



Northern Ireland
Executive

www.northernireland.gov.uk

Budget

2011-15

Budget 2011-15

CONTENTS

	Page
Foreword by the Minister for Finance and Personnel	1
Chapter 1 Introduction	3
Chapter 2 Economic and Social Context	5
Chapter 3 Resources	15
Chapter 4 Departmental Budget Outcome	33
Chapter 5 Issues Raised During Consultation	113
Chapter 6 Equality, Anti Poverty and Good Relations	121
 <u>Annexes</u>	
Annex A Northern Ireland Public Expenditure System	125
Annex B Financial Tables	127

Budget 2011-15

FOREWORD BY THE MINISTER FOR FINANCE AND PERSONNEL

This Budget document sets out in more detail the spending plans for Northern Ireland departments over the period from 2011-12 to 2014-15, that I announced in the Assembly on 4th March 2011.

This has been the most challenging budget of recent times due to the dramatic change in the economic climate and the significant reduction in public expenditure faced by Northern Ireland as a result of the UK Government's Spending Review. Therefore the process in arriving at these final Budget plans has been long and necessarily slow and there have been many hours of debate in the Assembly Chamber on the Budget process.

I am pleased to be able to present the product of all the work carried out by the Executive, the Assembly, the Budget Review Group and all those who have participated in the consultation on the draft Budget proposals. I am grateful to all those who have participated and, indeed, I am particularly pleased at the large number of responses we have received to the public consultation. Those responses have helped to shape the final Budget outcome set out in this document.

The delivery of this Budget by the Executive is proof of the growing maturity there is within our political system in that we can produce a fair, balanced Budget for a four year period even in the face of imminent elections. This Executive recognises the imperative of putting in place spending plans that give certainty to departments and therefore to employees and all our citizens who avail of public services.

The reality is that in the present fiscal environment there is less money available to spend. However, in the face of such a difficult Spending Review settlement we have sought to raise additional revenue, deliver savings and improve financial management to deliver additional spending power for the Northern Ireland Executive. The Executive has risen to the challenge and this process has resulted in hundreds of millions of pounds of additional allocations being made possible since the draft Budget.

Budget 2011-15

This has allowed the Executive to allocate material additional amounts to key public services, including £120 million for Health, £154 million for Education, £51 million for Employment and Learning and £107 million for Regional Development.

This is a Budget that supports the community, grows the economy, and reflects the needs and aspirations of the people of Northern Ireland.

Sammy Wilson MP MLA
Minister for Finance and Personnel

7 March 2011

Budget 2011-15

CHAPTER 1: INTRODUCTION

- 1.1 This Budget document sets out the Northern Ireland Executive's spending plans for the four year period from April 2011 to March 2015. The backdrop for this Budget is the significant reduction in the levels of funding available as a result of the UK Government's deficit reduction plan. While this presents a significant challenge it also provides an opportunity for the Executive to demonstrate how devolved government can make a difference to the lives of people in Northern Ireland. It also allows for the allocation of resources to the highest priority areas and to areas where additional funds will yield the greatest economic benefit.
- 1.2 This Budget has been drafted in a manner that reflects the key priorities of this Executive. It will now provide certainty over the coming four year period in terms of resource allocations to departments and their arms length bodies.

Consultation on the Draft Budget

- 1.3 The spending plans in this document reflect the outcome of the consultation process, which followed the publication of the draft Budget on 15 December 2010. The public was invited to respond to the consultation by post, email or via the Budget website. In addition each department consulted on their own savings plans and spending proposals.
- 1.4 Unfortunately the timescale for consultation and the publication of this final document has been much compressed due, in the most part, to the late announcement of the national Spending Review outcome. However, this did not lessen the importance that the Executive has afforded to the consultation responses received.
- 1.5 The formal consultation process ended on 16 February 2011. Over 15,000 responses were received from a wide range of individuals and organisations covering a broad range of issues. These are set out more fully in Chapter 5. A list of respondents is available on the Budget website.

Budget 2011-15

- 1.6 The consultation process has had a major influence on the Executive's final spending plans for the Budget 2011-15 period. However, while careful regard has been paid to the views expressed in the responses to the consultation process it has not been possible to address every issue raised due to the finite level of resources available to the Executive.

Copies of the Document

- 1.7 This Budget document can be accessed via the Northern Ireland Executive's Budget website

www.northernireland.gov.uk/budget2010

The document can be downloaded in electronic format or alternatively sent to you in hard copy by writing to us at the address below. In addition, if the document is not in a format that suits your needs, please contact us at this address:

S1 New Building
Rathgael House
Balloo Road
BANGOR
BT19 7NA

Telephone: 028 91 858051

Budget 2011-15

CHAPTER 2: ECONOMIC AND SOCIAL CONTEXT

Introduction

- 2.1 In the period prior to the global economic downturn, the Northern Ireland economy performed relatively well on a range of indicators. However, a number of significant and long-standing structural challenges remain that have resulted in a persistent gap in living standards with the rest of the UK.
- 2.2 While progress has been made, particularly in respect of the growth in employment over the past decade, productivity and overall employment rates remain significantly lower in Northern Ireland when compared to the rest of the UK. Furthermore, the local economy remains heavily reliant on the public sector because the local private sector is too small.
- 2.3 More recently, Northern Ireland has been adversely impacted by the recession and economic conditions have deteriorated significantly. Furthermore the recovery in Northern Ireland appears to be lagging behind other regions of the UK.
- 2.4 This chapter presents an overview of local economic conditions and the impact of the economic downturn in Northern Ireland. It concludes with an assessment of the key challenges facing the Northern Ireland economy and outlines the work the Northern Ireland Executive is undertaking to develop a New Economic Strategy to rebuild and rebalance the local economy.

Global and National Economic Context

- 2.5 There is now a broad consensus that most western countries are in economic recovery following a very deep and prolonged global economic downturn. However, the pace and robustness of this recovery is variable, and considerable uncertainty exists as many governments attempt to consolidate debt levels and restrain government expenditure.
- 2.6 The UK Government has embarked on a path of fiscal consolidation to address the fiscal deficit and it published its Spending Review on 20 October 2010. Northern Ireland's

Budget 2011-15

settlement resulted in a real terms reduction in resource DEL of 8 per cent, and a real terms reduction in capital DEL of 40 per cent by the end of the Spending Review period. Given the Northern Ireland economy's reliance on the public sector, these public expenditure reductions will have a potentially significant impact on economic activity and employment in both the public and private sectors.

2.7 However, alongside fiscal consolidation, the UK Government has made a commitment to rebalance the economy towards the private sector and also to encourage regional rebalancing outside the Greater South East of England. In terms of Northern Ireland, the UK Government has committed to publish a paper on rebalancing the local economy. This will include an examination of possible mechanisms for changing the corporation tax rate and other economic reform options. The Executive is currently working with the UK Government to finalise this paper.

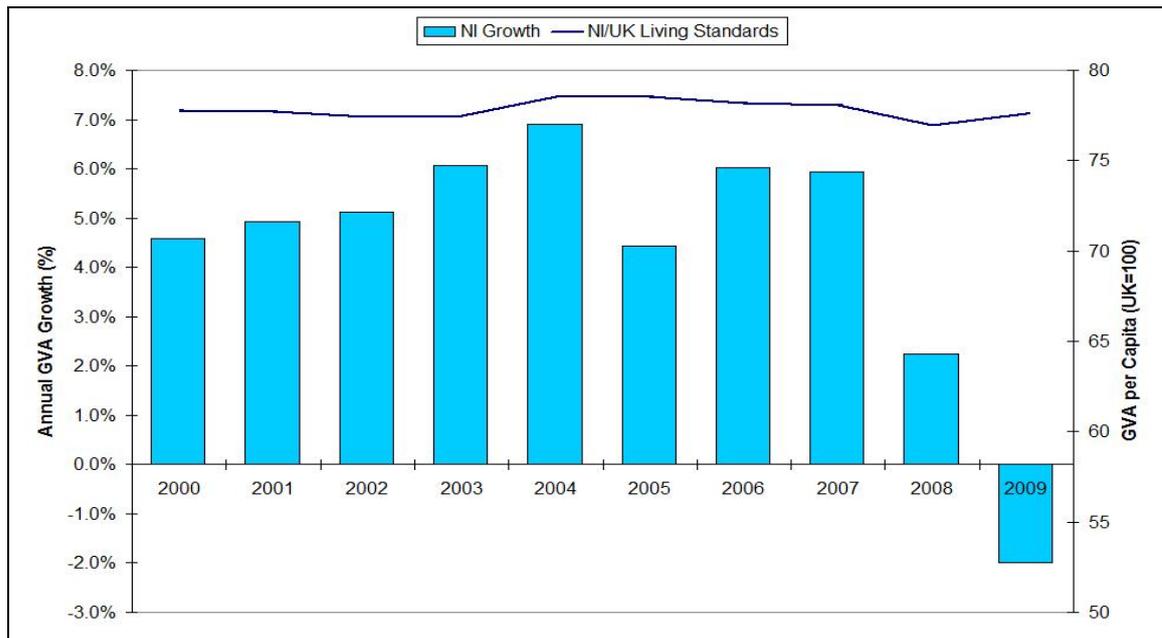
2.8 The challenges presented by the downturn and the Spending Review outcome are also compounded by the severity of the recession and financial crisis in the Republic of Ireland which is a major destination for Northern Ireland exports. Depressed demand conditions will inevitably impact on local businesses selling to that market.

Economic Output and Living Standards

2.9 Until the beginning of the economic downturn in 2008, the Northern Ireland economy had experienced a period of comparatively strong economic growth (Chart 2.1). Between 2000 and 2009 the average rate of growth in Northern Ireland was marginally above that of the UK as a whole (5.5 per cent compared to 5.4 per cent). However, little progress was made in improving relative living standards – measured by Gross Value Added (GVA) per capita – which remains at slightly under 80 per cent of the UK average.

Budget 2011-15

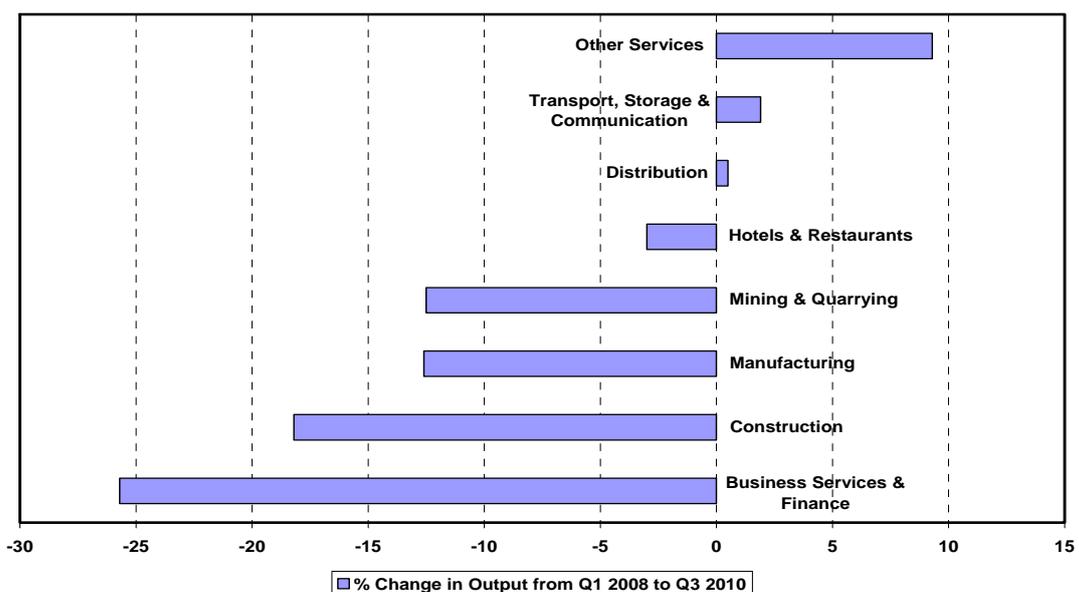
Chart 2.1: GVA Growth and Living Standards, 2000 - 2009



Source: ONS Regional GVA

2.10 More recently, Northern Ireland has been severely impacted by the recession. Chart 2.1 reveals that growth slowed to 2.3 per cent in 2008 and provisional data indicates a 2.0 per cent fall in GVA growth during 2009. The recent trend in output within individual sectors indicates the scale of the downturn in the local economy (Chart 2.2).

