Causeway Coast & Glens Borough Council

Correspondence Report For Information	14 February 2018
Corporate Policy and Resources Committee	

Linkage to Council Strategy (2015-19)	
Strategic Theme	Leader and Champion
Outcome	Establish key relationships with Government, agencies and potential strategic partners
Lead Officer	Director of Performance
Cost: (If applicable)	Nil

1	**Final NILGA Response to the Briefing on Budgetary Outlook 2018-2020**
	The final version of NIGLA's response to the briefing on Budgetary Outlook 2018-2020 has now been published.
2	**NILGA - Code of Conduct Refresher Information Session for Councillors Facilitated by the Local Government Commissioner for Standards**
	Members are invited to attend a Code of Conduct Refresher Information Session. Members of the Local Government Commissioner for Standards will discuss how they deal with allegations that Councillors have breached the Code of Conduct. They will outline a Councillors' responsibilities under the Code and explain in practical terms how Councillors can maintain compliance. Case studies will be issued to illustrate a number of points and to help understanding. A question and answer session will follow. Dates are: • 20th February 2018, 10.30am-12.20pm at Downshire Civic Centre, Downpatrick • 27th February 2018, 12.30pm-2.30pm at Radisson Blu Hotel, Limavady • 7th March 2018, 12.30pm-2.30pm at Gleavon Hotel, Cookstown • 27th March 2018, 5.30pm-7.30pm at Bangor Castle, Bangor Members to contact Democratic Services should they wish to attend.

Please contact Democratic Services should you require a hard copy.

northern ireland
local government association

NILGA response to the Department of Finance Budgetary Outlook Briefing

January 2018

On 18th December 2017 the Department of Finance issued a briefing on the broad strategic issues that will help inform decisions on a Budget for 2018-19 and 2019-2020 (and 2020/21 for Capital). The briefing was published on the Department's website and not via the NI Direct consultation process, with the Department itself stressing the unusual circumstances surrounding this publication, to which they are requesting responses by 26th January 2018.

The Department has stated the following:

"Departments are required to live within their budget every year. To do so for 2018-19 and onwards, decisions are becoming pressing. It is our assessment that, for an effective budget to be set and delivered by a new Executive, it should be agreed early in February 2018. The decisions in a Budget have the potential to impact on the delivery of public services and on the lives of every citizen.
Department of Finance Permanent Secretary Hugh Widdis said: "This is an unusual step which is being taken with great reluctance. In normal circumstances, the Minister of Finance would have presented a Draft Budget to the Executive for agreement and later approval, after debate, by the Assembly.
"This year, in the absence of Ministers, the Department of Finance is now taking the unusual step of publishing information about the broad choices available for balancing the Budget to help inform decisions to be taken by an incoming Executive."
The Briefing on the Northern Ireland Budgetary Outlook 2018-20 sets the context for this and illustrates the options that may need to be considered by Ministers using three possible but purely illustrative scenarios. This process reflects the new approach for the Programme for Government, focussing on outcomes. These are not proposed budget settlements and no decisions have yet been taken.

Mr Widdis added: 'Budgets for 2018/19 and 2019/20 will need to take account of constrained financial resources and growing departmental pressures. The briefing paper sets out the assessment of the resources available and approaches that would enable Departments to live within them. No decisions have been taken. It will be for Ministers to decide on the way forward, which will be informed by this process.'
Given the need to have an agreed Budget by the beginning of February, any feedback should be provided by 26 January 2018."

NILGA has worked in collaboration with SOLACE and the Local Government Finance Officers to offer this sectoral response by the requested date, but will seek subsequent formal engagement with the Department and political leadership beyond this date, including at its all council Executive meeting in February 2018.
Derek McCallan
Chief Executive **25th January 2018**

1.0 Introduction

NILGA, the Northern Ireland Local Government Association, is the representative body for district councils in Northern Ireland. The Association is the only current regional, constituted, policy making, all party, government body within N.I., drawing together and communicating actions and recommendations on key issues affecting local people, within a local government framework. Membership is comprised of the 11 local authorities and the organisation is supported by all the main political parties. The need for Northern Ireland to set a budget is critically important to the sustainable operation of councils. NILGA therefore welcomes the opportunity to comment on this initiative by the Department of Finance, in the absence of a working Assembly. NILGA recognises the difficulties of balancing competing priorities across the range of competing services, when valid priority approaches have been planned and embedded within business plans. The Association does however have serious concerns about some of the proposals as well as the method of publication and the timelines given for analysis and response.

