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Consultation Response
Draft 2015/16 Budget

Contents

Executive Summary.....	3
Introduction	4
Department of Agriculture and Rural Development	8
Department of Culture, Arts and Leisure.....	9
Department of Education	10
Department of Employment and Learning	12
Department of Enterprise, Trade and Investment	13
Department of Environment.....	14
Department of Finance and Personnel.....	15
Department of Health, Social Services and Public Safety	16
Department of Justice.....	18
Office of the First Minister and deputy First Minister	19
Department of Regional Development.....	20
Department of Social Development	22
Northern Ireland Assembly.....	23
Food Standards Agency.....	23

Executive Summary

The background to the 2015/16 Budget should be exactly the opposite of what any responsible Government should ever seek to replicate. Instead of devising a balanced Budget, with accompanying measured saving plans, the spending proposals for next year have been produced in a vacuum lacking focus or strategic direction.

Following the breakdown of the 2011-2015 Budget, when many Departments were asked to make swingeing in-year cuts in order to provide emergency funding to prevent essential services from collapsing, lessons should have been learned. Unfortunately this has not been the case, with party political considerations once again coming out ahead of prioritising public services.

The Finance Minister was entirely correct when he said that a failure to agree a Budget would have been an abdication of responsibilities, but what was presented and later agreed by the majority of the Executive was no more a budget than a political carve-up. That is why the Ulster Unionist Party did not support the proposals.

We are acutely aware of the fact that the Executive's Resource DEL for 2015/16 has been cut by 1.6% in real terms. That will present major challenges, especially considering the Executive will already be carrying over a significant over-spend and over-commitments from 2014/15. We also note that next year will be followed by several further difficult financial years.

In this consultation response we comment on a number of the high level challenges currently facing the Executive, and then address issues in each of the Executive Departments. Whilst it will not be possible to mitigate against every budget reduction, we do believe that many of the Departments still have the opportunity to revisit plans. For some Departments it could be using what finances they have more innovatively, whilst for others it is more serious, in that some seem overtly set on squandering or misusing public funds.

Our suggested changes to the Draft 2015/16 Budget include scrapping the Social Investment Fund saving over £55m, shaking up the approach to asset management, postponing the proposed relocation of the DARD HQ to Ballykelly until after an independent investigation, utilising Barnett consequentialities to protect further and higher education, restoring funding to road safety and farm awareness campaigns, cutting the Northern Ireland Assembly's Budget by 5-7.5% and protecting the Aggregated Schools Budget.

The draft 2015/16 Budget has been rushed, although that was entirely avoidable, and contains major anomalies and inconsistencies. It does little but cover over the major pressures in our health service and bizarrely still claims to recognise the economy as the number one priority whilst at the same time slashing the training required for embedding further growth in the private sector.

Unless the current proposals are significantly changed, the Ulster Unionist Party believes the 2015/16 Budget will once again be fatally undermined with little prospect of lasting even until March 2016.

Introduction

Ever since the decision was taken in early 2013 to extend the term of the current Assembly to 2016 it has been known that a further 12 month budget would be required. Unfortunately the Department of Finance and Personnel only produced a Budget 18 months later and only after yet another one of Northern Ireland's predicted political crises.

In addition, although the acute financial problems appear to have emerged after the June monitoring round in 2014, we now know that the Executive was informed of their allocations for 2015-2016 as part of the 2013 UK spending round in June 2013.

Nevertheless the Department of Finance and Personnel should have suspected a budgetary emergency was imminent after the passage of the flawed 2011-2015 Budget. It should have prepared for this emergency after it became increasingly clear that Departments would not be able to meet their current spending plans as each year progressed. Yet on each count it failed. It was caught off-guard and all but two of our Departments were asked to make swingeing in-year cuts in June and then again in October. Those decisions had hugely destabilising effects on even the most elementary of departmental and public sector services.

In response to the worsening state of public finances the Finance Minister took the extraordinary step of seeking emergency assistance in the form of a £100m loan from the UK Government.

It is against this dysfunctional backdrop that the rushed and ineffectual draft Budget for 2015/16 was prepared.

By leaving crucial decisions to so late in the process it was not all that surprising that so many have clearly been blundered. The proposals for 2015/16 are illogical. They clearly have been the outcome of political considerations, rather than objective thought.

The rushed Executive discussion and approval of the proposals has since been accompanied by a disgraceful absence of detailed information. In addition, the time pressure of this consultation process has meant that the Assembly's statutory Committees have not had adequate scrutiny of their respective budgets.

In fact several Departments included so little information in their Budget papers that we do not think they were even acceptable to go out for public consultation. We believe this consultation process – firstly by being rushed, and then secondly by being so short in detail – holds no validity.

Nevertheless the Ulster Unionist Party has major concerns on even fundamental aspects of the proposed Budget – such as the central tenet as to how each of the Departmental baselines were even constructed. Without clarity on such crucial aspects then it is impossible to assess the fairness of the allocations.

In addition to our concerns about the methodology used in deciding on the contents of the budget, and comments in respect to each of the Departments, we have a number of observations. These include;

Capital Receipts

We note that the Asset Management Unit will deliver £50m of capital receipts in 2015/16. We believe this is an insufficient target and at a time of significant pressures on key public services, demonstrates a lack of appreciation of the severity of the problem.

We believe as the property market shows continued signs of growth that there remains significant potential in generating additional revenue, as well as making short to long-term savings, through a new approach to asset management.

The recently developed central asset register should be systematically reviewed to determine any surplus to requirement properties. In addition we believe each Department should be asked to conduct a trawl to identify surplus land. Bodies such as the Housing Executive and Invest NI should now be asked to dispose of assets which they hold no realistic prospect of utilising in the short to medium term future.

