



Northern Ireland
Assembly

Committee for Communities

OFFICIAL REPORT (Hansard)

Budget 2021-22:
Department for Communities

28 January 2021

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Ms Paula Bradley (Chairperson)
Ms Kellie Armstrong (Deputy Chairperson)
Mr Andy Allen
Mr Mark Durkan
Mr Alex Easton
Ms Sinéad Ennis
Mr Robin Newton

Witnesses:

Ms Cherrie Arnold	Department for Communities
Mr Gavin Patrick	Department for Communities

The Chairperson (Ms P Bradley): I welcome to the meeting Gavin Patrick and Cherrie Arnold. You are very welcome. Would it be better if we were to go straight to questions, or do you want to give us a one-minute brief, if you have anything that you want to say beforehand? I am very conscious of our time frame.

Ms Cherrie Arnold (Department for Communities): Thank you, Chair and Committee. I will set out the key points of the Budget, which was announced by the Finance Minister on 18 January. It is now subject to a Department-led period of public consultation, which runs until 25 February. It presents very challenging aspects for the Department in the 2021-22 financial year.

On the key impacts, our proposed budget is £824 million of resource. That is only £1 million additional on the 2020-21 opening position and is effectively £1.5 million less than in 2020-21 as no recurring funding has been provided for the independent advice work to support welfare reform change, which was previously carried out by the advice sector.

Our bid for £18 million for baseline funding for pay and inflationary pressures was not met. A further bid for £149 million of COVID funding was also not met. That will have significant impacts on welfare delivery. We had plans in place to recruit 900 additional staff to pay working-age benefits in the light of increased demands for social security. That work is being scaled back, and we will focus on filling only a very limited number of vacancies. To set that in the context of the current pandemic, the universal credit caseload increased by over 126% during the past 10 months and is expected to increase further as the furlough scheme ends. Also, as Deirdre mentioned in a previous briefing, we received no funding for our labour market interventions. There will also be significant impacts on the arts and sports sectors. Bids for those sectors were, again, not met. The same applies to councils and our Supporting People providers.

There will also be impacts on homeless people. Throughout the pandemic, we have been providing more emergency accommodation to reduce the numbers of people who are living on the streets. Again, our bid for homelessness was not met, and those urgent interventions will not be funded and will likely be reduced or stopped.

We also made bids totalling £139 million for New Decade, New Approach (NDNA). Only our bid for existing welfare mitigations was met, which means that bids totalling £96 million were not met. These include bids to deliver new welfare mitigations that were recommended by the Northern Ireland Human Rights Commission and bids to support amending the special rules for terminal illness and the removal of the welfare reform two-child policy. A number of other bids, including bids for strategies for the Irish language, Ulster Scots, disability, gender equality, sexual orientation and anti-poverty were also not met.

We bid for £8.4 million to mitigate the negative consequences on homeless and vulnerable households of the EU exit. That bid was also not met.

The Department bid for £3.4 million for housing transformation. That bid was also not met, and that will impact on our ability to bring about the Housing Executive's revitalisation programme.

To summarise, the Department bid for £318 million of resource for baseline requirements; COVID recovery; New Decade, New Approach; housing transformation; and Brexit. It received only £42.8 million for existing mitigations.

The Department bid for £329 million of capital and was allocated £224 million. Our application was a 10.7% increase on the capital funding provided for the current financial year. That allocation will allow the Department to meet its statutory obligations, such as providing housing disabled adaptations, renovation grants, discretionary support loans, funeral loans and meeting health and safety requirements.

The Department has secured £38.8 million of financial transactions capital. That will support the co-ownership housing scheme in 2021-22.

As part of the budget consultation, we carried out an equality impact assessment (EQIA), the draft of which has been published for public consultation. We did that because of the impacts that our budget will have on our section 75 categories. It will impact on people of different ages, particularly young people, given the fact that there will be limitations on the labour market interventions that we will be able to put in place. It will also impact on men and women. It is likely to impact on people with a disability, who will now be even further from the labour market. It will impact on people with dependants, as households who are on benefits such as universal credit are likely to experience delays in payments. The Department's public consultation runs concurrently with the Department of Finance-led public consultation on the Executive Budget until 21 February.