NILGA believes that the need for transparency, simplicity and increased accountability is the key to any policy regarding finances. The public should be able to understand all charges levied upon them and know what they are used for.

The following comments are provided further to consideration by councils, the NILGA Executive Committee, SOLACE and the Association of Local Government Finance Officers. Given the time considerations, and the governance cycle required under councils' standing orders, it is unlikely that all the 11 councils will have been able to corporately discuss this important Briefing by 26th January 2018. Therefore, this is a "first cut" piece sought by councils through NILGA regionally, notwithstanding individual council responses – also received by NILGA - which more fully focus on local, evidence based, impacts of proposals.

NILGA therefore looks forward to the planned meeting with Mr Hugh Widdis in Antrim on 9th February 2018, which will further develop a substantive discussion on the current financial context and enable co-design of solutions by councils to minimise / remove the negative impacts of some proposals contained within the Briefing.

NILGA's Executive (drawn from the 11 councils) through the Partnership Panel (with or without Ministers), directly aligned to a fiscal policy team drawn from the Chief Executives / Permanent Secretary Group, should meet as soon as possible in 2018 to enable further co-design, co-implementation and integration of effort regarding the Budget Forecast and its delivery.

NILGA has restricted this interim response to comment on those proposals which directly affect local government service provision and which impact directly on local communities. The following response concentrates on several general comments, relating mainly to the approach to the consultation and the processes followed, and some specific comments, with reference to the Rates Support Grant and the potential impacts of reductions in funding which will have an impact on local service provision. The

Association has also supplied an appendix to detail the financial impacts which will be felt by councils, on implementation of a Rates Support Grant reduction. We look forward to working closely with the Department as consideration of the budget develops, after 26th January 2018.

2.0 Key Issues

The Briefing features heavily on the need to pass on cuts to arm's length bodies, councils and programmes without any detailed consideration of the impact of this on communities and inequalities. Whilst it refers to the transformation agenda of the NICS being a long-term route to continuing service delivery in the face of cuts, it is not clear on the timescales or targets around this. The future protection of critical services is clearly dependent upon speedy delivery of the transformation agenda.

The approach as set out in the budget briefing paper focuses on the most easily cut elements of the budget, namely grants and support of arms-length bodies and programmes, which is actually counterproductive and overly focused on the short term. In Northern Ireland, whilst there are huge pressures on health, the long term prosperity and wellbeing of all in our society will suffer a significant detriment from these proposals and there is a risk of a downward spiral, no correlation to achieving the outcomes in the programme for government and limited focus on making NI more economically sustainable. The proposals as set out will significantly reduce the resources available for the delivery of local services, supporting communities and the more vulnerable, solving local problems and also incentivising local growth – all key priorities of the Programme for Government.

NILGA would therefore recommend that a two-pronged approach – immediate and longer-term - is taken to balancing budgets whilst retaining the ability to deliver important local services. There must be a strong commitment to work across government (central, local and arms-length bodies) to undertake a serious public sector reform/transformation programme (as opposed to top slicing), alongside giving serious consideration to identifying and progressing innovative opportunities to realise additional revenue (e.g. tourism tax - to be considered not only to address shortfalls in budget but to enable reinvestment to boost the economy).

The Association would assert that capital finance should be increased and planned strategically in order to allow essential enabling infrastructure works to progress, e.g. 'Living with Water' sewerage infrastructure. This in turn will release opportunities for the private sector and local authorities to invest in other smaller scale essential work contracts. It is anticipated that the forthcoming Regional Infrastructure Delivery Plan will be a key piece of work in allocating future capital spend, which should be balanced across Northern Ireland. We very much welcome the existing level of engagement with our member councils on this, and look forward to a continued co-design approach with the Department for Infrastructure, as we seek to deliver the Programme for Government outcomes.

2.1 Approach to Public Expenditure Reduction

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

NILGA asserts the view expressed by most commentators that sustained substantial reductions to public expenditure are damaging to the national interest (e.g. Taylor-Gooby, 2012). While the government is determined to shrink public spending - including welfare spend - it is maintaining spending on pensions, health and education.