Welfare Reform

We note the settlement reached in the Stormont House Agreement which will now see the necessary welfare legislation progressed. It has always been the position of the Ulster Unionist Party that the welfare system required a major overhaul, with the current system being too complex and unwieldy.

We note the inclusion of £70 million in the draft 2015/16 Budget to fund a package of measures designed to mitigate the impact of Welfare reform changes on the most vulnerable.

The overall estimated costs of mitigation measures, including a compensatory approach to DLA to PIP along with the supplementary fund, will cost £54m in 2015/16, rising in years thereafter. Therefore, pending the swift consideration of the legislation, £16m of the package remains available for reallocation next year. There is no reason that appropriate reforms could not be passed by the Assembly by the start of the next financial year, and therefore avoiding further penalties.

Promotion of the Economy

The Executive has repeatedly stated that growing a dynamic and innovative economy was its top priority. As the Draft Budget states - improving skills, promoting enterprise, innovation and R&D are all vitally important to addressing Northern Ireland's relatively low productivity and high economic inactivity.

It is therefore disappointing to note that the Draft Budget, through disproportionate decreases to further and higher education, will in effect make Northern Ireland less competitive through a decline in skills and training provision.

Public Sector Pensions

It is a matter of some considerable regret that in the most difficult budgetary circumstances faced by the Executive to date, that pressures on spending were further compounded by an eleventh-hour requirement of over £133m for public sector pensions.

Whilst we accept that the revaluation exercise has found that Executive Departments will need to fund pension payments by more than originally thought, we are dissatisfied that this was not identified at an earlier stage.

In order to prevent recurrences, as well as to determine the robustness of the estimated costs, the Minister of Finance must explain how this situation arose and by what means Executive Departments – especially DHSSPS and DE - will address these funding requirements in future years.

Workforce restructuring

We recognise that reducing the overall number of employees in the Northern Ireland public sector will be an important step towards rebalancing our economy, as well as significantly reducing the cost of the public sector wage bill. The real rebalancing however will only be achieved when the private sector employs significantly more, yet unfortunately that still appears a distant reality.

A voluntary redundancy scheme will, however, entail significant costs. We note the draft 2015/16 Budget included £100m of Capital funded by RRI borrowing being held in the centre.

In the time since the publication of the Budget we welcome the agreement of the UK Government to allow £700m of RRI capital borrowing to be used to help deliver a voluntary exit scheme. This includes £200m in 2015-16, £200m in 2016-17, £200m in 2017-18 and £100m in 2018-19.

We do doubt however whether the projected cost in the first year will actually be required as it will take several more months before the final details of the restructuring plan are even confirmed. Subsequently fewer staff than expected by many of the Executive Departments are likely to exit through the scheme in 2015/16.

In addition we have concerns with the immediacy of staff departures currently being suggested. There is potential for priority public services to be impacted adversely and therefore we would urge the Executive to plan appropriately to ensure key grades and professions do not fall below their minimum staffing requirements.

Increasing dependency on borrowing

The Executive has a range of borrowing powers available to it, as was demonstrated with the £100m bailout in the third quarter of 2014/15.

The Reinvestment and Reform Initiative originally planned to provide the Executive with an additional borrowing facility of up to £200 million a year, however over recent years it has become increasingly common for this limit to be breached. In addition the Executive, even without the voluntary exit scheme, was coming precariously close to the borrowing limit of £3bn as set in Northern Ireland (Miscellaneous Provisions) Act 2006.

Although RRI borrowing should in theory be spent on capital infrastructure projects and programmes, it has also become increasingly common for the Executive to utilise these for non-capital projects.

Northern Ireland's RRI funding is now coming at an annual significant financial cost. The Draft 2015/16 Budget includes £63.4m of resource DEL for just RRI interest repayments.

In addition we note that much of the additional funding securing after the Stormont House Agreement is predicated on the sale of assets to repay the loans.

The Executive is becoming increasingly dependent on borrowing to balance shortfalls in its own spending plans and this will eventually lead to an unsustainable level of debt. Aside from the voluntary exit scheme, we believe borrowing - especially RRI borrowing - should now be curtailed.

Increasing costs of administration

Despite a four year budget period of savings and curtailed spending, it is disappointing that six separate Departments managed to increase their expenditure on administration. The worst example has been the Department of Social Development which has increased its spend on administration by over 40%.

Despite claims of the importance of prioritising frontline services, it is clear that administration costs have been an area which has been neglected by many of the Executive Departments.

We believe that this Budget presents an opportunity for each of the Departments to review their spend on administration and for each of them to state how they will continue to reduce its cost, as well as the Department of Finance and Personnel to more closely monitor this expenditure.

Monitoring rounds in 2015/16

Given the scale of the overall Northern Ireland over-commitment, it is highly likely that whatever little money is made available through monitoring rounds that it will be directed to addressing this.

Therefore every Department should adopt a position of not assuming income from bids that they may register during 2015/16.

Rationalisation of Arm's Length Bodies

The previous 2011-2015 Budget included an announcement of a review of arms'-length bodies. They were to be reviewed against criteria on the basis of information that Departments supplied.

Unfortunately, like so many of the commitments in that Budget, nothing came of this. We now ask that the 2015/16 Budget include a commitment from every Executive Department that it will begin to deliver savings in its arm's-length bodies through a rationalisation of their structures and functions.