Chart 2.2: Change in Sectoral Output - Q1 2008 to Q3 2010



Sources: NISRA – Q3 2010 NI Construction Bulletin, DETI – Q3 2010 NI Index of Production, Q3 2010 NI Index of Services

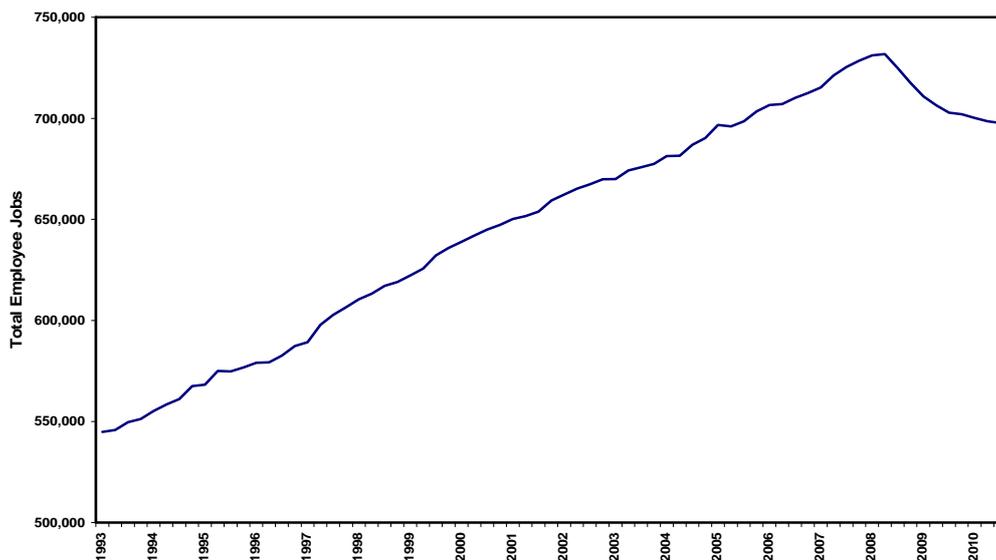
Budget 2011-15

2.11 It is clear that business services & finance, construction, manufacturing and mining & quarrying have been severely impacted by the recession and experienced significant falls in output since the first quarter of 2008.

Labour Market

2.12 The recession has also resulted in a significant number of jobs lost in the local economy. As indicated previously, the local economy had been relatively successful in terms of job creation prior to the recession. However, the number of employee jobs fell by 34,110 between June 2008 and September 2010, taking the figure back to just above the level reported in June 2005 (Chart 2.3).

Chart 2.3: Northern Ireland Employee Jobs 1993-2010



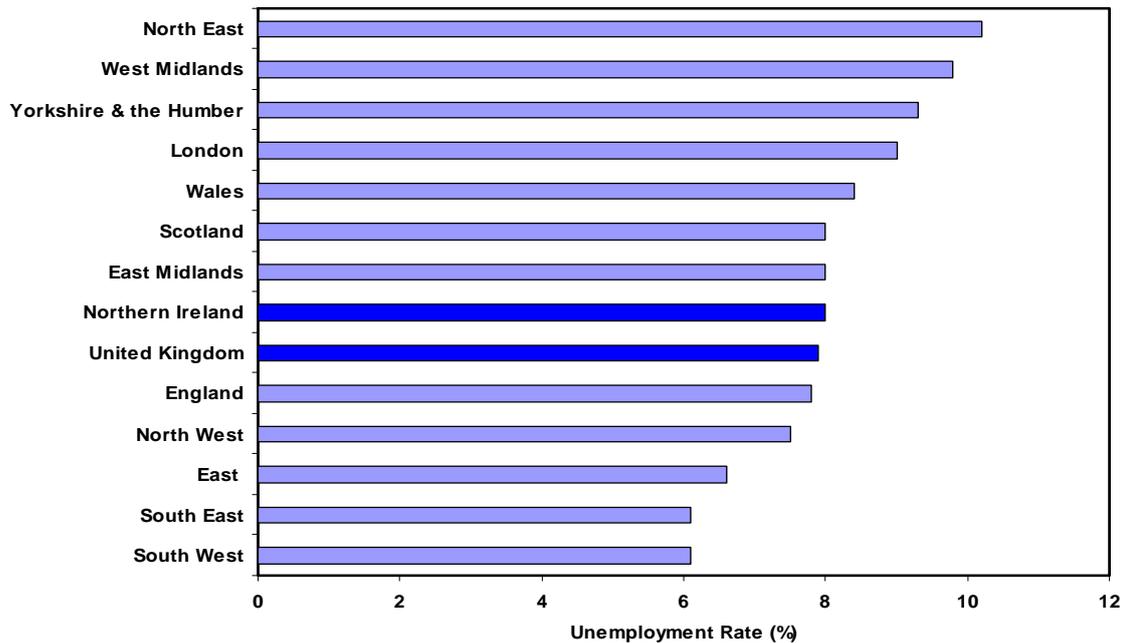
Source: DETI - Quarterly Employment Survey

2.13 While Northern Ireland has experienced a fall in employment levels, Chart 2.4 shows that the local unemployment rate compares relatively favourably with other regions of the UK. Northern Ireland's unemployment rate of 8.0 per cent (October - December 2010) is slightly above the UK average rate (7.9 per cent) for the first time in five years. However, it is well below the comparable European Union and the Republic of Ireland respective average rates of 9.6 per cent and 13.9 per cent¹ for November 2010.

¹ Seasonally adjusted Standardised Unemployment Rate

Budget 2011-15

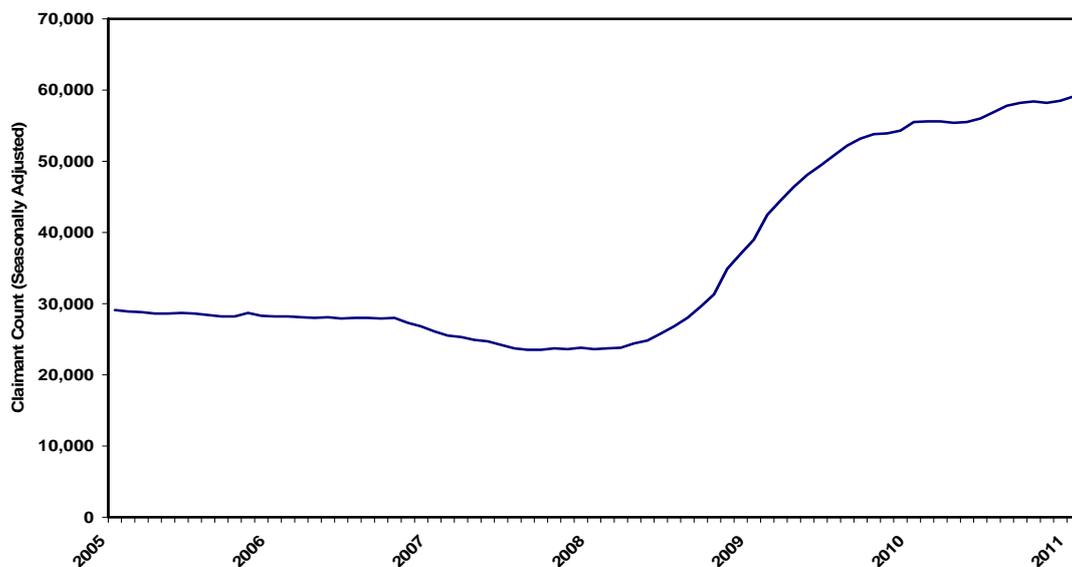
Chart 2.4: Regional Unemployment Rates



Source: ONS - Summary of National Labour Force Survey Data

2.14 Despite this, there has been a significant rise in the number of unemployment benefit claimants over the course of the downturn (Chart 2.5). In fact the total number of claimants has increased by 29,500 since September 2008 – representing a rise of almost 100 per cent – to stand at 59,100 persons claiming benefits in January 2011.

Chart 2.5: Northern Ireland Claimant Count (2005-2011)



Source: ONS – NOMIS Claimant Count Data

Budget 2011-15

- 2.15 Increasing levels of unemployment are not the only cause for concern in relation to the local labour market. Northern Ireland's high level of economic inactivity also remains a major and long-term challenge. A considerably larger proportion of the local working age population is inactive (28.4 per cent) when compared to the rest of the UK (23.4 per cent). This has unfortunately been a persistent weakness of the local economy.

Sectoral Impact of the Recession in Northern Ireland

- 2.16 As indicated earlier, the recession has had a severe impact across a range of key sectors in the local economy and these sectoral impacts are outlined in the following paragraphs.

Services

- 2.17 Northern Ireland services sector output reached its peak in Quarter 2 (Q2) 2007 and begun to decline around a year before the UK as a whole. In total, local services sector output has fallen by 13.6 per cent from its peak. The main sector behind this decline has been financial and business services, which has contracted by 39.6 per cent from the high recorded in Q2 2007.

- 2.18 The service sector has been the major driver of employment growth in the local economy throughout the last decade. However, the contraction in service sector output has reversed this trend. Indeed, private sector employment fell by 37,400 from its peak in Q2 2008 to stand at 475,650 in Q3 2010. Within the service sector, wholesale & retail trade has experienced the largest number of job losses since Q2 2008 (at 6,590). Administrative & support service activities, and information & communication also experienced large declines in employee jobs over the period – 2,650 and 1,990 respectively.

Construction

- 2.19 The construction sector had also begun to experience difficulties before the national recession began. Construction output reached its peak in Q4 2006, with strong growth of 9.6

Budget 2011-15

per cent in the year preceding this. By Q2 2008, construction output in Northern Ireland had already fallen by 6.4 per cent from this high as the property market in Northern Ireland deteriorated, with a total decline of 24.4 per cent up to Q3 2010.

- 2.20 This deterioration has also led to a significant reduction in both employment and self employment in the sector. From Q3 2008 to Q3 2010 employee jobs in the construction sector have declined by 9,940 (24 per cent). Self employment in the construction sector declined by 3,000 (9 per cent) over the same period.
- 2.21 Northern Ireland construction sector output (which accounts for around 8 per cent of GVA) increased by 0.8 per cent in Q3 2010, however, it decreased by 11.3 per cent over the year. This is in stark contrast to UK construction sector output, which rose by 4.0 per cent over Q3 2010 and by 8.6 per cent over the year.