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

The proposals contained within the document, if implemented, will place a significant negative impact on people on the lowest incomes. NILGA recommends that the Government should implement transformative practices which remove inefficiencies and duplication at all levels of public service expenditure, emphasising the core, driving tenet that government is too unwieldy, perpetuates unproductive, structural and bureaucratic processes. Equally, NILGA asserts that Government raises new revenue streams and additional revenue through the fiscal system in the latter instance by targeting taxation increases at those who have a greater ability to pay.

2.2 Delivery of the Programme for Government (PfG) and Community Plans

Councils work closely with all government departments and are materially affected by the financial decisions made by those departments. Council Chief Executives, through the offices of SOLACE, have been meeting regularly with the Permanent Secretaries and have developed a system of nominees, corresponding to the Civil Service "Senior Responsible Officer" (SRO) model to begin to work towards co-design and co-delivery of the Programme for Government's stated priorities and outcomes. It will be equally as important that central and local government work closely together to bring forward any revised Industrial Strategy for Northern Ireland which seeks to build a globally competitive economy that works for everyone.

Our member councils are implementing their community plans – *statutory instruments designed to ensure better targeting of all public expenditure through local, "place shaping" determinants married to regional strategic priorities* - aligned to the outcomes of the Programme for Government. Councils in partnership are developing a measurement system to monitor delivery, also aligned to the indicators expressed in the PfG. Many of the proposals outlined in the Briefing are likely to have an adverse effect on the ability to deliver the Programme for Government and likewise, the short to medium term delivery of council-led community plans will be seriously impacted. Specific impacts are outlined in section 3.2 below.

It is noticeable that there is no reference anywhere in the document to community planning and the importance of a strong central and local government partnership, despite the statutory duty placed on all departments by S75 of the Local Government (NI) Act 2014, and the potential savings to N.I.'s income and efficiency that could be made by better central-local collaboration and joined up delivery, as evidenced by Scotland's Single Outcome Agreements, where all public service partners at council level commit to *Economic Recovery and Growth*:

https://www.communityplanningtoolkit.org/sites/default/files/SOAs%20-%20Summary%20Guidance%20to%20Community%20Planning%20Partnerships.pdf).

NILGA is supportive of the Department's approach to protect and enhance spending in relation to the provision of Health and Education services, but is also acutely mindful that the burden of any proposed cuts will inevitably have a greater impact on the delivery of other services. It is important therefore that the Transformation agenda is also actively pursued, including through a substantial uplift in Community Planning investment by statutory partners of councils, to ensure that funding is spent in the most cost-effective manner to deliver optimum outcomes for all stakeholders.

2.3 Rural Proofing

NILGA and many member councils are particularly concerned to note that, whilst there is a commitment to undertake Equality Screening and EQIAs where required, there is no similar commitment to undertake the Rural Needs Impact Assessment, which is also a statutory requirement under the Rural Needs (Northern Ireland) Act 2016. NILGA asserts that these proposals will constitute an adverse impact on rural communities. The proposed reductions to the DAERA budget will inevitably impact upon the necessary grant aid and fundamental supports to the farming community and wider peripheral communities, and the reduction to the DfI budget will have an extremely negative impact on rural community transport and infrastructure.

For stakeholders to make any assessment of either the efficacy or fairness of the proposals, NILGA stresses the need for an Integrated Impact Assessment (IIA) to be undertaken to assess the potential effects of the budget proposals. This would require consideration of issues relating to community cohesion, different equality groups, well-being and health, socio-economic circumstances, the environment and the rural areas as above mentioned in order to reach fair decisions. The absence of a single, overarching Integrated Impact Assessment exercise is concerning; this practice would be much preferable to departmental level Equality and Environmental Impact Assessments which are time and finance draining.

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

NILGA acknowledges that in times of austerity, it is difficult to avoid all possible impacts of budgetary reductions. However, it is important that the cumulative impacts are properly understood to consider potential mitigations in the areas where impact may be most significant; *reductions should be made based on the value and impact of spending*. NILGA opposes the 'top slicing' of budgets, as it takes no account of the value and impact of different spending programmes. Whilst understanding the pressures faced, a collective approach to rationalisation in the longer-term, focusing on better integration of services and minimising impacts on vital services for local people and communities is key. NILGA would be keen to engage in such a collaborative approach.

2.4 Timing of Consultation

Notwithstanding the unique circumstances leading to the process itself, which NILGA and councils are very aware of, to examine how local government could and should respond to the likely financial challenge lying ahead would require a detailed study of the demands facing each service area in each council, the scope for cost-cutting and efficiencies, and the statutory obligations in place.