Department of Agriculture and Rural Development

We note that the Department has claimed the Basic Payment System is its number one priority. We strongly believe that that should continue to be the case and therefore we trust that the current level of service provision of payments to farmers will be used as a minimum benchmark in 2015/16. We believe the Departments should ensure that spending reductions and savings have no effect on the payment timetables or schedules of the Basic Payment Scheme next year.

The Department hopes to achieve up to £5.6m of savings by reducing its number of staff by up to 300. Given over 50% of the DARD Budget is on staff we accept that a reduction in posts is required. We would have concerns, however, that unless the reduction in staffing levels is managed appropriately it may have an impact on essential business. Not only should support for the Basic Payment Scheme be protected, but the Department should also consider how it will retain the required level of experience and expertise in the Department after an exit scheme.

It was a matter of regret that the Department has been unable to provide information on projected staff reductions in AFBI and CAFRE. Given the importance of these bodies we trust the Department will determine and publish that information shortly and engage with all relevant stakeholders appropriately. In addition we believe AFBI must close the gap between research and commercial application of research and innovation to deliver maximum benefit for the institute and the local agri-food industry. In particular it must also learn from elsewhere to help drawdown the maximum amount of competitive funding.

Whilst the Ulster Unionist Party continue to support the relocation of the headquarters of the Forestry Service to Enniskillen, Fisheries Division to Downpatrick and the Rivers Agency to Cookstown, we still have major reservations in regards to the proposed relocation of the DARD HQ to Ballykelly. We note that value for money has never been demonstrated and subsequently repeated concerns of officials across several Departments, including DARD itself, have been ignored by the Minister. Given the significant costs associated with the move, not least since the Minister's hopes to save £26m by using existing buildings at Ballykelly was later dismissed as many had expected, we believe the project should be postponed and no further money spent on it until an independent investigation into the decision and the feasibility of it has been conducted. In the absence of demonstrating value for money, we believe the move at present is being advanced exclusively for party political advantage by Sinn Fein. That is a reprehensible misuse of public funds.

We continue to have major reservations about the new IT system for APHIS - the NI Food Animal Information System (NIFAIS). Whilst we note the proposed capital allocation of £1.7m in 2015/16, the reality is the estimated costs will climb sharply in years after. Given it is widely acknowledged that the years of 2016/17, 2017/18 and 2018/19 will be challenging in public expenditure we are concerned that DARD are dismissive of the major costs associated with this project. £2m has already been spent on the project and final projected costs have still to be confirmed (anywhere between £54-78m). We believe the Department must revisit the business case for the NIFAIS before the commencement of 2015/16 in order to determine whether any cost savings can be made.

We believe there is significant scope, not yet identified by the Department, to reduce the duplication of inspections in conjunction with DOE/NIEA. This is an area which should be further explored with particular objectives set for in 2015/16.

We welcome the additional allocations towards TB compensation and Going for Growth. Given the importance of adequate compensation, it has not been reasonable for some time to have relied entirely on securing funds from the increasingly demanding monitoring round process.

Department of Culture, Arts and Leisure

The level of detail included in the Department's budget paper was entirely unacceptable. By failing to provide even the most basic information DCAL have undermined their consultation process. Whether idleness or fear of scrutiny was to blame, either way it is unfitting of an Executive Department.

We welcome the commitment that no libraries will close given the important role which they play in communities.

The almost £1.4m reduction in the Arts Council NI budget will cause a great deal of difficulty for the arts sector which is an important economic and social driver as well as contributing to the health and well-being of the Province. The tourism benefit from events such as Culture Night and the various festivals supported by the Arts Council should not be under-estimated and given the relatively small amounts involved, we would wish to see scarce resources deployed where they can do the most good and ensure the optimum return.

The ongoing situation with regard to the project to redevelop Casement Park may provide the opportunity for significant funding to be redeployed. Over £60 million of capital funding was originally allocated for the project, but with the recent High Court ruling that the planned 38,000 stadium should not go ahead, it is logical to assume that even if a smaller stadium with a capacity of 28,000 or less is eventually built, a significant sum of money may become available for reallocation. We would ask for clarity as to how this decision will impact the Department's 2015/16 capital budget.

Department of Education

We note the funding which is delegated to schools- the Aggregated Schools Budget -is proposed to be reduced by £78.7m in 2015/16. That is slightly offset by an allocation of £10m for an inescapable pressure. We believe reducing the ASB by over £68m in a single year would be undeliverable without having a major and detrimental impact on the provision of education.

Departmental officials have confirmed that an estimated 2,500 teaching and support staff jobs in schools would have to be cut by April 2015. We are concerned that the Department and Minister are playing a political game of brinkmanship in frontloading cuts on schools as a ploy to obtain further funding from the Executive.

We note that within the Draft 2015/16 Budget, many of the cuts are being passed to the Aggregated Schools Budget. Only 59% of the Education Budget is allocated to schools. We believe greater savings should be made from the remaining 41%.

From consultation with local school Principals, it is clear that under the proposals in the consultation paper, teachers will have to be made redundant, class sizes will rise, staff expertise will be lost, standards will fall, staff absences will increase and there is the distinct possibility that some school leaders and governors may not be able to 'manage' such financial constraints.

One Principal of a school with 55 staff has told the Ulster Unionist Party that for him to meet budget targets by 2016/17 would require him to lose 15 teachers.

The suggestion that these cuts to teaching staff are implemented on 1st April 2015, 3 months before the end of the academic year is absurd and has caused anger and disbelief amongst the teaching fraternity. It once again demonstrates the challenges of budgeting for the academic year versus financial year.