Manufacturing

- 2.22 Prior to the recession, manufacturing in Northern Ireland had been performing strongly when compared with the UK average. For example, in the two years up to the beginning of the UK downturn (Q2 2008), the local manufacturing sector had grown by 5.5 per cent compared with a decline of 0.8 per cent in the UK.
- 2.23 While the weak pound may have initially helped ease the pressure on manufacturing firms that export, the recession has had a severe impact on the sector. Over the period Q2 2008 to Q3 2010, the local manufacturing sector contracted by 13.2 per cent - above the 10.0 per cent decrease for the UK as a whole. Furthermore, many of the sub-sectors with the largest contractions in output over this period were those linked to construction, such as basic metals (37.6 per cent), wood (35.5 per cent), non-metallic minerals (32.3 per cent) and transport equipment (28.7 per cent).
- 2.24 Falling business activity in the manufacturing sector has also resulted in the loss of 9,390 employee jobs in the sector since March 2008. This decline followed a two-year period

Budget 2011-15

where the sector had been relatively stable in terms of employment.

- 2.25 Local manufacturing sector output (accounting for around 15 per cent of GVA) increased by 1.3 per cent over Q3 2010 and also recorded an increase of 2.7 per cent compared to the same period one year earlier. The UK reported a similar increase in manufacturing sector output over Q3 2010 (1.1 per cent), whilst over the year the UK recorded a more significant increase of 5.2 per cent.

Key Challenges Ahead

- 2.26 The UK formally exited recession in the 4th quarter of 2009 and the latest HM Treasury medium-term GDP forecasts (February 2011) suggest growth of 1.9 and 2.1 per cent for 2011 and 2012 respectively. However, many of the indicators referred to above suggest that the economic recovery in Northern Ireland is lagging behind other regions. Most local economic commentaries expect difficult conditions in the coming years.
- 2.27 The public expenditure reductions from the UK Spending Review will have a negative impact on economic prospects going forward. In addition, the impact of these public expenditure cuts will be felt more severely in Northern Ireland given our relatively higher dependence on the public sector and these impacts will be felt across the economy – public and private. While the public sector accounts for 26 per cent of total output in Northern Ireland (and 32 per cent of employment), much of the local private sector is also dependent on public sector spending.
- 2.28 Public sector expenditure includes significant Government spending on activities undertaken by the private sector, for example, construction and other outsourced services. In fact, public expenditure in Northern Ireland represents 62.4 per cent of total output. This is significantly higher than the 39.8 per cent for the UK as a whole. It is clear that public expenditure reduction of the magnitude outlined previously will have significant negative consequences for economic growth and employment.

Budget 2011-15

- 2.29 In 2009-10, public sector capital expenditure accounted for around half of total construction sector output in Northern Ireland. The capital reduction in 2011-12 will have an immediate impact on the industry and those sectors that are associated with construction. However this Budget will provide some £1.5 billion of investment in the final year, which is similar to the levels in 2005-06 and well above the long term trend.
- 2.30 The challenge for the Northern Ireland Executive therefore is to both rebuild the economy in the aftermath of the recession and to rebalance it towards the private sector in the context of the constrained public expenditure position.
- 2.31 As previously indicated, the long standing issues of relatively low productivity and high economic inactivity need to be addressed if living standards are to be improved locally. Improving skills, promoting enterprise, innovation and research & development, and investing in economic infrastructure will all be vitally important.

A New Economic Strategy

- 2.32 In March 2010, the Northern Ireland Executive established a sub-committee to prioritise and co-ordinate action on the economy and oversee the production of a new Economic Strategy for Northern Ireland. In January 2011 the Department for Enterprise, Trade and Investment published a consultation document which set out the Executive's proposed economic priorities for the new Strategy.
- 2.33 This consultation, which closed on 24th February 2011, will inform the development of a draft Economic Strategy. This will also reflect the outcome of the UK Government Paper on rebalancing the Northern Ireland economy.

Budget 2011-15

Budget 2011-15

CHAPTER 3: RESOURCES

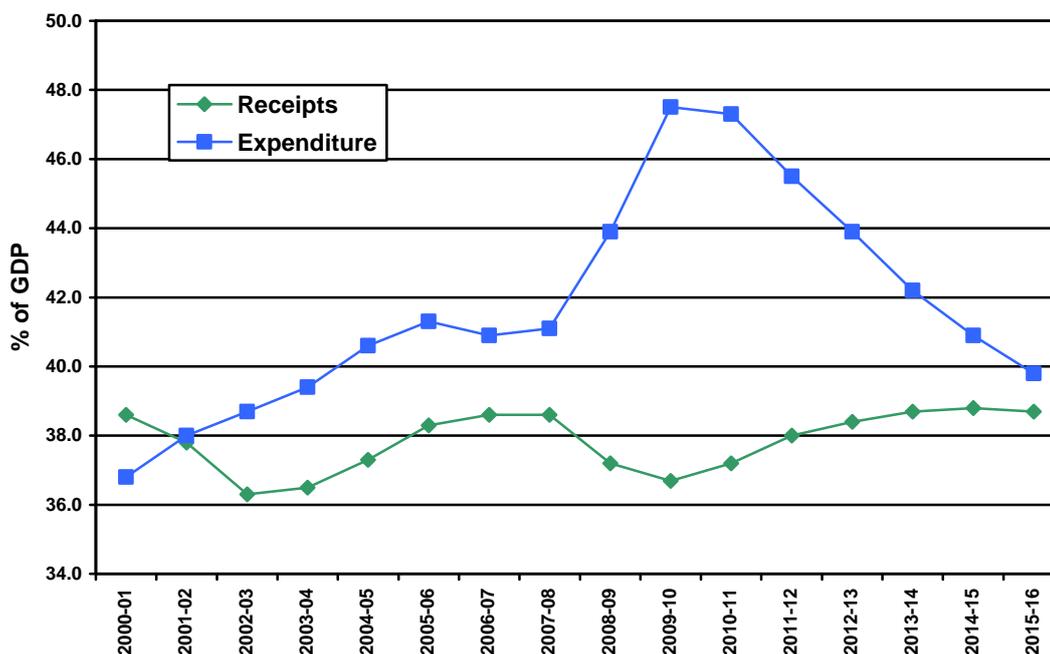
Introduction

3.1 This section sets out the overall public expenditure context for Budget 2011-15, including the control framework within which the process operates. It also identifies some issues that are relevant to the use of available resources.

UK Context

3.2 The key factor setting the context for the next four years is the UK Government's deficit reduction plan. This was set out in the national Spending Review, published on 20 October 2010. The UK Government views its deficit reduction plan as an urgent priority to secure economic stability and put the public finances on a sustainable long term footing.

Chart 3.1: UK Borrowing 2000-01 to 2015-16.



3.3 The economic recession accelerated demands upon UK public expenditure, which was already increasing as a proportion of Gross Domestic Product (GDP) since the 2000-01 financial year. In the 20 years to 2006-07 public spending annually averaged around 40 per cent of GDP. It then increased to a historically high level of 48 per cent by 2009-

Budget 2011-15

10, mainly as a result of the recession. Government receipts by contrast did not exceed 40 per cent over the whole period, and fell to 37 per cent in 2009-10.

- 3.4 The UK public sector deficit in 2009-10 was the largest in its peacetime history at 11 per cent of GDP, and the Government was borrowing one pound for every four it spent.
- 3.5 In its June 2010 Budget the UK Government set out plans for a significant acceleration in the reduction of the structural budget deficit over the course of the current Parliament. The fiscal mandate, against which the Office for Budget Responsibility (OBR) judges the Government's plans, is to eliminate the structural current budget deficit over a five year rolling horizon. The latest OBR forecast indicates that there is a more than 50 per cent chance that the fiscal mandate will be met in 2015-16.
- 3.6 In order to achieve this, the UK Government has given particular focus to reducing welfare costs and wasteful public sector spending. The UK Government argues that it has prioritised the NHS, schools, early-years provision and capital investments that support long term economic growth. As a result Whitehall departmental budgets, other than health, education and overseas aid, will be reduced by an average of 19 per cent over the four year Spending Review period.
- 3.7 In terms of total Departmental Expenditure Limits (DEL), the total UK Resource DEL budget, excluding depreciation, will have fallen by 8.3 per cent in real terms by 2014-15 with total UK capital DEL falling by 29 per cent over the same period. This is measured against a 2010-11 baseline already reduced by the £6.2 billion reduction in public expenditure announced in the June 2010 Emergency Budget.

Budget 2011-15

Northern Ireland Context

Sources of Funding for Public Expenditure

- 3.8 The main source of funding for public expenditure within Northern Ireland remains the Block grant from HM Treasury, which is funded through the proceeds of general taxation across the United Kingdom. Changes in the level of funding for Northern Ireland are determined via the application of the Barnett Formula – in simple terms Northern Ireland receives a population-based share of changes in funding for comparative spending programmes in England. Material allocations, or reductions, from this source are made to the Northern Ireland Executive as part of the national Spending Review.
- 3.9 Allocations received through this mechanism are “unhypothecated” meaning that the Executive and Assembly can determine allocations for specific priorities and programmes regardless of the nature of the comparable spending in England that gave rise to the Barnett allocation.
- 3.10 There are currently two main ways in which the gross spending power available to the Executive can be increased above the allocations determined by HM Treasury. These are the Regional Rate and the borrowing power within the Reinvestment and Reform Initiative (RRI).

Regional Rate

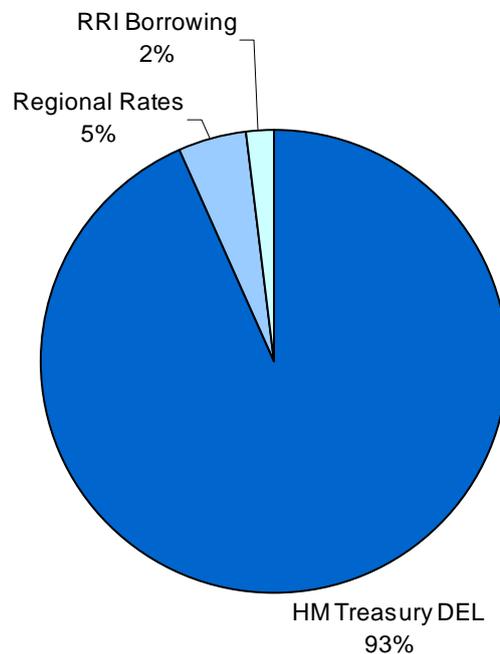
- 3.11 There are two elements to the rates bills paid by both households and the non-domestic sector in Northern Ireland. The district rate, set by each of the 26 District Councils, is used to finance the services provided by those councils. The Regional Rate, which is determined by the Executive, generates additional resources to support those central public services that are the responsibility of the Executive.
- 3.12 Regional Rate revenues are also “unhypothecated” meaning that the revenue collected is not targeted on any specific public spending programme. Instead the revenue received is added to the total sums available for allocation by the Executive.

Budget 2011-15

RRI Borrowing

3.13 The Reinvestment and Reform Initiative, announced in May 2002, included a new borrowing power intended to support a very substantial infrastructure investment programme in Northern Ireland. This borrowing is subject to annual limits determined by HM Treasury and at present this limit is £200 million per annum.