To summarise, the impact of the Executive's draft Budget on the Department is very challenging. We have a very strained financial position in the 2021-22 financial year. We are urgently considering options on how we live within the budget that has been allocated. Those options may include not filling vacancies and considering how efficiencies can be realised across the Department, our arm's-length bodies and our programmes of work. However, that will be very challenging given that over 92% of the Department's resource budget is required to meet protected, contractual, inescapable and statutory obligations. In developing options to live within the proposed 2021-22 budget allocation, consideration will be given to how any adverse impacts can be reduced. However, that will be extremely difficult given the scale of additional funding that the Department requires in the next financial year. Our Minister continues to lobby for additional funding to support the people who need it most, and engagement continues with the Department of Finance.

Gavin and I are happy to take any questions.

The Chairperson (Ms P Bradley): Thank you for that. I will ask two questions, and then I will go straight to members.

You listened to our previous brief about the Job Start scheme and funding for it. We had an issue at the beginning, albeit it was not funding from this Committee; it was funding from other Committees, although rolled throughout this Committee, which have not heard whether their funding will go on past 31 March. We know that a lot of this will involve Executive decisions. The Department for Communities has many wonderful projects in place. Are we seriously looking at many of them ending?

Ms Arnold: In the absence of the provision of funding, that is the situation that we are now in when it comes to labour market interventions. It will impact on our statutory obligation to support people, particularly young people who have been affected by COVID. You will have heard Deirdre mention that unemployment among young people is sitting at 11.7% in the age bracket up to 24. It is also likely to impact on disabled people, who are now further from the labour market. Deirdre mentioned the £24 million for the new programmes that we were due to launch. We also had a further bid in for £12 million for restart, in line with work that is being progressed by the Department for Work and Pensions (DWP) to support the long-term employed. Without that additional funding, we will be unable to progress those schemes.

It will also have negative impacts on the Department's annually managed expenditure (AME) spend. We will not be able to help people to move into work and reduce their dependence on benefit. That could lead to financial penalties from Treasury. It means that, without a response in Northern Ireland, we will be the only region in these islands that is unable to support people in the middle of the economic crisis that we are facing.

The Chairperson (Ms P Bradley): We know that the Department for Communities is supporting the most vulnerable and people who are in real need. Are other Departments having the same difficulties with funding as the Department for Communities is? Is it even across the board?

Mr Gavin Patrick (Department for Communities): All Departments' opening baselines were in line with their opening baselines for the current year — 2020-21 — so all Departments are, like us, facing very difficult decisions. I am not aware of any others that are in the position of publishing or going through an equality impact assessment exercise, so it appears that we are impacted further because of the three areas that are highlighted in that EQIA.

The Chairperson (Ms P Bradley): I want to ask about COVID resource spending and the significant amount of money that came from Her Majesty's Treasury at the end of last year. The Department of Finance is seeking flexibility in carrying that money over into the next financial period. If that is successful, are there plans in the Department for Communities for how that money could be used?

Mr Patrick: Yes, there are. We have bid, as part of the 2021-22 exercise, for a number of schemes, including labour market interventions and welfare staffing, and for other sectors that we support. Those bids have not been met at this point, but we are continuing to work with our DOF colleagues to press for that funding for the Department. We had £270 million in our budget this year for COVID, but, as it stands in the draft Budget, we are starting 2021-22 with zero for COVID-specific schemes.

The Chairperson (Ms P Bradley): Thank you for that, Gavin. I would love to ask you lots of supplementaries, but other members are waiting to ask questions. I ask members to have the same grace when asking questions.

Ms Ennis: Thanks to the officials. We are in a dire situation and have yet again been dealt a bad hand by the British Government in that the Department of Finance can provide only flat budgets to Departments, we still do not have multi-year Budgets, and we got the Budget late. We are now seeing the outworkings of all those issues in the briefing.

It is inconceivable that we did not receive any labour market interventions. The briefing mentioned staffing. We are already below the number of staff required to deal effectively with social security. When furlough ends, that number will rise, and that will have a massive impact.

Cherrie, you talked about the equality impact. That will be huge for vulnerable people, women and the elderly. I do not really have a question but I have a proposal. It is my understanding that the Communities Minister has written to the Department of Finance about the precarious budget situation that her Department is facing. I propose that, similarly, the Committee writes to the Department of Finance and supports the Minister in her calls for additional funding.