Schools would find it all but impossible to meet the entitlement framework expectations and class sizes of 30 -35+ would be the norm. The statutory requirement on all post-primary schools regarding the Entitlement Framework will be no longer deliverable under the financial restrictions proposed.

We believe the priority of the Department should be to protect funding for the ASB. Additional funds have since become available to the Executive since the setting of the draft Budget.

We also believe that the Department should review its asset register in order to identify surplus properties and land, it currently has available that could be sold. Additional revenue generated could again be reclassified and directed to the ASB.

We believe the Minister has demonstrated, throughout the 2011-15 budgetary period, a lack of transparency with regards to budgetary matters. At various mini crisis points, he has 'found' extra money from 'contingency' funds. There has been no demonstration of financial prudence.

In July 2010, the Executive agreed that, as a result of the UK Government's decision to reduce the funding available to the block grant for 2010-11, the Education and Health Departments would be exempt from in-year adjustments to Departments' budgets. That was on the condition that:

"the Ministers for Health and Education agree to DFP, on behalf of the Executive, commissioning PEDU to undertake work into the scope for, and delivery of, significant cost reductions across the two sectors."

The respective Ministers of Education and Finance and Personnel formally established the review of the education sector in late 2010 under PEDU. It was agreed that the review would focus largely on the operational services provided by Education and Library boards, as maximising savings in those areas would leave more resources available for the classroom.

PEDU produced a two stage report. Stage 1 involved the identification of broad areas in the education sector where there may appear to be scope to make savings. Those included home-to-school transport, school meals, ELB administration, school cleaning, the Council for Catholic Maintained Schools' (CCMS) running costs, professional development, teachers' pay and pensions administration, and ELB procurement. Stage 2 of the PEDU work focused on the scope for securing cost reductions in home-to-school transport and the school catering service.

It was noted that savings would be used to ease pressures in the core areas of teaching and learning.

CCMS was meant to be culled with its responsibilities being absorbed into ESA. Not only is this not happening under the EA proposals but a new sectoral body for controlled schools has been promised during the debates around the Education Bill in October and November 2014. This will inevitably cost money, but no detail on its makeup or budget has emerged yet.

The PEDU recommendations have not been implemented - the excuse being that they were predicated on the establishment of ESA.

He has now received the Home to School Transport report which states that, "it is recommended that transport assistance be provided to the nearest school only.... the expected savings of £26 million per annum..."

This may be unpalatable, but not as unpalatable as mass teacher redundancies, significant increase in class size, and closure of smaller rural schools.

The Minister has not indicated where he intends implementing any of the recommendations, merely that it is going out to consultation in the New Year. Given the current budget crisis, such lack of urgency is unjustifiable.

It is a matter of regret that as recently as December 2014, the Minister approved the establishment of a new Irish Medium Secondary school near Dungiven, despite advice from his Department, the local Education Board, the Inspectorate and the Ministerial Advisory Body on Irish Medium Education that it was neither sustainable nor affordable. We recommend that, in light of no case yet being made and the pressure on other Departmental expenditure, this project do not proceed.

It has been estimated that approximately 11 double mobile classrooms will be required at a cost of approximately £600,000 (plus VAT) per year, with specialised accommodation increasing the cost. The school's estimated first year deficit is circa £100,000 and this will have to be carried forward to subsequent years. We believe the Minister by taking such one-sided and illogical decisions is undermining the little budgetary credibility he retains.

We note the significant allocation of additional funding from the UK Government following the Stormont House Agreement in respect to providing capital for new shared and integrated projects. We are concerned how this money will be spent in the specified time period considering the small numbers of successful applications for shared campuses to date. Nevertheless we would expect the Department to revise its spending plan to reflect this. In addition we believe this additional funding will now relieve pressure on the remainder of the school estate.

Department of Employment and Learning

It is concerning that with cuts being passed on to the higher and further education sectors, 1,000 university places and 16,000 FE places are earmarked to be lost. No fall-back situation has been identified and it is disappointing that the Department has no plan B for the up to 17,000 young people in Northern Ireland who will now fall into the NEET category due to his decision

In context of rebalancing the economy, targeting FDI and growing the private sector, slashing training and skills is counter intuitive and counterproductive. This creates a fundamental contradiction at the heart of the draft budget for 2015/16 and should add impetus to the need to create a single, joined up Department for the Economy.

The Executive must determine whether it still wishes to produce the highly skilled workforce Northern Ireland needs if it is to take advantage of foreign direct investment, and the anticipated expansion of the private sector.

We believe that our HE and FE institutions must explore every area of spend before they take the decision to reduce places. For instance the Ulster Unionist Party does still believe there is scope for greater savings in non-teaching and administration related costs in our two universities.

We note that the Stormont House Agreement may now be accompanied with a funding package for taking forward United Youth. We do not believe that this is a suitable alternative to properly funded and supported HE & FE places as the short term funding nature leaves it as a programme and its participants vulnerable to further changes in funding decisions.

Whilst appreciating EU rules regarding the single market, we still believe action needs to be taken regarding the cost of educating Republic of Ireland domiciled students particularly in Further Education. £7m is being used to train southern students- there are 3,200 at the North West Regional College in Londonderry alone. Efforts must be made to ensure that if students from Donegal are benefiting from gaining a 3rd level education in Northern Ireland, that the ROI Government makes a suitable financial contribution- if they are not providing reasonable alternatives in their jurisdiction.

In teacher training it is proposed to remove the small scale premia for St Mary's and Stranmillis, estimated to amount to £2m per annum. Given that the Independent Review of teacher training reported at the start of the summer, and given the proposed reduction of teachers in the Education budget, it is incumbent on the Minister to bring forward his own options immediately. The Ulster Unionist Party will not be obstructive to change and rationalisation of teacher training provision in Northern Ireland, as long as it is done on a fair and equitable basis. We note that mixed teacher training at PGCE level has been carried out at the University of Ulster for many years.

