



Northern Ireland  
Assembly

Committee for Communities

# OFFICIAL REPORT (Hansard)

Budget 2021-22:  
Department for Communities

4 February 2021



Will there be any cuts in capital funding that is meant to take forward new social housing? Where is that at the minute?

**Mr Patrick:** Again, the social housing budget is a priority for the Minister. The target is to increase the number of units built next year. Rather than a cut, the Department is seeking to increase the numbers of units that are built or taken forward in 2021-22.

**Mr Easton:** OK. That is positive as well. I think that you touched on cutting funding for Invest NI last week.

**Mr Patrick:** Sorry. Was the question about Invest NI?

**Mr Easton:** Yes. Cutting funding for Invest NI. No?

**Mr Patrick:** That is the Department for the Economy. We do not fund Invest NI.

**Mr Easton:** Right. You do not at all. Right. OK

**Mr Patrick:** Not directly. There may be some funding streams that follow through from some non-departmental public bodies (NDPBs), but we are not the main funder of Invest NI.

**Mr Easton:** You are not the main one. OK. What meetings has the Minister had with the Finance Minister to address the forecast shortfall?

**Mr Patrick:** There have been a number of interactions, right from the start of the Budget information-gathering exercise in September. There have been bilateral meetings during the autumn and since Christmas. There have been at least two Budget bilateral meetings at which the Department's position has been outlined to the Finance Minister, especially the points raised in the equality impact assessment (EQIA) and the potential impact that it set out for welfare staffing, labour market interventions and advice sector funding.

**Mr Easton:** OK. Have there been any indications from the Finance Department that extra money will be found?

**Mr Patrick:** As I said, it is a draft Budget and is out for consultation. All input is being received by the Department of Finance, and the Executive will make further decisions once the consultation period closes.

**Mr Easton:** OK. That is it from me for the moment. Thank you.

**The Chairperson (Ms P Bradley):** OK. I want to ask a supplementary question on Alex's question about the budget for housing. Does that include the Supporting People programme budget, or is that a separate budget?

**Mr Patrick:** That is a separate budget. Social housing comes from the capital budget, and funding for the Supporting People programme comes from the resource budget.

**The Chairperson (Ms P Bradley):** OK. Where are we with the budget for Supporting People? Has that been increased?

**Mr Patrick:** Again, Supporting People has been a protected area over the past few years, and the Minister is holding the same position on that. Although no final decisions have been made, it has been protected.

**The Chairperson (Ms P Bradley):** It may be protected, but it has not received any real-terms increase in I do not know how many years. "Protected" is not good enough when we know of the service that that programme provides.

**Mr Patrick:** We made further bids for that programme in this exercise, but they were not met in the draft Budget.

**The Chairperson (Ms P Bradley):** OK. I know that the Minister would be very aware and supportive of the Supporting People programme. I imagine that she will continue to ask for further bids to meet increases in the budget for that programme and that she would have had conversations about that.

**Mr Patrick:** There were bilateral meetings with the Finance Minister, and all our bids were discussed. Obviously, there is a prioritisation, and we look at the EQIA. The immediate needs were highlighted, but all bids have been and are being put forward by the Minister and pushed, highlighting the issues in the different sectors.

**Mr Allen:** Thanks, Gavin. In response to a universal credit question raised by Committee colleagues last week, you mentioned a requirement of 900 to 1,200 members of staff. What sort of figure is on that? That would cause great concern, given that universal credit is the main social security benefit, replacing all the legacy benefits. It is a major concern if we see any increase in the waiting time for people to be paid. I have huge difficulty with even the five-week wait. In response to questions that I asked, the Department said that it was processing claims much faster, but this causes me real concern, as do other areas.

**Ms Cherrie Arnold (Department for Communities):** Good morning, Andy. In terms of universal credit, we submitted a bid of £31.7 million for 900 staff. At this time, we would need around 1,200 staff to deliver our current universal credit caseload. At this time, it would be a challenge for the Department to bring in 900 staff, to recruit, train and accommodate them and equip them with IT, especially as we have ongoing social-distancing measures in place. We submitted a bid to the Department of Finance for 900 staff as part of the Budget exercise. As you are aware, that bid has not been met. We caveated the bid with the fact that we would go back in-year if we required additional staffing and that we would seek to deliver efficiencies in the service.