Chart 3.2: Sources of Funding Available to NI Executive, 2010-11*



*Includes Policing and Justice

Public Expenditure Control Framework

3.14 An overview of the Public Expenditure Control framework for Northern Ireland is set out in Annex A. The most important point to note is that all allocations are made on the basis of a clear separation between **current expenditure** and **capital investment**.

3.15 Current expenditure reflects the ongoing cost of providing services (for example, pay, operating costs and grants to other bodies), whereas capital investment reflects investment

Budget 2011-15

in assets which will provide or underpin services in the longer term (for example, schools, hospitals, roads etc). The current expenditure budget also contains the depreciation / impairment costs relating to assets, this element of the budget is ring-fenced by the Treasury.

Spending Review Outcome for Northern Ireland

3.16 The Chancellor's Spending Review announcement, on 20 October 2010, set the Northern Ireland Executive's Departmental Expenditure Limit (DEL) for the 4 year period from 2011-12 to 2014-15.

3.17 As changes to the level of funding for Northern Ireland are automatically determined by changes in funding for comparable spending programmes in Whitehall departments, the UK Government deficit reduction plan has led to a significant reduction in the level of funding available to the Northern Ireland Executive.

3.18 Table 3.1 below sets out the current and capital DEL allocations received from HM Treasury over the four year period with the percentage real terms reductions from the 2010-11 position also highlighted.

Table 3.1: Northern Ireland Spending Review Allocation from HM Treasury

	£ million				
	2010-11	2011-12	2012-13	2013-14	2014-15
Current DEL (NI Spending Review Settlement)	9,886.7	9,836.7	9,858.9	9,927.1	9,985.4
Real terms % decrease on 2010-11		-2.4%	-4.3%	-6.1%	-8.0%
Capital DEL (NI Spending Review Settlement)	1,222.9	903.4	858.9	780.6	803.8
Real terms % decrease on 2010-11		-27.5%	-32.6%	-40.3%	-40.1%

¹ does not equate to NI departmental spend i.e. excludes rates, borrowing etc

² includes Policing and Justice

³ real terms figures are based on GDP deflators at the time of the Spending Review

Budget 2011-15

3.19 While the level of reductions faced by the Northern Ireland Executive is lower than that faced by many Whitehall departments, it still represents a significant challenge for the Executive.

Local Funding

3.20 As illustrated earlier, aside from the UK Spending Review allocation for Northern Ireland, the most significant source of funding for the Executive is revenue generated locally through the Regional Rates.

Domestic Regional Rates

3.21 In Budget 2008-11 the Executive agreed that the domestic Regional Rate should be held constant, in cash terms, over the three year period.

3.22 Given the severe financial constraints confronting the Executive since that three year budget was set, serious consideration had to be given to increasing Regional Rates in order to provide additional funding for public service provision. However, the Executive was mindful of not imposing undue additional burdens on households in the difficult economic climate that prevailed. Looking forward into the new Spending Review period, with even greater constraints on available resources, the Executive proposed in the draft Budget that domestic rates increases should only be uplifted in line with inflation. This decision has been upheld in the final Budget deliberations. However, the assumptions over the level of Regional Rate revenue to be raised have increased due to the improving collection performance in Land and Property Service and an increase in GDP deflators since the draft Budget.

Non-Domestic Regional Rates

3.23 In Budget 2008-11 the Executive agreed that the business regional rate increases would be limited to 2.7 per cent per year meaning no increase in real terms over that period. A similar approach has been agreed for the Budget 2011-15 period with proposed increases in the business rate being held in line with inflation.

Budget 2011-15

3.24 In addition, the revenue forecasts associated with the regional rate for the budget period assume that manufacturing rates will continue to apply at a level of 30 per cent liability until 31 March 2015. Given that economic development is a top priority of the Executive this approach will provide continued support for the manufacturing industry. This will help to safeguard employment during these difficult economic times and assist Northern Ireland to emerge from the prolonged recession.

Issues That Impact on Available Resources

3.25 In addition to the above, other key issues that impact on the level of available resources are:

- Savings to be made by departments;
- The approach to funding water and sewerage services;
- Generating capital receipts / asset sales;
- Other revenue raising options;
- Public sector pay; and
- Planned Overcommitment.

Savings

3.26 At the beginning of the Budget 2011-15 process departments were provided with indicative figures for the level of savings they would need to make to enable the Executive to live within the projected outcome of the UK Spending Review. This approach was adopted to allow departments to plan effectively in order to minimise the impact on frontline services.

3.27 Once departments had received definitive outcomes as part of the draft Budget process they were able to determine the actual level of savings they required in order to manage within this allocation. As part of the consultation process departments published draft Savings Delivery Plans that included details of departmental savings measures and their anticipated impact. Departments will now finalise these Savings Delivery Plans in light of the Final Budget outcome.

Budget 2011-15

3.28 The focus however should still be on achieving the majority of savings through improvements in efficiency rather than reductions to services. Departments have been made aware that they should provide clear justification for any savings measure which impacts on the delivery of frontline services.

Approach to Funding Water and Sewerage Services

3.29 Unlike all other areas of the UK, where water and sewerage services are funded by consumer charges, in Northern Ireland the services are currently primarily funded from public expenditure. This creates pressures in other areas, due to no funding being received via the Barnett Formula, as the comparable service is delivered by the private sector in GB. Thus Barnett additions arising in other areas, for example health and education, need to be diverted to cover the associated water service costs.

3.30 The Executive has decided, in light of the current economic downturn and the ongoing financial pressure upon households, that it should continue to defer the introduction of domestic water charges.

Revenue Raising Options

3.31 In response to the UK Government's Emergency Budget in June 2010, and the anticipated Spending Review outcome, the Executive established a Ministerial Budget Review Group. This Group was tasked with examining a wide range of strategic issues relevant to the formulation of Budget 2011-15. One of the key issues considered by the Budget Review Group was identifying alternative means of raising additional revenue to help mitigate the impact of the public expenditure reductions.

3.32 Some of the initial findings of this work were factored into the preparation of the draft Budget position. The Budget Review Group has continued to meet over the period between the draft and final Budget. They have given further consideration to the additional revenue raising options put forward by departments. However, none of these proposals are sufficiently advanced enough to warrant inclusion in the final Budget spending plans. The Budget Review Group and

Budget 2011-15

individual departments will continue to consider, and where possible progress, additional revenue raising proposals. Any additional funds delivered by this work will then be allocated by the new Executive.

- 3.33 With respect to the additional revenue raising proposals incorporated into the draft Budget position, the Executive has determined that these proposals should be retained in the final Budget plans. However, a few adjustments have been made to these plans reflecting the work that has been undertaken by departments in the intervening period.
- 3.34 In recognition of the lead-in time required in respect of the legislation, administration and enforcement necessary for the introduction of the plastic bag levy, the Executive has agreed that it would be prudent to remove the assumption of a £4 million receipt from this source in the first year.
- 3.35 The Executive has also considered the degree to which Belfast Port can make a contribution. The draft Budget included plans for the Harbour Commissioners to make a contribution to the development of the Paint Hall. It has since become clear that they will not be making a monetary contribution to this project, which will now be funded by the Executive. However, the Executive has agreed that they will take forward measures to ensure that the Harbour Commissioners can make a direct financial contribution of £20 million per annum in 2013-14 and 2014-15.
- 3.36 The Executive has now endorsed the establishment of a Central Asset Management Unit who will work to deliver the £100 million of additional capital receipts identified in the draft Budget. The Executive is content that the quantum and profile of these receipts is achievable and therefore the amounts have been retained in the final Budget.
- 3.37 The Budget Review Group has considered a range of pay issues since publication of the draft Budget. Ministers are content that the recommendations in the draft Budget in respect of civil service pay should continue to apply i.e. the award of a £250 payment to all staff earning less than £21,000 and the award of scale progression entitlements. There will be no cost of living uplift at all. This will equate to a

Budget 2011-15

3.0 per cent increase in the civil service paybill in year one and 2.8 per cent in year two.

Planned Overcommitment

3.38 As part of the Spending Review 2010 the Treasury announced the removal of the End Year Flexibility (EYF) scheme that allowed GB departments and the Devolved Administrations to carry forward unspent resources into future years. In response to this the Executive has decided to introduce a level of planned overcommitment in order to maximise spend across the Block.

3.39 This approach involves making a prudent estimate of likely in-year easements and year-end underspend and effectively overallocating resources to departments by that amount.

3.40 An overcommitment approach was adopted in Budget 2008-11, and the preceding period, where it proved to be an effective way of managing the year end underspends. The overcommitment was removed in the Review of 2010-11 Spending Plans due to reduced underspends and the desire to increase the level of resources available for allocation in in-year monitoring rounds. However, that decision was taken in the context of the existing EYF scheme and the removal of this scheme combined with the potential for additional revenue to be raised means that the Executive has agreed to introduced a level of overcommitment of £30 million per annum for both current expenditure and capital investment over the budget 2011-15 period.

Allocation of Resources

3.41 Within any budget planning period, the scope to allocate resources is constrained by the finite level of resources available - both existing sources of funding and any new sources. A second-order constraint is the need to fund services and policies already underway. These existing services and policies have differing levels of prioritisation and Ministers were asked to reassess these pre-existing commitments. This has resulted in Ministers deciding to halt

Budget 2011-15

or slow down the roll-out of some programmes which has also freed up some additional resources for allocation to higher priority areas.

- 3.42 All existing programmes have been closely examined to ensure that they produce the desired outcomes and represent value for money.
- 3.43 The approach adopted in the draft Budget for current expenditure was designed to encourage departments to examine thoroughly their priorities in this way, and to allow the Executive the scope to make allocations in line with their priorities. Under this approach departments' existing baselines were reduced by a level of indicative savings sufficient to provide a significant level of resources for the Executive to reallocate. Departments could then submit spending proposals which the Executive could consider on merit.
- 3.44 For capital investment, departments started with a zero baseline. Departments were then allocated sufficient funding to cover their existing contractual commitments with allocations then being determined on an individual project / programme basis.
- 3.45 In arriving at a final Budget position the Executive has considered the issues raised by the public and various organisations during the consultation process. Whilst the finite level of resources available to the Executive means that it is not possible to provide additional funding to every issue that has been raised, the Executive has attempted to address as many issues as possible within its final Budget position. More details on the response to the consultation process are included in Chapter 5.
- 3.46 Tables 3.1 and 3.2 at the end of this chapter set out the departmental allocations in terms of current expenditure and capital investment.

Protection for Health

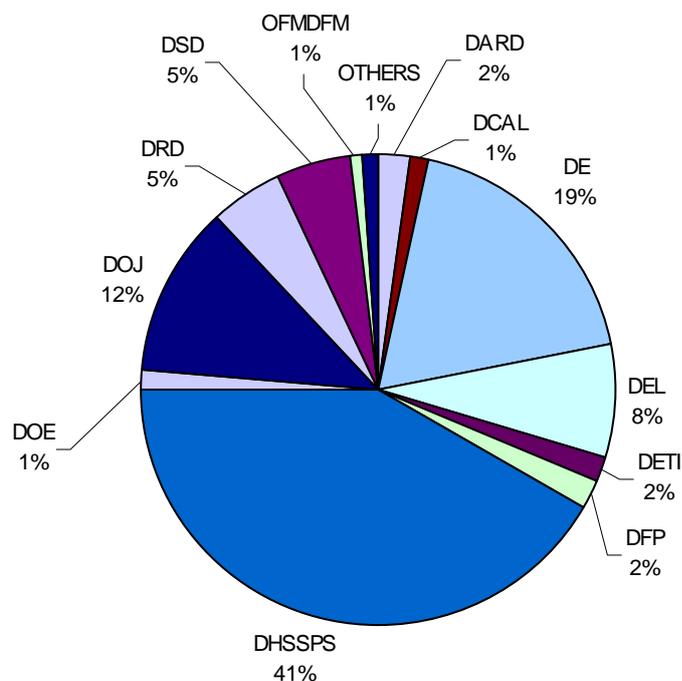
- 3.47 The priority the Executive gives to the health service was demonstrated by the proposal in the draft Budget to protect

Budget 2011-15

the health related element of the DHSSPS budget. This proposal affords a broadly similar level of protection as provided in England (indeed the Executive has decided not to specifically impose the robust efficiency agenda on DHSSPS that will apply to the NHS in England - which has to generate £20 billion of cash releasing efficiencies by 2014-15).