We are concerned that it looks as though the Minister has identified European Social Fund funding previously used by the voluntary and community sectors to fund Department commitments. By doing he is removing the opportunity for a large number of people who need additional support to access Learning and Training.

It has long been the policy of the Ulster Unionist Party that there should be one, joined up Department for the Economy. At the moment the Department for Employment and Learning is facing a reduction in funding, yet the Department for Enterprise, Trade and Investment is promised an uplift in its. We have a DETI agency, namely Invest NI, making grant commitments for job announcements, yet at the same time the local universities and colleges, funded by the Department for Employment and Learning, are facing quite sweeping cuts. This is an unsustainable situation.

Department of Enterprise, Trade and Investment

In the Department's spending plan we note the Programme for Government priority for growing the economy is restated; "The focus is on rebuilding the labour market in the wake of the economic downturn and rebalancing the economy to improve the wealth and living standards of everyone."

Invest NI accounts for 63% of the Department's 2015/16 resource budget. It is estimated that 93% of Invest NI's baseline for next year is already committed. We are aware that the current proposals would mean that Invest NI would be unable to support its current level of activity and would have to scale back its targets. This would result in fewer jobs being promoted, therefore fewer jobs actually created.

Given that Invest NI accounts for 63% of the Department's 2015/16 resource budget it is imperative that full value for money is demonstrated to the taxpayer, and job creation targets match the amount of public money being used to attract new industry. That is especially relevant as both the Department and InvestNI wrongly continue to focus upon jobs promoted as opposed to jobs created. They are emphatically not the same thing.

Northern Ireland has seen success in attracting and delivering world class events such as the Open, the Irish Open, the Giro d'Italia, Tall Ships, the Milk Cup and the Northwest 200. An unintended consequence of this was that it created extra pressure on the NI Tourist Board budget

It is matter of regret that the Tourist Board has been denied a sufficient budget to sponsor the Tourism Events National Sponsorship Scheme. Judging from the estimated return for investment in previous years, we consider this to be a short sighted and retrograde decision.

A total of 43 events were awarded £1,034,500 funding by the Northern Ireland Tourist Board (NITB) in the 2013/14 Tourism Events Funding Programme. 10 international events and 33 National Events were supported. NITB independently evaluated 8 of the funded events in 2013/14 resulting in a tourism return on NITB investment of £8.00 for every £1.00 invested.

NITB also supported and independently evaluated 5 events during the Londonderry UK City of Culture 2013 year with total funding of £750,000 generating tourism return on investment for NITB of £20.70 for every £1.00 invested.

Cutting areas which have proven to be successful economic drivers must be avoided and therefore we expect this will be considered during the redrafting the Department's Budget.

We are concerned at the proposal from the Health and Safety Executive for Northern Ireland to suspend all farm safety campaign activity. We believe that such a decision, coming after a period of many farm tragedies, would be entirely unacceptable. We believe that if this proposal is followed through by the HSENI in 2015/16, that the Department must intervene in order to ensure that the activity is funded and reinstated.

Department of Environment

We note that the Department has identified reducing its overall staffing level as a key source of generating savings. The proposed reduction of 500 staff represents just under one third of its entire workforce. Given the enthusiasm therefore to reduce the overall number of posts, as well as to permanently suppress vacancies and reduce overtime, it is therefore peculiar that the Department has budgeted an overall wage bill of £59.7m for its 1,560 employees for the entire financial year. We would have expected this wage bill to have been smaller if, as expected, a significant number of people are successful for the voluntary exit scheme. Even if staff do not begin to leave the Department until September/October 2015, there will still potentially be up to half a year's salary saved. We would ask for clarity in respect of this and why it has not been reflected in the spending plan.

Whilst shedding posts will deliver savings, the Department must ensure that it is not left in the position of having a knowledge or experience deficit in its senior or specialised grades. Many of the employees leaving the Department will be its most experienced so it must ensure that all services are able to continue to function satisfactorily.

We note the proposed reductions will have a major impact on the support provided to Local Government. The de-rating grant is to be reduced by £3.9m and the rate support grant by £2.8m. It is unfortunate however that at the time of producing its draft spending plan for 2015/16 that the Department had not yet had discussions with local councils to determine the impact of these reductions. It is therefore difficult to make an overall assessment with the. We trust the Department will have had these discussions and report back to relevant stakeholders in time before any final budget discussions take place. We trust that the Department will stress to each of the 11 local Council areas they should do all in their control to ensure that any reduction in support from central government is not made up by an increase in rates.

The Ulster Unionist Party is totally displeased that the Department has suggested no longer funding road safety promotion and associated education activities in schools. This is particularly frustrating as it came at the end of a year which had witnessed an upsurge in road fatalities, and a number of particularly tragic events. Whilst realistically we believe the Department has no real intention to discontinue funding these crucial programmes, it is unfortunate that it chose an issue as important as road safety to make a partisan point.

We note that the Department has been allocated a significant amount of capital funding, £50.5m, through Financial Transactions Capital. We have been informed that this will be directed to the Arc21 project, and in particular the building of an incinerator at Hightown Quarry near Mallusk. Given the project has not even yet been granted planning permission, the decision to allocate this funding is entirely presumptuous. The decision to allocate this funding is even more peculiar as we have since learned the Minister did not ask for it to be included. We would ask that this funding be removed from the budget until a final decision is taken as to whether the proposed private sector waste plant development will proceed.