You are correct: it will be really challenging for us. It is really disappointing that our bid has not been met. As Gavin said, the Minister continues to engage with the Finance Minister, and we continue to engage with Department of Finance colleagues. This is subject, at the minute, to public consultation, so we will see the outcomes of that, but we would be hopeful that we will get an allocation and will not see an impact on our benefits-delivery side of the business.

**Mr Allen:** Absolutely. Should there be no allocation for additional staff, what contingencies are there? What is the Department exploring in that respect?

**Ms Arnold:** We are looking at vacancies across the Department and how we could deliver efficiencies across our programmes, the Department and our arm's-length bodies. However, anything that we deliver will not be sufficient to meet the requirement. That will mean, in the absence of funding, that our payment time frames could be impacted.

Last week, I said that that five-week period could slip to six or seven weeks. We are currently delivering about 96% of payments on time within that five-week window. We could see that slip to 85% or 80%. We will have to continue delivering a contingency service, but there will be significant impacts in the absence of funding.

**Mr Allen:** Have any scenarios been run in relation to the number of staff? You say 900: if funding were to be found for 400 staff, have you estimated the potential impact?

**Ms Arnold:** We looked at what we could do, but, largely, it would still be delivering a contingency service. As I mentioned, we need about 1,200 staff. As we see furlough end, we are likely to see further job losses and further increases in our caseload. In a period of 10 months, we saw our universal credit caseload increase by 126%, so there are significant concerns about our ability to manage and deliver the service without additional funding.

**Mr Allen:** Colleagues have commented on the independent advice sector, and the Minister has made positive comments about it. It is an area that is valued across the board and is much needed. Where are we with that? Is there any further movement on that £1.5 million or £1.8 million?

**Ms Arnold:** Our Minister is committed to supporting the independent advice sector, and the Department is looking at options to meet that funding requirement next year.

**Mr Allen:** Are you able to elaborate on the advice that you are giving to Finance?

**Ms Arnold:** It is not advice to the Department of Finance; it is advice to our Minister about what we can do. We do not have that allocation carved out yet. It is still under development, but our Minister is fully committed to supporting the advice sector. She continues to lobby the Finance Minister for additional funding for next year.

**The Chairperson (Ms P Bradley):** Andy, if you do not mind, while we are on that subject, can I ask a supplementary question on that?

**Mr Allen:** Yes.

**The Chairperson (Ms P Bradley):** You talked about finding the money in your Department. That would be at the risk of other funding commitments in the voluntary and community sector. I certainly do not think that Advice NI would be happy about that. Extra funding for the advice sector needs to come from the Finance Minister and the Executive because they know already that many projects will suffer. One of the first questions I asked you last week was about all the other groups that are funded. I do not see where the Minister can find the money in her Department. It will have to come from beyond it. I just wanted to make that point. Sorry, Andy.

**Mr Allen:** I have lost my train of thought now.

**The Chairperson (Ms P Bradley):** I apologise.

**Mr Allen:** It is OK. Can we talk about resource bids for the regional and subregional stadia? Where does that leave those two programmes and the £0.7 million that is unallocated? Can they be progressed without that resource?

**Mr Patrick:** I will pick up on that. Those are policy priorities for the Minister and the Executive under 'New Decade, New Approach' (NDNA). Just as in the discussion that has just taken place on the advice sector, we are looking at options within the Department for taking those areas forward. As it is, the Budget is still draft, so we are pursuing funding for those programmes centrally from the Department of Finance.

**Mr Allen:** OK. If that is not met by the Department of Finance and cannot be met from within your Department because of the huge pressures across the board — I am sure that people will point to various areas that they have concerns with — where does that leave those programmes?

**Mr Patrick:** Obviously, as with the overall Budget, we will have to put proposals to the Minister for prioritisation of our budget. Those programmes, as I have said, are a priority for the Minister and the Executive as a whole. That will be reflected in the prioritisation of our proposals to the Minister.