3.48 Given the large proportion of the Executive's current expenditure budget that is attributed to DHSSPS, this proposal to afford protection to health spending has an obvious impact on the funding available for other departments. This is illustrated in Chart 3.3 below.

Chart 3.3: Breakdown of Current Expenditure by Department 2010-11



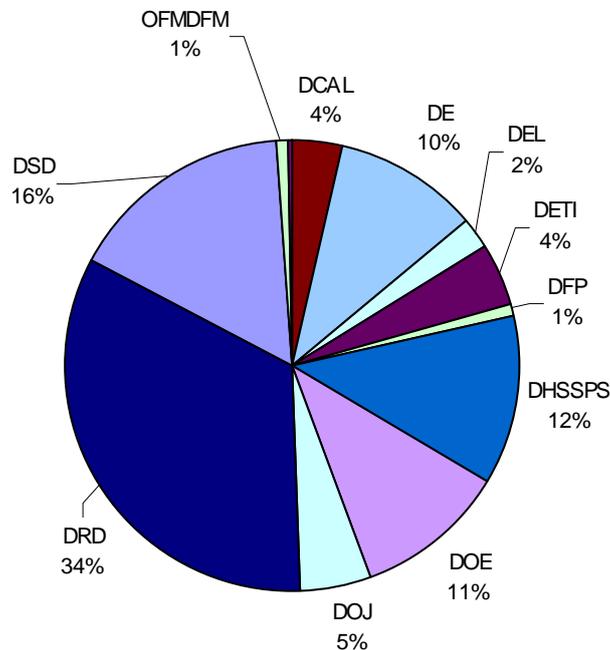
3.49 In the draft Budget the Executive proposed protection for the 'health' element of DHSSPS (accounting for some 77 per cent of total DHSSPS current spend) while the proposed provision for personal social services (PSS) element (the remaining 23 per cent) was on a similar fashion to all other NI departments. This position has been upheld in the final Budget position.

Budget 2011-15

3.50 However, in recognition of the pressures facing the health service the Executive has allocated an additional £91 million in terms of current expenditure and £29 million in terms of capital investment to DHSSPS over the budget period. The Executive has also agreed that the Department may reclassify £20 million from capital investment into current expenditure in 2011-12. In addition to this, the Department has also been permitted to transfer an easement in respect of depreciation into near cash DEL effectively increasing their cash spending power by £69.2 million. These changes mean that the DHSSPS share of the current expenditure budget will grow from 41 per cent in 2010-11 to 44.3 per cent in 2014-15.

3.51 It should be noted that the Health Minister now also has complete discretion in terms of how he allocates funding across the entire DHSSPS budget. A facility that is not available to other Ministers.

Chart 3.4: Breakdown of Capital Investment by Department 2010-11



Note: this excludes DARD due to the high level of forecast receipts in 2010-11

Budget 2011-15

Social Investment Fund

3.52 In the draft Budget the Executive proposed the establishment of a Social Investment Fund of £20 million per annum to help tackle the problem of disadvantage within Northern Ireland. This disadvantage is most acute in those interface communities where the problems are many and complex. The Executive remains committed to this fund, however to allow time for the fund to be established and become fully operational it has been decided to rephase this funding. The fund will now be allocated £8 million / £20 million / £26 million / £26 million over the four year period. The fund will be administered by OFMDFM.

Social Protection Fund

3.53 In addition to the Social Investment Fund, the Executive has established a Social Protection Fund that will assist those most in need within our wider community. This Fund will have an initial allocation of £20 million in 2011-12. Resourcing in the following years will come from the additional revenue streams identified by Ministers coming into operation and delivering new resources for deployment.

Childcare Strategy

3.54 The Ministerial Sub-Committee on Children and Young People have produced a substantial scoping report into childcare provision across Northern Ireland. This report revealed significant challenges both with provision and affordability. Over the course of the next administration it is intended that a Childcare Strategy will be developed on a cross-departmental basis. While this is being developed there are a number of key actions that have emerged that can help support existing provision and help support childminders, childcare and the creation of increased and affordable provision such as start-up packages for childminders.

3.55 The budget provision, of £3 million per annum, will help support a range of new measures therefore reducing barriers to employment and encouraging and supporting economic

Budget 2011-15

activity in line with the priorities of growing the economy and reducing deprivation and poverty.

Presbyterian Mutual Society

3.56 This Budget also contains provision for an assistance package for the Presbyterian Mutual Society savers. This is financed by additional borrowing under the Reinvestment and Reform Initiative of up to £175 million 2011-12 and a contribution from the Treasury of £25 million which is matched by an equal contribution from this Executive. The additional DEL contribution is being held centrally until the details of the assistance package have been confirmed. Similarly, the £175 million of additional RRI Borrowing has not been included until such times as the final level required is confirmed.

Invest to Save Allocations

3.57 In its revised spending plans for 2010-11, the Executive established a £26 million 'Invest to Save' Fund which allocated funding to departments for a range of discrete projects that were focussed on delivering long-term savings. Given the success of these initiatives, the Executive agreed to pursue a similar initiative in each of the Budget 2011-15 years. The draft Budget proposed allocations to departments of £75 million per annum to fund such projects. These allocations have been retained in the final Budget plans. These funds have been allocated to departments on a 'ring-fenced' basis i.e. they cannot be used for any other purpose by departments. If these resources are not deployed as intended then they will be returned to DFP for reallocation elsewhere.

Current / Capital Switch

3.58 The Spending Review outcome resulted in a 40 per cent real terms decrease in the capital funding provided by the UK Government. In view of the importance of continued infrastructure investment and the impact public sector capital investment has on the construction industry the Executive proposed to transfer resources from current expenditure into

Budget 2011-15

capital investment in the draft Budget. The overall quantum of resources transferring from current expenditure to capital investment has been maintained in the final Budget. However the yearly profile has changed to reflect the pressures identified by individual departments. This reclassification of resources will help counteract the impact of the reduction in the capital DEL.

Other Issues

Green New Deal

3.59 The Green New Deal is an ambitious investment programme which will leverage in significant amounts of private sector funding to deliver energy efficiency measures, and create several thousand jobs over a three year period. This scheme aims to reduce waste, cut bills for participating households, sustain employment through the recession and modernise our housing stock. In light of this the Executive has agreed in principle to engage and resources were provided in the draft Budget for this programme. However, it now appears unlikely that the scheme will require full funding in year one due to the time taken for implementation, therefore the year one allocation has been removed.

Administrative Cost Controls

3.60 Over recent years the Executive has had in place an administration cost control regime to ensure that there was an incentive on individual departments to eliminate needless bureaucracy and waste. While this approach has been successful in bearing down on administrative costs, a point has now been reached when further attempts to centrally control administration costs risks being counterproductive. In light of this the Executive proposes to set aside the need for a formal control regime. This approach will give Ministers greater flexibility to effectively and efficiently manage the resources at their disposal, with a view to maximising the outcomes achieved with such resources.

Budget 2011-15

TABLE 3.1: CURRENT EXPENDITURE

	£million										
	2010-11		2011-12		2012-13		2013-14		2014-15		2010-11 to 2014-15
Agriculture and Rural Development	224.9	220.1	-2.2%	230.4	4.7%	220.0	-4.5%	218.6	-0.6%	-2.8%	
Culture, Arts and Leisure	113.3	112.1	-1.0%	107.4	-4.2%	107.4	0.0%	104.3	-2.9%	-8.0%	
Education	1,914.8	1,894.6	-1.1%	1,876.1	-1.0%	1,887.7	0.6%	1,874.5	-0.7%	-2.1%	
Employment and Learning	798.9	787.3	-1.5%	780.3	-0.9%	798.5	2.3%	826.7	3.5%	3.5%	
Enterprise, Trade and Investment	199.5	207.1	3.8%	211.6	2.2%	203.3	-3.9%	205.5	1.1%	3.0%	
Finance and Personnel	182.9	188.6	3.1%	185.3	-1.8%	180.7	-2.5%	181.2	0.3%	-0.9%	
Health, Social Services and Public Safety	4,302.9	4,383.1	1.9%	4,447.6	1.5%	4,569.2	2.7%	4,659.4	2.0%	8.3%	
Environment	129.6	127.0	-2.0%	124.0	-2.4%	121.2	-2.3%	121.0	-0.2%	-6.6%	
Justice	1,223.7	1,213.1	-0.9%	1,189.0	-2.0%	1,166.7	-1.9%	1,176.4	0.8%	-3.9%	
Regional Development	517.3	508.3	-1.7%	495.2	-2.6%	463.1	-6.5%	457.5	-1.2%	-11.6%	
Social Development	521.1	505.4	-3.0%	525.5	4.0%	537.4	2.3%	523.4	-2.6%	0.4%	
Office of the First Minister and Deputy First Minister	80.2	78.6	-2.0%	80.0	1.8%	77.0	-3.8%	73.7	-4.3%	-8.1%	
Non Ministerial Departments											
Assembly Ombudsman / Commissioner for Complaints	1.6	1.7	4.4%	1.7	0.4%	1.7	-0.9%	1.7	-1.0%	2.9%	
Food Standards Agency	9.6	9.4	-1.5%	9.3	-1.0%	9.2	-1.0%	9.2	-0.7%	-4.2%	
NI Assembly	48.4	46.5	-3.9%	45.0	-3.2%	44.7	-0.7%	44.1	-1.4%	-9.0%	
NI Audit Office	9.5	8.8	-7.5%	8.7	-1.4%	8.5	-1.9%	8.4	-0.9%	-11.3%	
NI Authority for Utility Regulation	0.5	0.5	-1.0%	0.5	-1.0%	0.5	-1.0%	0.5	-1.0%	-4.0%	
Public Prosecution Service	37.4	37.0	-1.1%	36.0	-2.5%	35.2	-2.3%	33.9	-3.6%	-9.2%	
Total Planned Spend¹	10,316.1	10,329.1	0.1%	10,353.4	0.2%	10,431.9	0.8%	10,519.9	0.8%	2.0%	