Department of Finance and Personnel

It is disappointing that the Department and Minister ultimately responsible for taking forward the Northern Ireland 2015/16 Budget has failed to provide even the most basic level of information in its own Departmental spending plans.

Once again it suggests a Department ill-prepared for taking such budgetary decisions and having disregarded financial forewarnings 18 months earlier.

In the absence of any credible detail it is not possible to scrutinise its proposals, priorities, savings and their implications for frontline services. The fact that the Department has previously planned for budget reductions of 15% should have made it easier to provide full details.

We believe the failure of DFP to detail even approximately how it will make reductions of £17m, or 10% on its 2014/15 opening position, has invalidated the consultation process for its own Department.

We trust the Department will respond to these points accordingly and will produce without delay a revised consultation paper.

Department of Health, Social Services and Public Safety

No other public service has faced the financial turmoil in recent months as significantly as our National Health Service. Many of the effects of the financial crisis in the Department, such as major overspends and decisions to cut key services in order to provide short term savings but long-term costs, are inevitably going to carry through to 2015/16.

Whilst we welcome the additional net allocation of £150m in the draft 2015/16 Budget, in reality this is entirely offset by £220m of pressures being carried forward from 2014/15. It is a matter of huge regret that the continuing legacy of the 2011-2015 Budget, as well as a lack of financial foresight in the Department in the intervening 4 years, will have a debilitating impact on our health service not only for next year, but for many more after that. This frustration is further compounded when one considers this situation was entirely avoidable had political pride and obstinacy been set aside.

We note the Department has identified the provision of high-quality front line care and the implementation of Transforming Your Care as its top two strategic priorities. We broadly agree with this. Unfortunately however, as has widely been disclosed, the Transforming Your Care agenda has largely been deferred over recent times. We therefore would query how at a time of such pressures on spending the Department will advance many of the proposals of TYC which remain little further on than when there were first announced.

In addition - whilst the Department is absolutely correct to focus on high quality front line care – it is unacceptable that even after the production of the 2015/16 and the Department's accompanying spending plan, the Department still has no definition of 'front line services'. We urge the Department and the Health and Social Care Board to rectify this immediately.

We note the Department believes it has identified savings opportunities and cost reductions of £164m. Of this the vast majority, £113m, will come in the form of 'cash releasing efficiencies and productivity gains' in Trusts. From the outset the Ulster Unionist Party does not believe this £113m will be achieved in 2015/16.

Recent attempts by Trusts to generate savings, such as reducing beds and closing units, has been so entirely piecemeal that we do not believe they have a coherent approach which will be deliverable. The fact that a number of key decisions of Trusts have been overturned or abandoned, such as closing the MIU in Bangor, the admittance of patients to Dalriada and the reduction in domiciliary services in the Belfast, demonstrate that even the Trusts have little confidence in their own decisions.

We do support a number of the proposals suggested in the Department's plan such as reducing the length of stay when possible, rationalising the health estate and reducing the number of Did Not Attend and cancelled appointments. On the whole however such policies are unlikely to deliver the level of savings stated, especially against the backdrop of a 6 to 7% increase in demand on Trust services. The Ulster Unionist Party fears that the last two quarters of 2015/16 could once again be dominated with Trusts making swingeing cuts in order to free up emergency funds. Such a situation must be avoided.

In respect of this we welcome the requirements attached to the allocation of £200m. Although the establishment of an oversight mechanism is a highly unusual move, not least as it undermines the authority of the Minister in charge of a Department, we hope the decision will at least allow some mitigation measures to be adopted before it is too late.

We await the detailed savings proposals that have yet to be worked up by the Trusts. We expect the Department, after consulting stakeholders, will give each of the proposals the scrutiny and response required.

It is also disappointing that the Department and the Trusts are not yet in a position to list what services are to be stopped or reduced as they are deemed to be out of line with strategic priorities. Until such a list has been determined, it is difficult to truly assess whether the spending plans for 2015/16 are correct.

The Ulster Unionist Party are also keen to ensure that each of the Trusts have the resources to react to emergency situations, or a repeat of the immense pressures present in the A&Es and Ambulance Service in 2014.

We note that the Department hopes to make a further £31m of savings in the Department and ALBs. This is to be broadly welcomed; however there was an unsatisfactory level of detail included in the Departments paper on the budget. Whilst a level of management and administration will always be required in the health service, once again it appears that it has become a problem. Following the Review of Public Administration the number of health bodies was slashed and it was expected those created to replace them would remain streamlined. That has not been the case however.

For instance since 2011 the number of staff employed in the Business Services Organisation has increased to 1,209 from 860. Similarly the number of staff in the Health and Social Care Board and the Public Health Agency have increased from 365 to 525 and 215 to 306 respectively. Overall this represents an increase of over 43% in three years. That is unacceptable and we trust the review of administration structures recently by announced by the Minister will address this. We note that lack of inclusion in the DHSSPS budget of this review and what levels of savings it estimates it can deliver. We would ask the Department to address this.

We are not opposed to Arm's Length Bodies being asked to detail the impact of potential reductions to their budgets of 5%, 10% and 15%. We would urge the Department to assess such reductions against their impact on public safety. This would be particularly applicable for reductions being asked of the Northern Ireland Fire and Rescue Service. We would not support cuts to NIFRS which would present either a safety risk to members of the public or to our firefighters.

Department of Justice

We note and generally agree with the Minister's 'High Level Funding Priorities' which include protecting frontline policing as far as possible, ensuring the PSNI has adequate security funding, as well as protecting other frontline areas across the Department as far as possible.

