is an increasingly important area of work as more people fall into hardship due to escalating energy costs. Any reduction to this programme would be targeting the most vulnerable people in society who avail of this means tested support, during a time when they are trying to cope with rising energy costs and a cost of living crisis.

Labour Market Partnership

Labour Market Partnership are correctly described within the EQIA as a 'critical intervention to help people with a disability or health condition to remain in work'. Pausing the funding for this vital service represents a huge negative impact on a number of Section 75 groups and will disproportionately impact negatively upon people with a disability, women and people with dependents who are all statistically more likely to be economically inactive.

The aims of the LMP rightly includes targeted action to address the gender and disability employments gaps. These gaps are at significant levels in the Mid Ulster DC area. At 24%, Mid-Ulster District Council has the lowest employment rate for disabled people in Northern Ireland. There is a large and significant difference between Mid-Ulster and other Council areas – the highest ranked Council (Lisburn & Castlereagh) has double (48%) the disability employment rate of Mid Ulster. Therefore the 'pausing' of this project has a direct negative impact on people with a disability who require support to enter the labour market. This seems like a particularly punishing removal of a service which has been long requested by organisations who support people with a disability and knowing the release the negative impact of long term isolation from the labour market can have for people with a disability.

In 2021 Mid-Ulster had the lowest employment rate for women in Northern Ireland. At 61% it is considerably below the Northern Ireland average of 68%. Therefore, it is hard to justify the 'pausing' of the project that directly aims to have a positive impact upon economically vulnerable groupings.

Consideration of Mitigations

Any level of mitigation would need to be swift and substantial in order to be able to even mildly address the potential impact on the Section 75 groups negatively impacted upon by the groups identified.

Conclusion

The primary function of this EQIA is to assess whether these budgetary proposals will have a differential impact and in particular, an adverse differential impact on the categories of persons listed in Section 75, and any subgroups within those categories. From examination of the information presented in this EQIA it is clear that there are numerous adverse impacts in relation to the majority of the Section 75 groups. In particular a potential negative impact upon:

- People of different ages
- Men and women generally
- People with or without a disability
- People with or without dependents
- People with different religious beliefs

The proposals set out within the EQIA also fail to reflect upon the DFC duty under the Rural Needs Act (Northern Ireland) 2016 and goes against the DFC previously stated commitments in relation to the four cross-cutting themes of Anti-Poverty, Wellbeing & Inclusion, Sustainability & Inclusive Growth and Agility & Innovation. The DFC Audit of Inequalities also set out the required actions needed to meet the needs of the various Section 75 groupings.

As previously stated, Mid Ulster District Council appreciate the difficult choices faced by the DFC. However, as the Council objects to the unnecessary hardship that the proposed budget reductions will have on the most vulnerable, and in particular all Section 75 groups and rural dwellers.

As referenced above, the Council also requests detailed clarification in relation to the way this EQIA consultation is being conducted. The consultation arrangements stated are that the Department's Scheme allows for a two-tier consultation of an initial 4 weeks to provide feedback on the overall budget allocation for 2023/24, while responses received in weeks 5-12 will impact on the mitigation aspect only. The Council considers that this is both inconsistent with the statutory requirements contained within the Northern Ireland Act 1998 and the Rural Needs Act (Northern Ireland) 2016, and more generally with the DFC stated responsibility to take all steps necessary to ensure and support a strong local government sector – an aspiration that was (and continues to be) often voiced prior to, and after local government reform in April 2015. The proposed budget reductions undermine local government services, district councils as democratically elected bodies, and vulnerable groups within society.

From examination of the proposals set out in the Department's EQIA of the proposed Budget (2023/24) it is evident that a number of Section 75 Groups will be directly and negatively impacted as a result of these decision's no matter how robust the DFC opine that the proposed mitigation measures are.

The Council also contends that the NI Executive should also consider the cumulative impact of simultaneous cuts effected across numerous central government departments, many of whom either directly support, or contribute to the support of some of the most vulnerable (and often statutorily protected) people within society.


The Council strongly opposes the budget consulted upon and sees it as neither, equitable, practicable, or defensible. Initiatives that have taken years to develop,

implement and bring to fruition must not be cast aside in this crude manner, particularly when they are exactly what are needed to help and support vulnerable individuals during the current cost of living and climate crises.

These are unprecedented times, and it is essential that the Department finds a way to continue to support local government to both deliver its statutory services and continue to make essential and effective interventions within their local communities.

In the case of Mid Ulster District Council, the Council urges the Department to recognise in particular the extent to which statutorily protected groups will be disadvantaged and negatively impacted if the proposed RSG reduction is implemented. In doing so, the Department should immediately announce that the proposed reduction in RSG will not be delivered upon.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Adrian McCreesh', written in a cursive style.

Adrian McCreesh

Chief Executive