The restricted consultation period, which included the Christmas holiday period and the in the knock-on absence of detailed information on some key issues has resulted in an interim analysis and comment piece rather than the coordinated report which would otherwise have been provided.

Previous consultative reports have contained detailed analysis, findings and recommendations based on comprehensive evidence on strategic, cross-cutting and departmental specific issues. Greater transparency / detail around the basis for the proposals would enable NILGA to determine, for example, whether a consistent approach was taken across departments and whether the funding of particular 'central strategic pressures' warrant the resultant reduction in departmental resource budgets.

NILGA stresses the timing in relation to the council rate-setting timetable, which requires district rates to be published by the 15th February 2018. Once set, these rates cannot be changed. Councils do NOT have the facility of mid-year flexibility that is open to government Departments, and this must be borne in mind by the Department. It will be important that the budget assumptions made by councils in finalising district rates, in relation to important core central government support, be protected in any future budget settlement.

3.0 Specific Comments

3.1 Rates Support Grant

The Rates Support Grant (RSG) is an investment and leverage tool, a means by which district councils with lower rates bases receive a critical investment contribution towards creating growth through enterprise and achieving greater equality of service provision and facilities. *NILGA supports the maintenance at current levels as a minimum of the RSG*. The key objective of this funding is to ensure that all councils can continue to *consistently* offer and maintain high quality, productive frontline services at affordable costs, across Northern Ireland.

While the Transferred Functions Grant and the De-Rating Grant are protected by legislation, the Rates Support Grant is not. Any reduction will have a significant impact on service delivery, will exacerbate the 2-tier Northern Ireland with most wealth consolidated in specific sub regions and will curtail the ability of those councils with a low rates base to invest in the development of their districts, taking tens of millions of pounds of investment out of 7 of NI's 11 councils. The Department must recognise the 'value added' of the £18.3m (2016-17) investment in that councils have indicated that the leverage value for the economy amounts to £183m.

At a time when councils are the only politically functioning element of government in N. Ireland, there should be no proposals to cut allocations and investments such as the Rates Support Grant by Departments. In 2018, councils are not possessed of the financial resilience of larger government institutions, mindful of their less than £1 billion expenditure within N.I.'s £20+ billion p.a. budget. They are creating wealth in the form of local investments, sustainable jobs and growth with the RSG, and lever ten times a return on such allocations within local economies. Councils are also being severely challenged to meet increased expectations from departments and constituents in matters such as winter maintenance, emergency planning, community support and much more. If these resources are not available then the impact on local people and communities is clear, in particular the most vulnerable will be affected and delivery of the outcomes in the programme for government which are focused on driving local economic growth, reduction of inequalities and maximising the impact of public services will be significantly compromised.

3.2 Cumulative Impact of Reductions to Centrally Funded Council Programmes

As noted at 2.2 above, councils are the lead partner in the development and delivery of the 11 statutory community plans, which set out clear, long term visions for the 11 districts, and are clearly linked to the delivery of those outcomes within the Programme for Government covered by the Community Planning Partnership Framework.

Council Corporate Plans incorporate improvement objectives for the remainder of the current council mandate; align each council's vision, values and corporate priorities to those set out in the Community Plan for the district; and identify the key actions to be completed in that time.

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

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

Programme	Department
Community Support Programme	DFC
Neighbourhood Renewal	DFC
Community Festivals Fund	DFC
Good Relations	EO
PCSP	DOJ

Within council **Environmental Health** and **Technical Services** provision, the following council programmes would be significantly constrained by any reductions in funding:

Function	Department
Food Safety	Food Standards Agency
Affordable Warmth	DfC
Tobacco Control	PHA
Accident Prevention	PHA
Fuel Poverty	PHA
Animal Welfare	DAERA
Water Quality	NIEA
Waste Management	DAERA

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

Programme	Department
Physical Activity Referral Scheme	PHA
Healthy Towns	PHA
Every Body Active	Sport NI
Every Body Active (small grants)	Sport NI

Within council **Arts and Heritage** services, the following programmes would be significantly constrained by any reductions in Grant aid:

Programme	Department
Access and Inclusion	PHA
Arts and Heritage Programmes	Arts Council Northern Ireland (DfC), NI Museums' Council (DfC), NIEA, DAERA

NILGA would contend that any proposed cuts to voluntary, arts, skills and community organisations will be highly destructive & emotive, significantly undermining the future sustainability of these important sectors and impacting on ability to deliver stated Programme for Government outcomes in the longer term.