It is disappointing however that the Department has not yet provided detailed information on its proposed allocation to each of its spending areas. By failing to do this the Department has made it impossible to assess whether in fact funding is being targeted towards these priorities. We Trust that when the Department does eventually disclose that basic level of information that it again will consult with key stakeholders.

Front-line services, especially those most visible such as frontline policing are incredibly important. The provision of adequate officers on the beat for instance not only addresses crime levels, but is also helps reduce the fear of crime. A reduction of frontline policing will have an immediate impact on those who feel most vulnerable in their own homes.

Despite claims of wishing to protect other front-line services, it is disappointing that the Department of Justice has overseen the withdrawal of key provisions such as the Railway Street, Arrest Referral and Harm Reduction Service in Ballymena. By cutting such key services we have little confidence that the Minister will be able to stick to his pledge of protecting frontline areas in 2015/16.

We are concerned with the comments from the Probation Board that preventing reoffending and reducing crime which may arise if the 12% reduction to its budget proceeds. We would ask the Department to investigate the possibility of such incidences happening.

The Community Safety Training College project at Desertcreat has been subject to an unacceptable amount of delay, to the extent that doubts remain over its viability. We note the allocation of £53.3m, although this depends on the drawdown of unspent funds with Her Majesty's Treasury.

The issue of the legal aid budget is a recurring problem. We note that even after reform Northern Ireland still spends far more than other regions. It is concerning that the Department has already stated that the legal aid budget in 2015/16 will not be sufficient, yet it offers little in the way of proposals to address that. Given the pressure on the overall Executive funding in 2015/16 it is unlikely that the shortfall could be met entirely through monitoring rounds.

We would support moves to increase asset recovery and for proceeds of crime seized from criminals to be made available to the justice system to assist the fight against crime.

We are also concerned at the cost of delays at various stages in the justice system, involving the Police, the PPS and the Courts. We are disappointed that the Department continues to specify what action is proposing to take to redress this situation.

We are also concerned at the disproportionate costs incurred in combatting what we are told is a relatively small number of so-called dissident republican terrorists.

Finally, we remain concerned that the continuing refusal of the SDLP and Sinn Fein to permit the full and effective operation of the National Crime Agency in Northern Ireland is hampering the fight against crime and denying the PSNI access to vital expertise, with an obvious cost implication.

Office of the First Minister and deputy First Minister

We have long held major concerns with the Social Investment Fund. Despite a budget of £80m to be spent over four years, to address the pressing needs of dereliction and deprivation, the programme has paid out only £34m to date. No objective observer can retain confidence in the scheme.

We believe existing commitments should be honoured, but all other money should be withdrawn and directed to other immediate pressures in key public services. We also note that inexplicably a further £14m resource and £15m capital has been allocated to the programme in 2015/16 – we firmly believe that should not be awarded.

We are extremely concerned at the difficulties being experienced by many voluntary and community groups from the victims and survivors sector, who have found their funding cut, or promised funding withdrawn. It is not acceptable that such groups conduct their application exercise, to be told they “tick all boxes” but that there is no available funding. The Victims and Survivors Services has had a poor start, not least to uncertainty regarding future funding.

Whilst we welcome the funding that has been made available to the Victims and Survivors Service, we note that their baseline requirement is £13.3m, which is more than £1.5m more than it had been allocated. We would urge the Department to inform the Service as quickly as possible of the level of savings it expects it to make, rather than continue to cause undue uncertainty.

We also note the ongoing impasse at the Maze site and the associated ‘health & safety and maintenance costs’. It is not acceptable that the site has not been opened for re-development. We remain committed to the Maze site as an opportunity for development ripe for employment and investment.

We note that inclusion in the Budget that T:BUC will continue to be predicated on in-year bids to the monitoring round process. Whilst this is unlikely to generate significant success, we do now welcome that significant funding is potentially available from the UK Government subject to all-Executive-Party agreement to the Stormont House Agreement.

In addition we note that Delivering Social Change (DSC) has been allocated £14m resource and £15m capital. We would ask for clarity on this funding after the additional funding secured following the Stormont House Agreement.

We welcome the proposed £5m allocation to provide a baseline for the HIA which is expected to be sufficient for the 2015-16 period.

Department of Regional Development

We note that the level of detail provided in the consultation papers far exceeds that of other Departments. We have concerns however that not all stakeholders, such as public transport users across the range of routes, will have had adequate opportunity to engage in the process as a result of the Executive's overall limited timeframe. We trust the Department will continue to engage with service users after the formal consultation period has ended.

The identified 15.1% baseline reduction has in no way been offset by the allocation of £17.3m given the projected additional cost of concessionary fares and impact of the PC15 determination on NIW, therefore the Ulster Unionist Party believes there remains fundamental problems with the stated baseline.

The removal of funding from the Executive to support a freeze on car parking charges, in addition to contradicting the broader priority of supporting the economic performance of our local towns, has placed an additional pressure of £7.6m in the DRD 2015/16 Budget. That does not appear to have been realised by the Department of Finance and Personnel.

We welcome the restoration of the £20m taken from the Budget in 2013/14 in regards to previous imprudent thoughts that income could easily be generated from the Belfast Harbour. We note however that an additional £20m for 2014/15 has not yet been returned and this is causing significant financial challenges in the current financial year. We trust the Department will continue to press DFP for the fair return of the money owed.

As part of an Executive-wide review of public assets, we would support a broader analysis of how the Belfast Harbour could be utilised in order to generate income for the Department.

We welcome the completion, ahead of schedule, of the major road schemes on the A8 and A2. We would ask the Department to clarify what savings have been utilised through the effective and prompt delivery of these projects.