The Chairperson (Ms P Bradley): Sinéad, I absolutely agree with that. Is it OK if we move on?

Ms Ennis: Yes. Thanks, Chair.

The Chairperson (Ms P Bradley): Thank you, and thank you very much for being brief.

Ms Armstrong: Obviously, there is a lot of pressure. This is a horrendous budget. Having worked with Departments over 20 years, I sincerely hope that this is not an attempt to put pressure on everybody else to say that this Department is under more pressure than anyone else. I have had experience of other Departments playing that game, but, if this is the honest-to-goodness way that things are sitting, and there has not been a discussion with the rest of the Executive to share this out, it is very concerning.

If you are looking for suggestions for the current COVID funding, can we ask the Department to review the level of discretionary support, to take the brake off and to remove the barriers so that applicants can access that money now when a domestic crisis is happening?

I am extremely concerned about the unsuccessful bid for the special rules for terminal illness. There does not appear to be any money going forward, so people have been told that they are being fast-tracked onto benefits. Will you confirm whether that is the case?

This budget, horrendous as it stands, means that an awful lot of New Decade, New Approach projects that should be taken forward will, I assume, not happen — for instance, the review of arm's-length bodies. I have to ask this. When times are tight, we ask the community and voluntary sector to look internally to be as efficient as possible. What internal looks are happening in the Department to ensure that all arm's-length bodies and the Department are as efficient as possible with their own costs? I appreciate that there have been problems with the recruitment of people to help to handle all the benefit enquiries and that that will continue, but is every other part of the Department as efficient as it could be? Why should people on the front line — people who are already in poverty — have to bear the brunt of this, when the Department could be sitting quite comfortably?

Will you clarify the financial penalties that you talked about coming from the Treasury with regard to the AME spend and people with the unemployment schemes?

Ms Arnold: Kellie, I will take that one. Our Minister is absolutely committed to bringing forward proposals to change the six months' criterion for special rules for terminal illness. We bid for £2 million to change that six-month criterion to a 12-month criterion. As you know, our bid was not met. Our Minister continues to lobby for additional funding. In the absence of that funding being forthcoming, the Department is considering options for how it can meet that requirement. That is a recurring funding requirement for every year because it is a payment that we have to make. DWP was set to do that too, but its timetables have slipped as a result of COVID. I can give you an assurance that our Minister is still committed to bringing that forward.

You asked about arm's-length bodies and what we are doing to ensure efficiencies. Right across the Department, we are now carrying out an urgent exercise to look at what could be stopped, paused or done differently. That will be considered right across the Department, not only in the benefits areas of spending but in all areas, including our arm's-length bodies and our programmes. However, anything that we come up with will not be sufficient to meet our requirement. We need roughly £31 million. We bid for that to recruit an additional 900 staff to deliver universal credit. We do not have those staff in place. That bid went in at a point in time. We have a very robust resourcing system, and it is based on Treasury methodology and how we resource our front-line business, because it is measurable work. At the minute, we need about another 1,200 staff to administer our current universal credit caseloads. We are coping only because of easements put into the system by the Department of Work and Pensions. That includes things like the removal of face-to-face and identity verification. That is also allowing us to put out 96% of new claims for universal credit within a five-week period. Without the additional staff, and when DWP secures staff and resumes normal business — DWP is spending £1.4 billion on recruiting 27,000 additional staff — we will not keep pace. It could mean that our payment times for new claims slip to only 80% and 85% being done on time, and benefits could move to a six- or seven-week time frame for people receiving their first claims for universal credit. Given that unemployment is forecast to increase with furlough ending and further job losses are predicted, that will further impact on the Department's ability to deliver benefits and to maintain our statutory obligations.

Ms Armstrong: Thank you for that. We are already seeing 13-week delays in people being provided their personal independence payment (PIP) awards, so any further delays will just compound poverty across Northern Ireland. That is why I am keen that we are as lean and mean as we possibly can be in order to ensure that those who need to be on that front line are there. When such a horrendous year is ahead of us, I am very against handing back any money. The issue should be worked on now to ensure that we do not hand back money that could go to those people who are in poverty.