In view of the above, the Department is requested to recognise, minimise and where feasible eliminate the disproportionate, multi-faceted cuts which councils will be unable to offset, cuts which will materially affect key, locally based services which have real, value and impact in local communities.

3.3 'Balancing the Budget'

Chapter Four of the Briefing outlines options available for balancing the budget, including raising additional revenue through a variety of sources.

A number of these are outwith those proposals which directly affect local government service provision and impact directly on local communities, however, NILGA strongly recommends that the Department develops substantive engagement with councils in relation to:

- <u>Larger than planned increase of the Regional Rate:</u> council rate setting decisions, which are finalised on the 15th February each year, will be disproportionately and detrimentally affected by any significant proposed change to the Regional Rate, as councils attempt to minimise impacts on their local residents. Discussion with councils and an appropriate lead in time to this kind of change is required.

  Consideration should also be given to how new innovative co-investment models, such as City Deals for example, can help increase the regional rate and the potential to ring fence some of the rate increase to facilitate the financing for city deals and growth plans.

- <u>New Controlled Parking Zones:</u> Since councils are now responsible for most off-street car parks, NILGA requests that the responsible department recognises the need to engage with councils and take their views on board, well before any change to charging policy which may have an impact on town centre economies.

- <u>Increased NIHE rents:</u> Increases to rents may have unintended knock on consequences that could have local impacts on councils. Any proposed changes should be discussed with the NI Housing Council and NILGA.

- <u>Concessionary Fares:</u> NILGA asserts that change to policy in relation to concessionary fares may have the effect of increasing the isolation of older people, particularly in rural areas, and that removal of concessions is hitting one of the more vulnerable sections of society. NILGA completely understands the "living within our means requires budgets to be reduced in some regrettable cases" approach. However, any reductions, as per 2.3, page 5, that *reductions should be made based on the value and impact of spending*. NILGA opposes the 'top slicing' of budgets, as it takes no account of the value and impact of different spending programmes.

- <u>Community Care Services:</u> NILGA asserts that change to policy in relation to Community Care Services may have the effect of increasing the isolation of vulnerable sections of society, particularly in rural areas. NILGA completely understands the "living within our means requires budgets to be reduced in some regrettable cases" approach. However, any reductions, as per 2.3, page 5, that *reductions should be made based on the value and impact of spending*. NILGA opposes the 'top slicing' of budgets, as it takes no account of the value and impact of different spending programmes.

- Review of Rating Policies: council rate setting decisions, which are finalised on the 15th February each year, will be disproportionately and detrimentally affected by any significant proposed change to non-domestic rate, as councils attempt to minimise impacts on their local businesses. Discussions with councils and an appropriate lead in time is required for this kind of change. NILGA would recommend that any proposals around removing rates relief are considered alongside small business support as does the potential for rates free zones.

There has been a laudable, strategic and long-term approach taken by bodies including NILGA, Land & Property Services and some Departments on new income, new rates and new revenue proposals. The initiatives such as new forms of local taxation, Local Asset Backed Vehicles, alterations proposed under previous consultations for Small Business Rates Relief, Industrial De-rating, new domestic and non-domestic rates charges for exempt / partially exempt bodies etc., should not be overridden by this Briefing.

3.4 'Departmental Scenarios'

Chapter Five of the Briefing provides three scenarios for balancing the budget and makes several assumptions common to all three scenarios. *NILGA recommends that the protection of the Local Government Rates Support Grant is added to this list of assumptions.*

Whilst accepting the premise that all scenarios are purely illustrative, NILGA asserts that scenario two offers the most favourable means to deal with the outcomes of this Briefing.

3.5 'Departmental Scenarios and Impacts'

NILGA welcomes the links that most departments have made to the Outcomes of the Programme for Government, in relation to their key aims and impacts. We would again request that the Department reinforces the important linkage to the council led community plans, and their role in supporting responsive and integrated local delivery.

An overarching concern that NILGA and our member councils would highlight is the perceived protectionism of departmental payrolls, and prioritising reduction in service delivery budgets, particularly where those services are delivered by arms-length or external delivery bodies. If austerity and wider political and fiscal challenges are to prevail, then transformational rather than transitional outcomes are required. Maintaining departmental payrolls is not transformational.