We support the Department prioritising the A26 between Glarryford and the A44 Drones Road, and the A31 Magherafelt Bypass in its capital spending plans for 2015/16. Continued investment in our road infrastructure will come as welcome relief for a construction industry emerging from a major economic downturn.

In addition we welcome measures to encourage more sustainable transport including progressing Belfast Rapid Transit, the commencement of the Coleraine/Londonderry railway line enhancement services and supporting cycling through specific projects.

It is concerning however that the Department will remain reliant on the in-year monitoring process for the additional funding required for essential structural maintenance. In a year when little additional funding will be available in the monitoring rounds, we suggest the Department reiterates to the Department of Finance and Personnel the economic importance of investing in infrastructure.

We recognise the significant savings that have been realised by NIW through the price control process and the importance of the Executive enabling the Department to fund NIW to the PC15 level as the most optimal mechanism of delivering savings over the coming years. Further we are concerned about the level of additional rates burden being placed on NIW by the DFP led review of non-domestic rates.

It will be of concern to the growing numbers using public transport that service reductions could be a consequence of the budget being agreed in its current form. Whilst we believe that Translink has

the capacity to continue to deliver savings we do not believe that this should be to the extent where it has an adverse impact on service provision. It is therefore important that the Department continues to make the case for properly funded public transport infrastructure.

Most concerning of all is the possibility that the winter service be withdrawn. Such a prospect would present an unacceptable risk to public safety and therefore trust that the Department will seek additional funding to ensure that such crucial core services are protected.

Department of Social Development

On the whole we agree with the Minister's four priorities which he has used to guide where reductions can be made in order to protect key services as far as possible. We note the importance placed on the Social Fund and the Supporting People Programme and that the Minister hopes as far as possible to protect these. We believe the Minister must protect these without hesitation.

The Northern Ireland Housing Executive is facing a reduction of £24m. We are aware that it has previously requested funding for a voluntary exit scheme as part of its Journey to Excellence programme. We would ask for clarity whether this is now required, or if like other ALBs, the Housing Executive will be able to avail of the wider public sector VES currently being developed. We also believe the true impact of the removal of the £14m subsidy to landlord functions has yet to be assessed. We would urge the Department to consider how this will be addressed before any final decision is taken.

We note the possibility of a reduction of up to 650 posts in the Social Security Agency; however we are aware that up to 300 of these could be redeployed to taking forward welfare reform. Nevertheless it is clear that even a reduction of 350 would still have an impact in respect to benefit processing times. We are especially concerned that financial accuracy rates may also reduce and this could lead to increased rates of fraud and error and debt.

It is disappointing that the Department now seems to have accepted without any hesitation that there will now only be 1,500 new social housing starts in 2015/16, as opposed to the Programme for Government Target of 2,000. Considering we believe the target was inadequate to begin with, the Ulster Unionist Party is concerned that this demonstrates yet again that the Department of Social Development does not appreciate the pressures on social housing and the subsequent impact that is having on the number of applicants on the waiting list, and most importantly the numbers of those in housing stress. This complacency is nothing new however; as the Department disgracefully returned £8m in 2013 that it had failed to spend in the Social Housing Development Programme. We believe the Department must not fail to build the already weak target of 2,000 homes. Instead of bidding for extra resources we believe the Department should look to sell additional assets it has – especially the vast swathes of surplus land as currently owned by the NIHE – to generate the required funding.

We welcome the maintenance of the Affordable Warmth Scheme. It is frustrating however that after several years of stagnant and unacceptably high levels of fuel poverty, that only in 2014 has the Department realised the benefits of tackling the problem through an area based approach.

Northern Ireland Assembly

Whilst we agree with the importance of an Assembly suitably equipped to supervise the actions and decisions of the Executive, we believe it is inappropriate that the Northern Ireland Assembly has had its budget protected in the draft 2015/16 Budget.

It is important to remember that this protection also comes after reductions in its Budget in July 2014 were later waived and returned in October – a highly unusual decision considering the scale of pressures facing virtually every aspect of the public sector.

We note that the Assembly has conducted a Business Efficiency Programme; however we are concerned with the overall savings that the Assembly Commission has delivered in each year since 2011.

Another area of concern is, even after a slight reduction in staff posts, the overall wage bill for the Assembly secretariat is projected to increase by almost a further £500,000 in 2014/15 compared to 2013/14. At a time of major restrictions on public sector pay we do not believe it is either fair or appropriate for the overall wage bill to be increasing by such an extent.

We believe the Assembly's Budget for 2015/16, currently set at £40.7m, should be reduced by between 5-7.5%, thus generating between £2-£3m for other public services.

There are many arms' length bodies far smaller than the Assembly Commission being asked to deliver savings of up to 15%. We do not believe a reduction of between 5-7.5% to the Assembly is undeliverable.

Food Standards Agency

We note the proposal to reduce the resource funding of the Food Standards Agency from £8.5 to £7.4m. There is no question a body the size of the FSA will find it difficult to implement savings to that extent without witnessing a reduction in its service provision.

Whilst difficult lessons clearly needed to be learned following the horsemeat scandal; we hope that this reduction in funding will not offset improvements made.

In particular we would hope Northern Ireland's crucial food hygiene official controls, as required by EU legislation, will not be weakened. This appears difficult to avoid however as we are aware that these controls constitute over 60% of the entire FSA budget.

We would suggest that discussions are held with the FSA at the earliest opportunity in regards to identifying areas for making future savings, whilst ensuring existing food controls do not fall below existing standards.

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