¹Totals may not add due to rounding

Budget 2011-15

TABLE 3.2: CAPITAL INVESTMENT (NET OF RECEIPTS)³

	£ million				
	2010-11	2011-12	2012-13	2013-14	2014-15
Agriculture and Rural Development	-173.5 ¹	21.2	19.5	22.6	29.7
Culture, Arts and Leisure	59.9	16.3	34.7	29.7	77.6
Education	169.3	114.7	103.4	107.7	183.4
Employment and Learning	37.6	41.2	32.3	18.5	28.3
Enterprise, Trade and Investment	73.5	68.7	45.6	16.0	29.2
Finance and Personnel	15.2	18.9	14.6	10.6	28.4
Health, Social Services and Public Safety	201.7	200.5	279.8	187.5	183.0
Environment	182.4	5.1	6.0	4.0	7.5
Justice	80.0	78.3	64.5	51.8	82.0
Regional Development	556.2	452.8	430.9	550.2	613.2
Social Development	269.6	161.6	127.1	104.6	120.3
Office of the First Minister and Deputy First Minister	12.0	11.2	10.1	10.8	15.9
Non Ministerial Departments					
Assembly Ombudsman / Commissioner for Complaints	0.0	0.1	-	0.0	-
Food Standards Agency	0.1	0.0	0.0	0.0	0.1
NI Assembly	3.6	-0.1	3.7	2.4	0.8
NI Audit Office	0.3	0.4	0.2	0.4	0.2
NI Authority for Utility Regulation	0.0	0.0	0.0	0.0	0.0
Public Prosecution Service	0.3	0.2	0.2	0.2	0.2
Total Planned Spend²	1,488.1	1,191.3	1,172.5	1,116.8	1,399.7

¹ Includes -£200m anticipated receipt for Crossnacreevy

² Totals may not add due to roundings

³ Figures for gross capital investment and capital receipts are set out in Annex B

Budget 2011-15

CHAPTER 4: DEPARTMENTAL BUDGET OUTCOME

- 4.1 This chapter highlights the key issues and challenges faced by Northern Ireland departments in the budget period and what the Budget 2011-5 outcome will mean for them.
- 4.2 It includes a separate section for each department, provides a short commentary, the departmental outcome and a summary of the Budget allocations.

Budget 2011-15

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT (DARD)

The DARD vision is of a thriving and sustainable rural community and environment. The Department has five associated strategic objectives as follows:

- To help the agri-food industry prepare for future market opportunities and economic challenges;
- To promote the economic and social wellbeing and self-reliance of the rural community;
- To enhance animal, fish and plant health and welfare;
- To help deliver improved sustainable environmental outcomes; and
- To manage our business and deliver services to our customers in a cost effective way.

Key Issues / Challenges over the Period to 2014-15

Whilst over approximately the last twenty years, the total urban population has remained stable, the population in rural areas has grown. This applies both to what are termed accessible rural areas, and those which are less accessible. Additionally, the contribution of agriculture to total employment in rural areas has declined, and we are seeing a much more diverse rural economy. One of the effects is to increase demand for access to services, whether from the public or private sectors. The issue of access to services is more acute in the less accessible areas, where coincidentally income and employment are lower than in both accessible rural and urban areas.

Farming continues to be an important economic and social component of the rural economy, dominated by suckler beef, dairy and sheep production. All of these sectors have seen significant adjustment over the past decade. This is most marked in the dairy sector, which has concentrated production, but remains open to the volatility of worldwide milk prices. Incomes remain low, and without the benefit of the direct subsidy payments under the Common Agricultural Policy (CAP) would be negative. Conversely, the recent strength of the Euro has produced a positive impact on incomes. The Department continues to deal

Budget 2011-15

with the challenge of Bovine Tuberculosis (TB) and Brucellosis and to make progress in controlling and eradicating these diseases.

Against that background, the key trends include a falling population of farms and farmers, a growing reliance on off-farm income and an extreme reliance on CAP.

The Department's future interventions in education, training and lifelong learning will be focussed on delivery of DARD's Strategic Objectives and the development needs of the agricultural industry over a five to ten year time horizon. In doing this, the Department will have to consider the future direction of policy, such as CAP, and the need to reduce greenhouse gas emissions plus market developments and the challenges that these will pose to the industry. The Department will bring forward an Education Strategy to reflect this need.

The DARD Evidence and Innovation Strategy (EIS), published in 2009, provides a five year framework for DARD's evidence gathering and innovation support activities (2009-2013). Research commissioned within this framework will form part of the annually agreed work programme delivered by the Agri-Food and Biosciences Institute. Through innovation and the exploitation of research, rural businesses can boost productivity and achieve competitive advantage. The Research Challenge Fund provides an opportunity for rural businesses to compete for match-funding for industry-led, collaborative research.

DARD has invested significantly in ensuring participation of farms in agri-environment schemes to enhance landscape, biodiversity and water quality. Despite the significant progress made, ongoing work is needed on implementation of the Nitrates Action Programme to ensure compliance with water quality targets. The EU Water Framework Directive objective of "good status" by 2015 will require continued progress on water quality. In addition, further support from DARD's agri-environment schemes is fundamental to securing improvements in the condition of habitat and landscape features within designated environmental areas.

In the fisheries sector the key issue will be the reform of the Common Fisheries Policy and the extent to which reform will lead to opportunities for more localised decision making which reflects local circumstances. In the Irish Sea the majority of fish landed

Budget 2011-15

come from stocks which are being fished sustainably, though whitefish stocks continue to be under pressure. The Department will work with stakeholders and the European Commission to develop a more effective approach to re-building whitefish stocks.

DARD will continue its efforts to eradicate TB and brucellosis, which are a scourge of the agriculture industry, diminishing the returns to farmers and imposing costs on the public purse. On the TB control programme alone, the Department spends over £20 million a year. DARD believes we are on track to eradicate Brucellosis by the end of the budget period but there are real risks, especially from the illegal actions of criminals. The Department is determined to stamp out this illegal activity, in partnership with the industry. The Department will continue to protect the NI economy and agri-food industry from the costs of epizootic disease.

In the forestry sector, the key issues will be promoting woodland creation and the sustainable management of our existing woods and forests to deliver the full range of economic, social and environmental benefits of forestry including renewable energy, tourism and recreation opportunities. Woodland creation levels have been reducing in recent years and DARD will be exploring how this trend can be reversed to achieve our long term afforestation aims.

Savings Measures

The Department has a target to deliver cash releasing savings over the period 2011-12 to 2014-15, which will enable DARD to live within its overall baselines and provide additional spending power to the Department during this time.

The measures the Department have identified include optimising the use of resources, implementing efficiencies, generating revenue and reducing corporate services expenditure. In implementing these measures, it will also be necessary to make some reductions to staff posts over the period. Further detail on the DARD savings delivery plans can be found on the DARD website.

Budget 2011-15

Budget 2011-15 Outcome

Over the budget period DARD will continue to support rural businesses, help improve rural infrastructure and manage the risk of flooding from rivers and the sea.

The Department will continue to support a range of people and business development programmes at the College of Agriculture Food and Rural Enterprise (CAFRE), provide processing and marketing grants and deliver agri-food scientific programmes through the Agri Food and Biosciences Institute (AFBI). Among other things, the education and training programmes will target the low level of skills in the primary production industry which is a significant inhibitor of competitiveness. Inevitably, the operation of CAFRE and AFBI is dependent on the maintenance of capital facilities, and there are significant costs associated with achieving regulatory standards including those for accreditation. Enhancing the utilisation of our specialist estate is the subject of an Estate Management Strategy, which will be taken forward by a special unit within the Department.

In parallel, a complementary raft of rural development and anti poverty measures will also improve the quality of life in rural areas and help diversification of the rural economy. DARD will aim to publish the Executive's first Rural White Paper, and to assemble the necessary range of measures to tackle the issues identified by the process. The Department will also be developing rural proofing and adopting the processes inherent in championing rural matters.

DARD has made considerable progress with TB in recent years and the herd incidence of the disease has almost halved in recent years, falling from almost 10 per cent in 2002 to just over 5 per cent at the end of October 2010. The animal incidence has shown an encouraging steady reduction over the past year. While the ultimate aim is to eradicate TB in cattle, this is a complex disease and the end is not yet in sight. To some extent, that reflects the difficulty of grappling with the presence of the disease in the wildlife population. DARD has identified a number of critical gaps in evidence which the Department would like to fill by research into TB over the budget period.

There is a growing public awareness about welfare in respect of companion animals and concern about the lack of legislative

Budget 2011-15

powers to address any cases in advance of suffering occurring. DARD has therefore brought forward a new Welfare of Animals Bill, which the Department expects to be enacted before the end of the current session.

DARD will continue to help deliver improved sustainable environmental outcomes. Under the Northern Ireland Rural Development Programme 2007-2013 (NIRDP), the Department will seek to optimise the contribution from Europe. The Department will maintain the area of agricultural land covered by environmental enhancement agreements at 42 per cent and increase afforestation as well as assist the development of more sustainable fisheries. DARD will also invest in enhanced flood protection measures through the Rivers Agency. The new Floods Directive imposes a timetable for the publication of preliminary flood risk assessments and flood risk management plans. In addition, recent flooding events have identified areas where the Rivers Agency could carry out additional work if resources permit.

DARD will also continue the drive to afford a consistent quality service to its customers. The Department is making good progress in terms of reducing the number of offices from which direct services are offered to the public and will back up the network by ensuring that the most appropriate means of communication are provided, whilst driving down costs for the public sector and for customers. The Budget allocations will also provide for the continuation of the Land Parcel Identification System improvement project which aims to help mitigate the threat of future disallowance from Europe in respect of the area based support schemes.

The Department is conscious that its Headquarters building is coming to the end of its useful life and anticipates that during the budget period there will be a need for new accommodation to be identified. That presents the Department with an opportunity to address the recommendations in the Bain Report on the relocation of public sector jobs, and to consider the benefits of ensuring that quality public sector jobs are available in rural communities. DARD proposes to establish a project team to take forward this work, with roughly half of the anticipated capital cost falling into the next budget period.

Budget 2011-15

Increasingly, large organisations are heavily dependent on their information, communications and technology infrastructure to meet the needs of their customers. DARD is no exception, and would intend to sustain its level of investment in this area. There is a challenge, however, to maintaining the high levels of animal traceability on which our meat industry's trading status rests. The challenge is that the existing Animal and Public Health Information System (APHIS) system was procured over 10 years ago, its life has already been extended several times, and it needs a significant technology refresh. DARD will continue to maintain the existing system while beginning work to specify the new system. It is anticipated that while some costs will be incurred during the existing budget period, the majority of the costs will fall in the next budget period.

European Union Funding

The EU Common Agricultural Policy (CAP) is the major avenue of support for farming and it also provides assistance to the wider rural economy. It consists of two Pillars with the main farm support scheme – Single Farm Payment (SFP) - located in Pillar One. Pillar Two - Rural Development - has a focus on improving the competitiveness of farm businesses, rewarding landowners for delivering environmental public goods and providing assistance to rural areas.

Many farm businesses in Northern Ireland are heavily dependent on SFP. In 2009 a total of £292 million SFP was paid to local farmers and this exceeded total income from farming which amounted to £243 million. In other words, without SFP, farm incomes at aggregate level would have been negative. This highlights the importance of the major CAP reform process which commenced in 2010 and will determine the future of the policy post 2013. The Department will argue that the CAP must remain adequately funded and will seek to maintain as far as possible, the share of the overall CAP budget allocated to Northern Ireland.

The Department is a managing authority and paying agency for the NIRD. The Funds aim to improve the competitiveness of the Agriculture and Forestry sector, create a fishing sector that is sustainable and profitable, support local communities and improve the environment, countryside, the quality of life in rural areas and

Budget 2011-15

the diversification of the rural economy. The Department is also the paying agency for the Single Farm Payment Scheme.