**Mr Allen:** OK. This is not in the draft Budget, but there is some speculation around giving an uplift to Casement, given the increases in costs and so on. Has any consideration been given to subregional stadia? Where are we with that? Obviously, if that picture of increasing costs is true for Casement, I imagine, it is the same for subregional stadia. Will we suddenly be blindsided with a huge increase for those?

**Mr Patrick:** I am aware that work is ongoing with subregional stadia, and there is consultation ongoing. The work aims to ensure that the programme reflects the needs of local football. Once that full analysis is done, detailed proposals will be brought to the Minister. If there are any changes in funding requirements, they will be brought to the Executive. Research and consultation are being carried out, but there is no clear indication of funding requirements at this point.

**Mr Allen:** I have two final questions. All the mitigations are important, and, obviously, we want to see as many of them taken forward as possible. Just for now, there is £2 million set aside in relation to the special rule for terminal illness. Since we last spoke, have there been any developments? Is the Minister looking to find that in her current budget? I have seen some mention of alternative contingencies. Is there anything else on the table in respect of progressing the cross-party support for movement in this area?

**Ms Arnold:** Yes. The £2 million requirement was a bid for six months. It will take time next year to put the legislation in place, but the full-year requirement is £4 million in future years. As I mentioned last

week, the Minister is fully committed to bringing forward proposals to change the six-month criterion to 12 months. Our bid was not met in the draft Budget allocation. The Minister continues to lobby the Finance Minister for the additional support required. In the absence of any Executive funding, the Department is considering how we can ease that pressure. That will be extremely challenging, given our overall budget position for next year. We are hopeful of a further allocation in the final Budget. That is forming part of the bilateral discussions with the Finance Minister.

**Mr Allen:** OK. Where are we with the Department for Work and Pensions (DWP)? Has there been any further engagement with it in respect of a UK-wide policy on the issue?

**Ms Arnold:** There is regular engagement with DWP on the issue. As I understand it, DWP's time frame has slipped, but it still hopes to make progress. Nevertheless, our Minister was keen to progress the issue ahead of DWP.

**Mr Allen:** OK, so DWP is keen to progress it. Are there any timelines for that?

**Ms Arnold:** No. We have no visibility of time frames.

**Mr Allen:** OK. We could probably go on all day, but I will let colleagues come in. I will finish on one final point, which is housing transformation. Carál Ní Chuilín, the Minister's predecessor, made a flagship announcement about the Housing Executive. If the allocation of £3.1 million in resource is not met, where does that leave that programme? In your briefing note, you say that any delays would put it under significant pressure. How much of that programme could be taken forward in the absence of the £3.1 million allocation?

**Mr Patrick:** I will take that one. The answer is similar to previous ones: we need to look across our budget and prioritise accordingly. Clearly, there has been a ministerial announcement about that programme and it is a priority, but it will need to be set against the competing priorities in the Department, and that work is ongoing. Again, it is a draft Budget, and we are still pursuing additional funding from DOF and the Executive as part of the final Budget outcome.

**Mr Allen:** On a number of occasions you mentioned looking at considerations around meeting costs from within DFC's budget. Can you lay out the total amount of unallocated resource that was bid for but not allocated? What are we looking at?

**Ms Arnold:** Our resource bids for the 2021-22 financial year total £318 million, of which only £42.8 million was met for existing mitigations.

**Mr Allen:** I am sorry; I did not catch that. How much was unmet in total across the resource budget?

**Ms Arnold:** Around £280 million.

**Mr Allen:** OK. There are significant pressures. I will leave it there, Chairperson.

**The Chairperson (Ms P Bradley):** OK, thanks, Andy. I remind members that the Minister will be here next week at 9:00 am to discuss the subregional stadia programme.

**Ms Ennis:** I note that there will be a briefing on the regional and subregional stadia programmes next week. I do not think that it is appropriate for us to speculate about a project that has no final business case. Linking it to other projects is not the way to go.

I will not rehash my comments from last week about why we are in this situation and the problems with the Budget, but I want to put on record my recognition of the Minister's efforts around the advice sector, which have been entirely welcome. As you mentioned, Chair, the mechanics of that will have to be worked out, but I am sure that we will hear more about that in the next few weeks.