The Chairperson (Ms P Bradley): Thank you, Kellie. I have Mark, Andy and Alex, so there are still three members who want to ask questions. We have about 10 minutes, so, please, everybody, including Cherrie and Gavin, come directly to the point. Mark, go ahead.

Mr Durkan: Thanks, Chair. Hi, folks. Deirdre, who was in for the last evidence session, was the bearer of bad news. You guys are the bearer of a complete bombshell. I concur with Kellie's experience and analysis. It is not uncommon for Departments to put on the poor mouth at this stage and come forward with a worst-case scenario, but this is a bloody doomsday scenario. I hope that it is not a cynical negotiating tactic. Regardless of that, it is already causing distress to many. Many people have contacted me overnight from the advice sector with their concerns not only about their own employment but about the impact that this will have on their service users and the people whom they support. It really does not get any starker than this. I will quote from the briefing paper:

"we will be the only region on these islands that will not be adequately resourced to support people who face unemployment in the ... biggest economic crisis faced in our lifetime."

I am sure that members are shocked by the decision on the independent advice sector, and that really needs to be addressed. I am sure that everyone will support calls to do that.

Likewise, the recruitment plans were important not only to deal with the huge increase in claimants — the numbers have more than doubled — but to create jobs and help to reduce pressure on the benefits system. How many new staff have been recruited since we were informed of the plan to recruit 900? What is the latest with that? You said that it would be scaled back. How far will it be scaled back?

The Minister confirmed to me that the Department is looking at extending the contract with Capita to run PIP assessments for another two years beyond the original July end date. How much is that contract worth, and has money been allocated for that in the budget?

On New Decade, New Approach, particularly the bids for welfare mitigations, will you give us an update, and, more importantly, any information on any actions on new welfare mitigations for the year? The last update that we received was on the bids for the bedroom tax loophole and the benefit cap and the fact that the two-child policy had been halved because of the delay in introducing legislation. Are we now to understand that those mitigations will not be introduced at all, and does the £42 million that was set aside for the benefit cap and the bedroom tax include closing the current loopholes?

I know that only two thirds of the capital bid has been met. Is there a capital bid and cost for Casement Park, and has it been met? I know that there is a recurring cost there.

Ms Arnold: OK, Mark. I will take the first few questions, and I will then pass over to Gavin for the questions on capital.

An initial recruitment exercise was launched in October, which was aimed at bringing in an additional 900-plus staff. We were also planning to fill our existing vacancies. That exercise has allowed 155 staff to be brought into the Department. However, those staff are filling existing vacancies; they are not additional staff. As a result of not receiving any confirmation on the funding to ensure that we can pay staff salaries in the next financial year, that recruitment has now been paused. It means that there will be an impact on benefit delivery. It also means that we have to consider that it will have an impact on our staff. We already have staff in the Department who are dealing with significant increases in workloads, and this will put them under further pressure. We could see increased levels in staff stress and sickness.

You mentioned the extension of the Capita contract. That funding was available within the Department's existing budgetary baseline for the current financial year and will continue in the next financial year, when the costs will be similar.

You also mentioned, Mark —

Mr Durkan: Sorry, Cherrie, do you know whether the contract will continue, or will it be just the funding? Has it been decided whether the contract will be extended?

Ms Arnold: They will be looking at a contract extension.

Mr Durkan: OK. Thanks.

Ms Arnold: You mentioned new and existing mitigations. There was a commitment in the New Decade, New Approach agreement to an urgent review of our welfare mitigations. Our Minister is fully committed to taking forward that review. It will look at the need for further mitigations and will bring forward a costed future prioritisation package. We bid for the funding to deliver that in the 2021-22 financial year. That bid has not been met, but, when those costed proposals are available, they will need to go to the Executive for further funding.

The funding allocation with which we have been provided for existing mitigations has, obviously, been received in the current financial year. We bid for £42.8 million, and our allocation includes £23 million for social sector size criteria, £5.5 million for the benefit cap and about £10 million for disability benefits. It includes funding for closing the loopholes in the current legislation. I will now pass over to Gavin to talk about the Casement query.

Mr Patrick: I will first cover Mark's point to reassure the Committee that we are not rolling out the bleeding stumps. We carried out the EQIA, and the labour market interventions, staffing pressures and advice sector pressures, which Mark mentioned, are unfunded pressures. We are fully aware of the impact that those will have and that they are unfunded pressures. On the advice sector, we are looking internally and continuing discussions with DOF on how funding can be found to maintain that much-needed service.