3.5.1 Department of Agriculture, Environment and Rural Affairs (DAERA)

In terms of EU Exit, the report recognises that DAERA will be most affected and, in this regard, in relation to waste management, it is vital that DAERA maintains a close working relationship with local government, and takes full advantage of the vast experience councils and the waste management groups have to offer in the waste management sector, to ensure as smooth a transition as possible.
It is noted that DAERA is assuming that funding for dealing with costs for Northern Ireland of the UK's exit from the EU, which come from HM Treasury via the Barnett consequential. NILGA would be keen to establish if this assumption is correct, and whether the NI government departments most affected, (such as DAERA) have made any contingency plans, should HMT funding not be provided.

NILGA notes the inclusion of waste and resource management as a priority area of work for DAERA, however apart from the initial £50.5m Financial Transactions Capital commitment set out on P114, which is welcomed, there is insufficient detail provided to enable substantive comment on any other support being made available for waste management activities at regional or local level.

Given the pressures and deadlines on local government to meet statutory targets we would urge DAERA to press for a high level of financial support for Councils, and that the detail for both Resource and Capital are made available as a matter of urgency to facilitate proper financial planning at local government level.

Additional NILGA concerns:

- The potential for scaling back of other environmental and rural development programmes, in addition to reductions in tackling the key issue of waste crime.

- Interruption to the delivery of CAP and other programmes, and the consequent potential for EU infraction fines.

- 'Cessation of all Rural Affairs programmes' to help fund the pressures facing DAERA. This is short-termist and fails to support the financial leverage garnered in rural economies, of programmes such as those delivered by Local Action Groups, coordinated by councils. An immediate result of such 'cessation' would be that local rural economy, anti- poverty and social isolation initiatives would entirely fall to councils to deliver.

3.5.2 Department for Communities (DfC)

NILGA is acutely aware of the role of and relationship with DfC as a principal department for local government, as well as the level of direct/indirect grant funding and support provided to local communities, programmes and initiatives. In considering any budgetary cuts, it will be important that such funding is protected, does not treat councils as an easy target for removal of grants, as emphasised vehemently in section 3.1 above.

We would reiterate the point made above, in that <u>any</u> reduction to the Rates Support Grant in particular, will have a significant impact on service delivery, will exacerbate the 2-tier Northern Ireland with most wealth consolidated in specific sub regions and will curtail the ability of those councils with a low rates base to invest in the development of their districts, taking tens of millions of pounds of investment out of 7 of NI's 11 councils. The Department <u>must</u> recognise the 'value added' of the £18.3m (2016-17) investment in that councils have indicated that the leverage value for the economy amounts to £183m.

NILGA would also emphasise that removal of grants to e.g. the voluntary and community sector only increases pressure on councils, who are usually the next port of call for assistance. In such circumstances, many third -party funding recipients are likely to turn to councils requesting that they subsidise any identified funding gaps. Such requests will not have been taken into account as part of council financial planning and would therefore not be feasible or affordable for additional support. This may have a direct impact upon the future sustainability of important capital and revenue schemes being delivered.

In terms of value added, leverage investment in social economy and related initiatives, NILGA would emphasise the urgent need for DfC to pay close attention to those areas of the Local Government (NI) Act 2014 that are as yet not commenced or otherwise hindered, and to work with councils to bring these to fruition – maximising the impact that councils can have locally, and their ability to deliver 'on the ground' for the citizen. Should the current political impasse continue a means will have to be sought, and prioritised, to deliver the necessary supplementary legislative change, such as a 'Devolution Bill' for Northern Ireland.

3.5.3 Department for the Economy (DfE)

NILGA welcomes the recognition of the importance of the Industrial Strategy in helping to identify and progress the key economic priorities and the important delivery role of councils in bringing forward programmes and projects that support business development and investment and job creation. The association would wish to highlight the synergies between the draft Industrial Strategy and the emerging community planning priorities and ambitions. It is important to recognise the important and growing role of local government, working with both the public and private sector, in stimulating inclusive and sustainable economic growth, supporting tourism development, enhancing skills and employability, accelerating innovation and research and supporting entrepreneurship and enterprise development.

The Association also welcomes the Department's recognition of the partnership role of delivery of business development, investment and job creation. Yet, the ability to invest locally in businesses and in tourism may be seriously hampered for some councils due to potential removal/diminution of the Rates Support Grant and other funding streams. NILGA and our member councils look forward to working with DfE as it enhances air & broadband connectivity, grows the agri-food sector and improves sustainable enterprise throughout N.I.