I just want to reiterate the proposal that I made at the end of our Budget briefing last week. I know that other members want to comment, but I want to remind you of that and say that that proposal still stands. Perhaps we could action that when everyone has had a chance to make their comments?

**The Chairperson (Ms P Bradley):** Do you want to remind us, Sinéad, what the proposal was?

**Ms Ennis:** The Communities Minister has written to the Finance Minister about the precarious position that we are in with the Budget, which we have spoken about numerous times, including last week and this week. My proposal is that the Committee support her in that and write to the Department of Finance, echoing and supporting her calls for additional funding in the draft Budget.

**The Chairperson (Ms P Bradley):** Absolutely. I am in 100% agreement with that. I am sure that all members are. If any members are not in agreement, they can certainly let us know. Thank you, Sinéad. Have you any further questions or did you just want to put that point?

**Ms Ennis:** I just wanted that noted for the Clerk. Thanks, Chair.

**Mr Newton:** I welcome the witnesses to the Committee this morning. Thank you. I have two simple questions. Andy asked one of my questions around the Northern Ireland Housing Executive (NIHE), so I will not go there.

In Housing for All, Fresh Start shared social housing has a budget that dips in 2022-23 and then increases and then increases more significantly. Sorry, the budget dips and increases but Housing for All remains static across the Budget period. Why is that?

**Mr Patrick:** Fresh Start-specific funding is coming in from the Executive, so, if we get that specific funding, it is allocated. With the bad connection, I did not quite catch which years you were referring to but —.

**Mr Newton:** Sorry, under the budget line "Housing - New Build", the 2021-22 figure dips in 2022-23, then increases [*Inaudible*] and then increases —

**Mr Patrick:** OK, sorry —.

**Mr Newton:** — but the Fresh Start budget remains static.

**Mr Patrick:** There are two elements. The Fresh Start funding is specific funding that comes in from the Executive, and then we have the proposed capital bids that we put in. The reason for the fluctuation in the budget is the profiling of the builds and the timing of those going through. Even though the budget is fluctuating, the target for the building of units is planned to increase over those years. It is really an issue of timing of spend, but it does not impact on the number of units being built; in fact, we are looking to increase the number of units each year.

**Mr Newton:** The units will still be built right up to 2024-25 by housing associations?

**Mr Patrick:** That is the Co-ownership funding. Part of that £163 million new build line is the social housing development programme, so it is within that funding stream. The target is still to go from building 1,850 units this year to 1,900 next year and then increasing each year after that, moving forward. Obviously, those are our bids for funding, assuming that they are met in future years. At this point, we only have the draft Budget for 2021-22 year.

**Mr Newton:** Given the housing need, it is not overambitious.

**Mr Patrick:** The Department is pushing on this to increase the number of units each year. There is a push to increase. It is not remaining static, albeit —.

**Mr Newton:** I accept that; I am just saying that it is not overambitious, given the increase in housing need.

**Mr Patrick:** As I said, we are working with the Housing Executive and the housing associations to carry out the new builds to push as far as possible to meet that need. It is recognised that there is significant need, hence the capital funding being prioritised to that area.

**Mr Newton:** Thank you. In the area of housing, which appears under other programmes, there are the areas of affordable warmth and boiler replacement. One of the big complaints that I get is that the homes that have been built by the Housing Executive are now in a situation where heat retention and energy conservation is a serious problem. As I understand it, there is no standard set for public-sector

homes to meet on energy conservation. Should we not set a budget line, along with affordable warmth and a boiler replacement scheme, for energy conservation issues?

**Mr Patrick:** I am afraid that I will have to refer that to my policy colleagues to explain how that is dealt with in their schemes and the regulations that are held to. I do not have the answer with me at this point, but we can come back to you on that.

**Mr Newton:** I would be grateful of that. Basically, every week, people are looking for replacement doors or windows and complaining about energy conservation. They are spending money on energy from their budgets, particularly those on lower incomes. I would have thought that, as we look to the future of homes, we should address the issue of energy conservation. It is a green issue, an environmental issue and an economic issue.