As part of the information-gathering exercise in September that kicked off the whole Budget 2021-22 process, we identified a potential need of £20 million for Casement. That does not mean that, as part of the overall funding that we have now received, there is £20 million for Casement, because, as, I am sure, you are aware, work is still ongoing to take forward and obtain planning permission to get the work on the ground done. We identified £20 million at that point, and that will be reassessed. On the actual need, my colleagues are working with the GAA through their development of the draft full business case.

Mr Durkan: I have a final question on Casement. Given that funding was originally approved for Casement, Windsor and Ravenhill, or Kingspan as it is now known, prior to the awarding of planning permission for any of those projects, does the success of any bid now depend on planning permission having been granted?

Mr Patrick: There will be further discussions, and it has been highlighted that costs have increased in the time frame that has passed since the original moneys of £62 million were identified. A full business case now needs to be developed to identify the full need for that project, and further discussions will then be taken forward.

Mr Durkan: Thanks, Gavin and Cherrie.

The Chairperson (Ms P Bradley): Members, we have seven minutes left, and we still have to get through the rest of our Committee agenda, not that there is too much left. I propose that we ask Cherrie and Gavin to come back next week as our first witness session at 9.15 am. They will not have to hang around as they have been hanging on the phone today before they even got to us. We will take them first, and the first members to ask questions will be Andy and Alex. Are you in agreement to do that next week?

Mr Allen: May I ask one question now?

The Chairperson (Ms P Bradley): Very quickly, Andy.

Mr Allen: Gavin, on the Casement budget exercise, what is the total amount of capital that the Department envisages for Casement over that period?

Mr Patrick: In 2021-22?

Mr Allen: Right across the three- or four-year period. What is the total amount that the Department envisages for Casement in addition to the £62 million?

Mr Patrick: That is being worked through in a full business case. The total amount has still to be clarified, and that work is ongoing.

Mr Allen: I appreciate that, but the Department ran a budget exercise. In that exercise, what has the Department forecast for Casement?

Mr Patrick: Let me pull that up. I stress again that that was a forecast at the time as part of the budget development. Over the four years, there was £102 million.

Mr Allen: That £102 million represents an additional £40 million on top of the £62 million that was previously allocated under the regional stadia programme. Chair, you are possibly giving me the evils — I cannot see you — but £40 million is additional, and then £15 million is coming from the GAA. As part of the regional stadia programme, the public purse could, on the Department's forecast, be expected to fork out £102 million. I appreciate that that is subject to the full business case, but the Department has forecast an expenditure from the public purse of £102 million over four years.

Mr Patrick: That estimate was made as part of an information-gathering exercise. I stress again that the full business case needs to be developed to work out the actual forecasted cost. That was what we highlighted back in August/September.

Mr Allen: In August/September, the Department was working on details. You did not just pluck that figure out of the sky. You were working on parameters, details, information, data or whatever you were using to come up with that figure. That figure was not just conjured up.

Mr Patrick: No, it was not. It was an estimate based on the information held at that point. The full business case still needs to be developed.

Mr Allen: There is an expectation that Casement could end up costing the public purse £102 million, subject to approval.

Mr Patrick: That was the estimate in September. Again, we need the full business case to develop that. The figure could come down.

Mr Allen: Chair, I am keen to pick up on other points next week. As Mark pointed out, we could use all sorts of words to describe the budget, such as "bombshell" or "stark". I have concerns especially around universal credit, terminal illness etc. I will leave it there, Chair. Thanks for indulging me.

The Chairperson (Ms P Bradley): You are welcome, Andy, and I ask the same of Alex. At this stage, you have no choice, because I have four minutes to complete the meeting.

Thank you very much, Cherrie and Gavin. We will have you back next week. We promise that we will take you first so that you will not be hanging around waiting for hours. Members can then continue to discuss this really important issue. We should have given more time to it today but, sadly, we did not have that time. Thank you.

Mr Patrick: Thank you.

Ms Arnold: Thank you very much.

The Chairperson (Ms P Bradley): Thank you, also, to Andy and Alex for understanding that we need to move on.