Support for the fisheries and aquaculture sectors will continue to be provided under the European Fisheries Fund (EFF). The main focus will be on modernising the sectors and supporting structural adjustment including more closely matching fleet capacity with sustainable fishing opportunities.

Equality and Good Relations Impact

DARD remains fully committed to the fulfilment of its statutory equality obligations, and in line with the requirements of Section 75 of the Northern Ireland Act 1998 will ensure that all new policies and proposals are subject to a rigorous equality screening process. All of the DARD savings and expenditure proposals requiring equality assessment have been subject to scrutiny through the process of completing a High Level Impact Assessment (HLIA) or an Equality Screening Form. Where the initial assessment signals the need for further work, the Department will undertake Equality Impact Assessments (EQIA). While the majority of the proposals have no equality implications, there are some significant equality outcomes to highlight. Of particular note, the Department's rural development proposals will benefit many of the under represented Section 75 equality groups living in rural communities.

Budget 2011-15

Department of Agriculture and Rural Development - Current Expenditure

Objective and Spending Area	2010-11		2011-12		2012-13		2013-14		2014-15	
	£m	£m	%	£m	%	£m	%	£m	%	
Objective A										
Service Delivery Group	87.4	97.8	11.9	107.2	9.6	95.6	-10.8	96.5	0.9	
Veterinary Service	43.6	41.5	-4.9	41.3	-0.5	40.6	-1.5	40.8	0.5	
Central Policy Group	67.5	54.2	-19.7	54.1	-0.2	55.5	2.7	53.5	-3.7	
N/S Body: Foyle, Carlingford & Irish Lights	2.4	1.8	-23.5	1.8	-3.3	1.7	-3.4	1.6	-4.3	
Rivers Agency	16.3	17.1	5.1	17.6	3.1	18.0	2.2	18.3	1.9	
Forest Service Agency	7.8	7.7	-1.2	7.8	1.5	7.8	0.2	7.1	-9.8	
EU Structural Funds (Rural Dev etc)	0.0	0.0	-	0.0	-	0.0	-	0.0	-	
Common Agricultural Policy (CAP)	-	-	-	0.6	-	0.7	5.4	0.7	0.2	
Total Objective A	224.9	220.1	-2.2	230.4	4.7	220.0	-4.5	218.6	-0.6	
Total	224.9	220.1	-2.2	230.4	4.7	220.0	-4.5	218.6	-0.6	

Department of Agriculture and Rural Development – Capital Investment

Objective and Spending Area	2011-12	2012-13	2013-14	2014-15
	£m	£m	£m	£m
Objective A				
Service Delivery Group	11.2	9.9	6.8	5.2
Veterinary Service	0.6	0.8	4.7	15.9
Central Policy Group	4.1	3.6	4.2	2.9
N/S Body : Foyle, Carlingford & Irish Lights	0.4	0.4	0.4	0.4
Rivers Agency	4.1	4.0	5.4	4.2
Forest Service Agency	0.7	0.8	0.9	0.8
EU Structural Funds (Rural Dev etc)	0.1	0.1	0.2	0.2
Common Agricultural Policy (CAP)	-	-	-	-
Total Objective A	21.2	19.5	22.6	29.7
Total	21.2	19.5	22.6	29.7

Budget 2011-15

DEPARTMENT OF CULTURE, ARTS AND LEISURE (DCAL)

The Department's vision is of a confident, creative, informed and healthy society. Its mission is to deliver economic growth and to enhance the quality of life in Northern Ireland by unlocking the full potential of the culture, arts and leisure sectors.

Key Issues / Challenges over the Period to 2014-15

DCAL, like other departments, will undoubtedly face challenges throughout the budget period, however the Department will continue to deliver its key objectives and maintain future services.

DCAL will make every effort to protect frontline services throughout the Budget 2011-15 period, although the extent of the challenge will mean that all areas of the Department's activities will have to contribute.

Savings Measures

In allocating budgets across the Department and its sponsored bodies, factors such as policy priorities, impacts on infrastructure, the existence of alternative funding streams and the ability of smaller bodies to absorb cuts have been taken into account.

The savings delivery plans provide details on how the Department will live within its budget. These include reductions in administration costs, reductions in staff numbers, closing of underused facilities and restrictions of grant assistance and other spending proposals to priority areas. The savings delivery plans have been published separately on the DCAL website.

Budget 2011-15 Outcome

Sport

Within the context of Sport Matters, the Northern Ireland Strategy for Sport and Physical Recreation 2009-19, the Department will work to meet the strategic stadium needs of football, gaelic games and rugby but will also establish a new community level programme to increase participation in sport and physical recreation activity. The Department will also lead on the World

Budget 2011-15

Police and Fire Games in 2013, an event which will have major benefits for the local economy. The 50m Pool will also be completed.

Arts

Funding to support the running costs of capital projects such as Lyric and Metropolitan Arts Centre (MAC) will be prioritised in order to protect the substantial public investment already made in these venues. Programmes such as Annual Support for Organisations Programme (ASOP) will continue but the levels of funding available will be reduced. The Department will continue to play a catalytic role in nurturing the creative industries sector generally by allocating £1 million per year to support emerging artistic talent and entrepreneurs who can generate significant economic benefits for the region and help rebalance the local economy. DCAL, in partnership with district councils, will also continue to promote the Community Festivals Fund.

Ulster Scots Academy

A major challenge over the budget period will be the implementation of the Ulster Scots Academy project. The Department has set up a Ministerial Advisory Group whose primary role will be to advise on the strategic development of the Ulster Scots sector.

Libraries

Libraries Northern Ireland will seek to maintain viable libraries where possible. Funding has been secured to replace the electronic libraries system which underpins much of the body's operational activity.

Museums

National Museums Northern Ireland (NMNI) will use the success of the Ulster Museum capital project as a platform for future developments. It will also seek to increase income generation to mitigate the effects of budget cuts and it will focus on growing its partnership working arrangements to maximise the benefit to the wider public of its asset base. Implementing a new museums policy will also be one of its priorities.

Budget 2011-15

Public Records Office NI (PRONI)

PRONI will seek to position itself as a national archival institution and deliver a high quality customer service from its new state of the art building in Titanic Quarter. It must meet the challenges to records management of the implementation of a 20 year rule for the public sector and it will prioritise the creation of a digital repository with the capacity to accept, permanently preserve and make accessible electronic records from across the public sector in Northern Ireland.

Fisheries

While the budget outcome will reduce the opportunity to expand monitoring infrastructure and develop new public angling facilities, there will be a renewed focus on driving out efficiencies and increasing partnership working to mitigate impacts on frontline services.

North South Bodies

The budget reductions in relation to the North South Bodies in the first three years of the settlement are consistent with those applied by the Department of Community, Equality and Gaeltacht Affairs in the Republic of Ireland. Both Departments will continue to work together on achieving the required savings.

Equality and Good Relations Impact

An assessment of the potential equality, good relations, poverty / social inclusion, and sustainable development impacts of all financial proposals considered in the development of Budget 2011-15 has been undertaken. The outcome of these assessments has informed the Budget allocations set out in this document. Where spending reductions are being proposed we have made an assessment of the effect on specific groups and included mitigating measures that could be taken to offset any disproportionate adverse impact on equality and good relations.

Budget 2011-15

Department of Culture, Arts and Leisure – Current Expenditure

Objective and Spending Area	2010-11	2011-12		2012-13		2013-14		2014-15	
	£m	£m	%	£m	%	£m	%	£m	%
Objective A									
Arts	19.1	18.2	-4.9	17.1	-6.0	16.7	-1.9	16.8	0.1
Museums	21.5	21.4	-0.1	20.0	-6.9	19.1	-4.3	19.5	2.1
Libraries NI	33.6	33.5	-0.2	32.0	-4.5	32.2	0.6	32.5	1.1
Sport	13.4	15.2	13.6	15.1	-0.4	16.8	10.7	13.1	-21.7
Cultural Policy	1.9	1.4	-26.0	1.4	-0.1	1.4	0.4	1.4	0.4
Inland Waterways & Inland Fisheries	4.9	5.2	5.2	5.3	2.3	5.3	0.9	5.6	5.0
N/S Body - Languages	7.1	7.0	-0.9	6.7	-3.8	6.6	-2.4	6.2	-5.0
N/S Body - Waterways Ireland	4.6	3.9	-14.5	3.8	-3.7	3.7	-2.6	3.5	-5.5
Public Record Office (NI)	6.3	5.3	-15.8	5.0	-5.9	4.6	-8.3	4.6	-0.8
NI Events Company	1.0	1.0	-	1.0	-	1.0	-	1.0	-
Total Objective A	113.3	112.1	-1.0	107.4	-4.2	107.4	0.0	104.3	-2.9
Total	113.3	112.1	-1.0	107.4	-4.2	107.4	0.0	104.3	-2.9

Department of Culture, Arts and Leisure – Capital Investment

Objective and Spending Area	2011-12	2012-13	2013-14	2014-15
	£m	£m	£m	£m
Objective A				
Arts	3.8	0.6	0.5	0.4
Museums	0.2	2.4	1.1	0.6
Libraries NI	2.3	4.2	2.6	2.7
Sport	11.8	26.8	25.1	69.8
Cultural Policy	-	-	-	-
Inland Waterways & Inland Fisheries	0.1	0.2	0.1	3.7
N/S Body - Languages	-	-	-	-
N/S Body - Waterways Ireland	-	0.3	0.3	0.3
Ordnance Survey (NI)	-	-	-	-
Public Record Office (NI)	-2.0	0.3	0.1	0.1
Total Objective A	16.3	34.7	29.7	77.6
Total	16.3	34.7	29.7	77.6

Budget 2011-15

DEPARTMENT OF EDUCATION (DE)

The overall vision of the Department is “to ensure that every learner fulfils her or his potential at each stage of development”. In pursuing this aim the key priorities for the Department are:

- Raising Standards for All;
- Closing the Performance Gap, Increasing Access and Equality;
- Developing the Education Workforce;
- Improving the Learning Environment; and
- Transforming Education Management

Key Issues / Challenges over the Period to 2014-15

The education and development of our children and young people is one of the most significant investments in our society. Education, both formal and informal, provides the basis for personal development, both in terms of the development of intellect, and the skills, competencies, personal attributes, values and knowledge that can equip each person to succeed.

The acquisition of knowledge, educational attainment and skills by our children and young people also provides the main investment for the economic future. Delivering a stable economic base and rebalancing the economy over the long term will only be possible with increased education and skills levels for the future workforce.

Much has been achieved in raising educational standards over recent years through a policy focus on school improvement, new Transfer arrangements and equality, and on a revised curriculum with an emphasis on developing literacy, numeracy and ICT skills. The proportion of young people leaving school with at least 5 GCSEs A*-C (including equivalents) including English and Maths has increased by 5.8 percentage points since 2006.

However, there is a significant body of educational underachievement which needs to be addressed in the next few years. Whilst the performance of our 15 year olds in reading and maths is not significantly different from the Organisation for Economic Cooperation and Development (OECD) average, with

Budget 2011-15

performance in science significantly above, our performance in all three areas lags behind that of the highest performing education systems such as Finland, Shanghai, Hong Kong, Singapore, Japan, Canada, Australia and New Zealand. Many children leave our education system each year after 12 years of formal education without the levels of attainment needed for employment and entry to higher education. It is essential that our education system enables all children to perform significantly better. Raising standards for all therefore remains the Department's top priority over the budget period.