**The Chairperson (Ms P Bradley):** I am happy that we ask that as a Committee. Gavin, I would be grateful if you could pass that information on to us.

**Mr Patrick:** I will do.

**Mr Newton:** Thank you, Gavin, That is much appreciated.

**Ms Armstrong:** Thank you very much, Gavin and Cherrie. I asked you questions last week. This week, I just want to tighten down a few bits and pieces.

Obviously, there is a substantial and ambitious housing target, and we all support the Minister with that, absolutely. I have a little concern, and, Chair, it might be for the Committee to write on this one. I have been asking questions of the Department for Infrastructure because housing targets will be massively affected by the ability of Northern Ireland Water to improve waste water treatment works to enable those housing targets to be met. There does not appear to be any caveat in the current draft budget if those housing targets cannot be met because of other outside forces, like, for instance, what is under the ground and the sewerage systems not having capacity or being in place to allow that development to happen. Is there any sort of build in to your financial thinking on that that is not in these documents?

**Mr Patrick:** I know that those considerations are made when we are looking at the targets, and, obviously, we work with colleagues in DFI on those. They are a risk. There are risks around all the targets. They are taken account of. As I mentioned, it is a priority to roll out the social housing. There is a risk around, I suppose, any capital build and potential delays, but we are pushing ahead where we can on increasing our targets.

**Ms Armstrong:** I am a bit worried, because I have been asking questions about the Department for Infrastructure marrying up where there are gaps in waste water treatment to where there is housing need. I have been talking to that Department about that. I am concerned that a lot of money may go back.

The other housing issue that I wanted clarification on is the homelessness money. That is set out early in the figures that you have provided at number 3 in your table. There does not seem to be any housing allocation money for the coming financial year, but there is in future years. It says homelessness housing first: is that because there is COVID money that is separate to that? Why is there no allocation for this coming year?

**Mr Patrick:** I would need to check that one. I see in the profile that there is a forecast for 2022-23 and 2023-24, so I assume that it is a specific need in that, but I would need to double-check. Our focus at the moment is on 2021-22. As I said, while we provided that information for 2022-23 onwards, we have only a one-year capital budget, albeit that, in capital, it is wise to profile ahead as far as possible. That is a long-term issue.

**Ms Armstrong:** I appreciate that absolutely.

I have a couple more questions. You have kindly admitted this, and we all recognise the pressures that the Department will be under with the universal credit payment. You have highlighted that there could be delays in getting that money out to people if the recruitment of staff does not happen. We absolutely appreciate that that could be out of your hands. The discretionary support budget is flatlined

across the projected years. As we have seen this year, discretionary budget will be handed back. It is just flatlined. We expect an increase in the number of people seeking universal credit. I know from my constituency that we would prefer that people had discretionary support rather than having to go for the advance loans. Are there any bids to uplift that figure for the first couple of years or for the first year, anyway, of our draft budget?

**Ms Arnold:** You will see the figure for the loans in the capital table. Obviously, loans are offset with recovery, so our overall capital budget for that is £2.7 million each year. We sustain that loan scheme with recoveries of loans, but, in addition, we have our own resource budget for discretionary support. We have £13.72 million for that, and that will sustain that scheme in the next financial year.

**Ms Armstrong:** If it is flatlined, should it not be uplifted knowing what we know or are expecting for this year coming?

**Ms Arnold:** We have not upped that flatlined budget at the minute — that £13.72 million that is available for the grants — because, in previous years, that was underspent. Our prediction at the minute is that the £13.72 million will be fully spent next year, and we will take into consideration in-year whether we can top it up internally or will bid in the in-year monitoring round. However, for the Budget exercise, a decision was taken to hold it flat.

**Ms Armstrong:** OK. We have not yet seen the Minister's plans for welfare mitigations. The Committee has been concerned at the underspend on the discretionary support that is provided. Are the advance loans paid directly by DWP, or does that come from Northern Ireland's block grant? Is it the same with the contingency fund? Do we have that separately in Northern Ireland? I wonder where the money comes from for that. We would love the loans to be looked at, because we have heard from stakeholders that they cause difficulties for people and put them in debt. A discretionary provision — a grant — would be much preferable. Are the loans from DWP, and is the contingency or discretionary support from us?