3.5.4 Department of Education (DE)

NILGA and our member councils look forward to working with DE as collaborative working arrangements develop, such as Shared Education projects, community use of the schools' estate and local sports programmes.

3.5.6 Department of Finance (DoF)

NILGA recommends that the Department formally recognises the councils' role in delivery of the Programme for Government outcomes, through the budgeting process. NILGA is keen to work closely with the Department to enable co-design, co-implementation and integration of effort regarding the Budget Forecast.

In view of their current disproportionately low expenditure base (e.g. 4-5% of the £20 billion annual revenue budget) there is not the fiscal resilience in councils to absorb further funding reductions – they are not government departments but rather, 11 locally placed fiscal institutions with a complex and diverse range of community priorities as manifested in their distinct, statutory, Community Plans and Growth / Investment Strategies. As such, they need to be co-determinants of what fiscal recommendations are made to Ministers / Secretary of State. This would be the case in neighbouring jurisdictions, all of which have New Burdens legislation and frameworks to protect councils and government departments from taking on additional costs because of policy decisions made at national and regional levels.

Whilst recognising the potential pressures on departmental budgets, NILGA and local government would have significant concerns regarding any proposals which would result in the reduction in service levels, particularly rates collection levels (as referred to on page 70). This is the primary source of council income which enables the delivery of important services, programmes and initiatives, and investment. NILGA is aware that a number of councils are already working closely and providing direct support to the Department and Land and Property Services to enhance the effectiveness and efficiency of this service.

3.5.7 Department of Health (DoH)

NILGA and our member councils share the concerns of the Department in relation to the ability of government to provide services on a cost-effective basis to an aging population. NILGA would advocate the potential savings which could be released by resourcing councils to be more actively involved in preventative health work, reducing the numbers of citizens requiring hospital treatment, over the longer term. NILGA would be keen to ensure that local government continues to have a voice and is listened to, within the transformation of the health and social care system in N.I. Councils have powers, functions and tools at their disposal that, *given the necessary resourcing*, can enable work in partnership with health care providers in the improvement of mental and physical health delivery through early intervention activity.

3.5.8 Department for Infrastructure (DfI)

NILGA has serious concerns in relation to the approach taken by DfI to balancing their budget and in prioritising the protection of payroll vis-à-vis maintaining delivery funding.

Local government looks forward to continuing to work with the Department in bringing forward a Regional Infrastructure Delivery Plan which takes account of local investment plans and priorities as set out within emerging Community Plans and Local Development Plans. NILGA would recommend that this process is adequately resourced to ensure timely delivery.

NILGA would also support the retention of the Department's budget for modernising the planning portal and for further delivery of the portal in partnership with councils. Planning is an essential driver for the future local economy of Northern Ireland and any cut to this provision would be very short-sighted, a false economy and would fly in the face of customer demand.

The proposals advocated, particularly in relation to roads (street lighting, maintenance, grass gutting, gritting, road safety campaigns etc) and for all three scenarios, would have *far reaching consequences for local communities in relation to flood prevention, safety, crime prevention and economic impacts due to dilapidation of the public realm*. Additionally, it is likely that public expectation to rectify much of this lack of delivery would fall on councils, without any resource provided to deal with local issues.

A particular concern that has been noted by Mid and East Antrim Borough Council, and indeed which NILGA has already raised with the Permanent Secretary at a recent Road Safety Forum meeting, is the cumulative impact that the Department proposals listed above, will have for road safety, in tandem with the complete removal of funding for Road Safety publicity campaigns. This is unacceptable, will have a damaging knock on effect to the burden on hospital A&E departments and will require urgent reconsideration by DfI as it goes forward.

Further lack of delivery that is of serious concern, is noted in relation to provision of quality, modern and accessible public transport across Northern Ireland and rural and community transport in relevant areas.

As noted by Translink, "public transport provides a vital lifeline to those who have no other mode of transport, either through choice or necessity. The consequence of cutting or reducing funding would have a direct impact on their quality of life and access to services, to family and friends and to their communities."

Most impacted would be commuters, young people, older people, people with a disability and those on low incomes. This could lead to increased inequalities, and impact on vulnerable groups who rely on public transport to access a range of other services. There is likely to be a disproportionate impact on services in rural areas, where public transport provides a vital lifeline for many to access local amenities including healthcare.