**Ms Arnold:** Advances are on your AME spend, so that is Treasury spend, and the contingency fund is from the Northern Ireland block grant. We have a budget for that.

**Ms Armstrong:** OK. Thank you very much. I asked a lot of questions the last time as well. This is not an easy time, and it is not an easy budget. Here is hoping that the negotiations go well for the Minister and we get a lot more money. I absolutely support what Sinéad said: we should write to the Finance Minister to ask him to support our Minister in those endeavours.

**Ms Arnold:** Thank you.

**The Chairperson (Ms P Bradley):** Our computer screen has gone a bit silly, so I do not know whether Karen or Mark wants to come in. Somebody is coming down to fix that. Mark, do you have any questions?

**Mr Durkan:** Thanks, Gavin and Cherrie. I asked quite a few questions last week, but I thank the guys for coming back to answer more questions this week.

I have been going through the papers while you have been chatting and answering other members' questions. My question is on the capital bids and is to do with city deals. I do not know whether you guys will have the detail on this. I was wondering about the detail of the money for those bids. There is £8 million proposed for the Belfast region city deal next year and £500,000 for the Derry and Strabane city deal. Are those amounts attached to specific projects? Do they make up a percentage of the whole package? How is that done?

**Mr Patrick:** Those were estimates for the city deals that were provided during the information-gathering exercise last September. Obviously, there is quite a difference in the amounts, but the Belfast region city deal is much further on than the Derry and Strabane one. My understanding, as we look to profile our draft allocation against those bids, is that the need in 2021-22 will be much less than what we originally indicated, as the business cases for the city deals have not quite progressed at the speed that we hoped for in September. Those were high-level estimates at that point. We will develop those further as the year progresses.

**Mr Durkan:** You said that you anticipated that those would come down during the year. Do you see money becoming available anywhere else under other headlines? What scope is there to re-profile capital?

**Mr Patrick:** As I said, we provide those estimates at the time. The bid was £329 million, and our draft allocation is £224 million. We are now working through a prioritisation exercise. We are relooking at all the figure work to ensure that we update the estimates that were made and seeking to prioritise those to allow the Minister to make a decision on the capital spend next year. At this point, we are looking at all the lines. That said, we have already discussed the social housing development programme, which is a priority for the Minister. It remains the same; it is a large bulk of the funding and goes out through housing.

**Mr Durkan:** OK. Thanks, Gavin.

**The Chairperson (Ms P Bradley):** Karen, I am not bouncing you — you are new to the Committee this week — but our computer system was down. Do you have anything that you want to add, or are you happy enough that we move on?

**Ms Mullan:** I want to come in, Chair, thank you. That discussion further highlights the pressures that we have here in relation to yearly budgets without the ability to carry over.

I want to follow on from Kellie's comments about NI Water and waste water treatment plants. One of the areas in my city where the majority of the social housing is being built depends on there being a new pump station. Regardless of the housing funding that is allocated and the demands that need to be met, we need to see close working with the Department for Infrastructure. We cannot allow that to be stopped. Kellie's point was well made. I know that those discussions are ongoing. We need so much social housing, but we are working within a tight budget, particularly in areas such as my constituency, so I do not want to see any money being handed back or development being stopped.

Thank you, Gavin and Cherrie, for the update.

**The Chairperson (Ms P Bradley):** Is there any comment on that from Gavin or Cherrie?

**Mr Patrick:** I will feed that back to the team. That is a risk that is considered in all developments and planning, but I will feed that back to the housing team to make sure that it takes that into account.

**The Chairperson (Ms P Bradley):** Do any other members want to ask anything before we end the briefing session? No? That is OK.

I thank both of you for coming back again this week; I really appreciate it. Thank you for taking all our questions and advising us that you will go back to the various units in the Department to get us some more information. Thank you very much for that.

**Ms Arnold:** Thank you, Chair.

**Mr Patrick:** Thank you.