Further to this, the proposals contained within the budget briefing are not in keeping with the overarching policy direction as set out in the draft Programme for Government. This would not only have a detrimental impact on the objective of 'increasing the use of public transport and active travel' but also impact on the other outcomes and indicators which a strong public transport system underpins, undermining Northern Ireland's potential for economic growth and sustainable development.

3.5.9 Department of Justice (DoJ)

The impact on councils of reduction to the DoJ budget is unclear and will require further consideration. Key concerns include policing and community safety (including in relation to proposed DfI cuts) and implementation of Justice 2020 as it links into council community plans.

3.5.10 The Executive Office (TEO)

NILGA and our member councils look forward to working more closely with TEO as our councils align their community plans with the Programme for Government and begin the implementation phase as well as materially assisting with the implementation of the Social Investment Fund.

The Department should note that as the council role within TBUC activities is reviewed further to local government reform, cognisance must be taken of new council powers and functions e.g. development planning; and as Brexit policy and delivery crystallises. Any proposed reductions in Good Relations funding should be re-considered in that they run counter to the desired outcomes of the Programme for Government.

4.0 Capital DEL

NILGA and our member councils welcome the commitment from central government to continue to invest in capital schemes across the region and would highlight the importance of engaging with councils as part of this process. Clarification needs to be given on the specific capital commitments set out at the delivery timeframes. NILGA supports the opportunity to work in partnership to progress delivery and explore opportunities for co-investing in capital projects in context of emerging local growth investment plans such as City Deals.

NILGA also welcomes the continued commitment to establish the £100m Investment Fund and believes that this provides a great opportunity to stimulate further investment and growth in the local economy. NILGA would, however, seek clarity in relation to the 'local project promoters' identified on P111 in relation to the NI Investment Fund; do 'local project promoters' include councils?

NILGA notes the proposed figures and projections for capital DEL. We would query whether any contingency plans have been made in relation to the financial annex to the Confidence and Supply agreement, which requires agreement with HMT and an incoming Executive, and Assembly/Parliament approval if no Executive or Assembly forms.

In considering the DEL proposals as set out within the Briefing, NILGA welcomes:

- the flagship infrastructure schemes to be progressed by DfI (as set out in 125-127);
- the reference to the waste recycling scheme as a key deliverable for DAERA and notes the investment allocation of £50.5 million FTC for the arc21 project;
- the local capital schemes identified by DfC, particularly in relation to public realm works;
- the tourism and telecoms investment highlighted by DfE;
- the capital investment on schools and shared education by DE;
- the DoH proposal for the community safety college at Desertcreat; and
- the prioritisation of infrastructure to support rates collection by DoF

NILGA welcomes the list of capital projects identified by DfI, although the Association asserts a contradiction in that DfI intends to invest £50m on conversion of streetlights to LED when they don't intend switching the lights on over the next two years.

Likewise, why invest in a regional transport hub if public transport provision feeding into and out of this important initiative is being dramatically reduced?

5.0 Conclusion

NILGA recognises the budgetary difficulties outlined in the consultation briefing.

NILGA however does NOT subscribe to the philosophy that constraining public sector expenditure and top slicing "less priority" departmental level budgets mainly at service delivery levels are the most appropriate method of achieving a balanced budget. It is deeply concerned that the local impacts of many cuts as proposed will lead to the displacement to local councils of the "moral principle" of providing the service without having the funds to provide it. It seeks a dynamic timetable for the application of a New Burdens framework with a legislative base, that puts N.I. on an equitable footing to all neighbouring jurisdictions. Inevitably, there should be a combination of local revenue raising initiatives and appropriate fiscal policies to ensure that additional financial pressures are primarily targeted at those with the ability to pay and with this in mind we urge the Department to sit down with local government, co-design new ways of raising revenue and commit to transformational changes in how our public services are administered.

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

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

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

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

A further period of post deadline analysis and co-design is required to ensure that there is a fully informed platform developed to meet future budgetary challenges. Local government – because of the additional expectations and services meted upon the councils without Ministerial or legislative direction, must be afforded greater time and involvement as a partner of equals in both revenue and capital budget planning within the Programme for Government period, rather than suffer annualised and In-Year funding allocations and cuts.

NILGA looks forward to working with the Department to ensure that the considered views of democratically elected councils are further brought to bear on this process, in addition to the initial piece provided by the Association on behalf of local government.