Equality is central to the Department's policies to address educational disadvantage. Whilst many pupils do perform well, the evidence demonstrates that the system is not delivering for many of our children and young people, particularly the most vulnerable and disadvantaged in society, who are achieving less well. A continued focus is required on closing the gaps that persist between the highest and lowest achievers, by breaking down barriers to learning, promoting high expectations across the whole education sector, and putting in place appropriate interventions to ensure that every child can fulfil her or his full potential whether they are learning through the medium of Irish or English.

The challenging public expenditure context in the next few years makes it increasingly important that the education sector ensures that the optimum use is made of the limited resources available. This will require careful planning and a clear focus on where resources need to be directed if the desired improvements in outcomes are to be delivered. Unnecessary bureaucracy and duplication must be eliminated to maximise the resources that can be directed where they are needed most – the classroom.

Savings Measures

In delivering savings, the Department's priorities will be to protect spending on programmes which contribute most to the delivery of Departmental priorities, drive up efficiency, reduce bureaucracy, reduce inequalities and eliminate duplication.

Savings will be delivered in administration and management costs; in the costs of home to school transport and school meals; Information and Communications Technology (ICT) in schools; the delivery of professional support for schools; and more effective

Budget 2011-15

procurement. The Department will work with the sector to minimise the potential impacts of budget reductions on the quality of teaching and learning in our schools and the educational standards achieved by our young people. We are doing everything we can to protect jobs and frontline services, including special needs, counselling and youth. The Department will continue to seek additional resources for education.

A strategic rationalisation of the education estate across all sectors will also need to be developed, in line with area-based planning and the Sustainable Schools Policy. It will be necessary to ensure access to the curriculum for all on the basis of equality, in modern viable settings, and to help reduce pressures on education budgets in future.

Budget 2011-15 Outcome

The Budget 2011-15 outcome for education is challenging. Approximately two thirds of the Department's resource budget is allocated to schools to deliver education to 317,000 pupils in over 1,200 grant-aided schools. In determining strategic priorities, the Department's focus has been on protecting jobs and frontline resources as far as possible and funding critical services.

Capital allocations support investments in education assets, including School and Youth facilities, which will provide or underpin services in the longer term. The level of funding will deliver contractual commitments, investment in major and minor works, and maintain smaller but important budgets.

Equality and Good Relations Impact

The Department is committed to ensuring that it fulfils its duties under Section 75 (1) and (2) of the NI Act 1998 in relation to the promotion of equality and the desirability of promoting good relations. Tackling educational inequalities and disadvantage is a core priority for the Department. The promotion of equality and protection of services to vulnerable groups will be a key consideration in the implementation of the spending plans.

An initial high level assessment had been undertaken in relation to the draft Budget proposals. Potential equality implications will be kept under review as decisions on allocations are made and

Budget 2011-15

measures implemented. The Department will ensure that every effort is made to protect frontline services as far as possible whilst cutting out unnecessary administration.

Budget 2011-15

Department of Education - Current Expenditure

Objective and Spending Area	2010-11		2011-12		2012-13		2013-14		2014-15	
	£m	£m	%	£m	%	£m	%	£m	%	
Objective A										
Schools Mainstream	1,874.0	1,852.7	-1.1	1,833.4	-1.0	1,844.1	0.6	1,830.0	-0.8	
Schools Infrastructure	11.4	11.4	0.1	11.4	-0.0	11.4	-	11.3	-0.3	
Total Objective A	1,885.3	1,864.1	-1.1	1,844.7	-1.0	1,855.5	0.6	1,841.4	-0.8	
Objective B										
Youth & Community Relations	29.5	30.5	3.6	31.4	2.7	32.2	2.7	33.1	2.8	
Total Objective B	29.5	30.5	3.6	31.4	2.7	32.2	2.7	33.1	2.8	
Total	1,914.8	1,894.6	-1.1	1,876.1	-1.0	1,887.7	0.6	1,874.5	-0.7	

Department of Education – Capital Investment

Objective and Spending Area	2011-12	2012-13	2013-14	2014-15
	£m	£m	£m	£m
Objective A				
Schools Mainstream	0.2	0.7	1.5	1.5
Schools Infrastructure	109.6	97.7	101.2	176.9
Total Objective A	109.7	98.4	102.7	178.4
Objective B				
Youth & Community Relations	5.0	5.0	5.0	5.0
Total Objective B	5.0	5.0	5.0	5.0
Total	114.7	103.4	107.7	183.4

Budget 2011-15

DEPARTMENT FOR EMPLOYMENT AND LEARNING (DEL)

The Department's overall aim is "to promote learning and skills, to prepare people for work and to support the economy". It is responsible for Further and Higher Education, training and skills and employment programmes. In pursuing its aim the Department's key objectives are:

- To promote economic, social and personal development through high quality learning, research and skills training; and
- To help people into employment and promote good working practices.

It seeks to achieve these through four key areas of activity:

- Promoting the provision of learning and skills, including entrepreneurship, enterprise, management and leadership;
- Encouraging research and development, creativity and innovation in the Northern Ireland economy;
- Helping individuals to acquire jobs, including self employment, and improving the linkages between employment programmes and skills development; and
- The development and maintenance of the framework of employment rights and responsibilities.

Key Issues / Challenges over the Period to 2014-15

The Department faces the following key challenges over the budget period:

- To provide an acceptable level of service to people who are unemployed;
- To maintain capacity in the Further Education sector so that our young people are helped to maximise their potential;
- To sustain the quality of teaching and research and the international reputation of our Higher Education sector in light of changing funding arrangements; and
- To contribute to the improved productivity of our business sector through investment in skills.

Budget 2011-15

Savings Measures

The Department has a target to deliver cumulative, cash releasing reductions in expenditure of £40 million / £72 million / £108 million / £144 million respectively over the period 2011-12 to 2014-15. The Department's strategy for delivering the necessary reductions in expenditure focuses on:

- Squeezing out unnecessary bureaucracy, concentrating resources on frontline services;
- Bearing down on pay and price inflation;
- Recognising the public benefit of investment, but seeking greater contributions from service users and beneficiaries; and
- Seeking improvements in efficiency from the Higher Education sector in particular.

Details of how these reductions in expenditure will be achieved have been provided in the Department's Budget 2011-15 Consultation Paper, published on 10 January 2011.

Budget 2011-15 Outcome

Given the scale of the reductions necessary all business areas must contribute. However the Department has taken steps as far as possible to protect frontline services.

The Department will endeavour to preserve the capacity of our Further Education sector, including Essential Skills - so vital if we are to give our young people a good chance in life and to contribute to local economic development. The sector, however, like others will be expected to improve its operational efficiency.

With regard to skills, some £3 million annual new investment has been made available for the Assured Skills Programme which is designed to complement the work of Invest NI in attracting new foreign direct investment. In addition, the budget for Training for Success and the training guarantee for 16-17 year olds has been protected.

The capacity of the frontline functions of the Employment Service has also been protected through a combination of efficiency and budgetary provisions. However, the increasing demands

Budget 2011-15

associated with the economic downturn and welfare reform will mean that the service will be operating under significant pressure.

Given the need to protect the services above, it is inevitable that in line with decisions elsewhere, Higher Education must bear a significant proportion of the necessary reductions in expenditure. The sector is being asked to deliver efficiencies amounting to some 14 per cent of its block grant in order to maintain overall capacity and quality in the sector.

The future level of tuition fees is currently the subject of a public consultation exercise. The intention is that any change in the funding arrangements will have a neutral impact on the funding for the Higher Education sector.

The capital expenditure allocation will enable the Department to:

- Fund the contractually committed elements in respect of the PFI contracts at Belfast Metropolitan College and South Eastern Regional College;
- Fund the ongoing development works at the Springvale E3 campus of Belfast Metropolitan College;
- Provide support to the FE sector in respect of Health and Safety and Minor works; and
- Fund the development of teaching and research infrastructure at both the universities and the two university colleges.

European Union Funding

The Department is the Managing Authority for the Northern Ireland European Social Fund Programme 2007-13 that is the successor to the Building Sustainable Prosperity Programme 2000-06. Activity under the Programme is realised by two inter-related priorities. Priority 1 is helping to extend the employment opportunities for workless people, especially those at a significant disadvantage in the labour market. Priority 2 is increasing workforce skills by funding training to level 2 and level 3 and Essential Skills.

Budget 2011-15

Equality and Good Relations Impact

Virtually all of the Department's Budget allocation underpins sustainable development and increases economic activity. Despite the difficulties from achieving the necessary reductions the budget as a whole will impact positively on wellbeing and on poverty within the region and foster good relations among the community. Preliminary equality impact assessments of individual measures have been completed. A high level impact assessment of the savings proposals has also been prepared and published on the Department's website. The assessment shows that in the main the plans are expected to have a neutral impact on these groups with some limited adverse impact.

Budget 2011-15

Department for Employment and Learning - Current Expenditure

Objective and Spending Area	2010-11		2011-12		2012-13		2013-14		2014-15	
	£m	£m	%	£m	%	£m	%	£m	%	
Objective A										
Employment and Skills	381.9	359.1	-6.0	356.1	-0.8	366.3	2.9	378.8	3.4	
Higher Education (including Teacher Training)	230.0	206.3	-10.3	199.9	-3.1	187.5	-6.2	174.3	-7.1	
Student Support and Postgraduate Awards	153.8	190.6	23.9	193.6	1.6	213.7	10.4	242.3	13.4	
Labour Market Services	33.2	31.3	-5.7	30.6	-2.0	31.0	1.2	31.3	1.0	
Total Objective A	798.9	787.3	-1.5	780.3	-0.9	798.5	2.3	826.7	3.5	
Total	798.9	787.3	-1.5	780.3	-0.9	798.5	2.3	826.7	3.5	

Department of Employment and Learning – Capital Investment

Objective and Spending Area	2011-12	2012-13	2013-14	2014-15
	£m	£m	£m	£m
Objective A				
Employment and Skills	35.7	19.3	2.0	4.0
Higher Education (including Teacher Training)	5.0	12.5	15.0	23.0
Student Support and Postgraduate Awards	-	-	-	-
Labour Market Services	0.5	0.5	1.5	1.3
Total Objective A	41.2	32.3	18.5	28.3
Total	41.2	32.3	18.5	28.3

Budget 2011-15

DEPARTMENT OF ENTERPRISE, TRADE AND INVESTMENT (DETI)

The overall aim of the Department is “to promote the development of a globally competitive economy.” In pursuing this aim, DETI’s objective is to encourage the development of a high value added, innovative, enterprising and competitive economy, leading to greater wealth creation and job opportunities for all.

Key Issues / Challenges over the Period to 2011 -15

To grow the Northern Ireland economy the focus will be the delivery of the Executive’s overall strategic aim of an economy that increases wealth and employment opportunities for all. A new Northern Ireland Economic Strategy will be central to this and will put at its heart the twin priorities of rebuilding and rebalancing the Northern Ireland economy in the aftermath of a sustained global economic downturn.

Savings Measures

The Department will deliver cash releasing efficiencies of £8.5 million over the budget period, which will deliver additional spending power to the Department during this time. Savings will be achieved through 3 per cent year on year efficiencies in Tourism Ireland Ltd and InterTradeIreland, together with a range of measures throughout the core department.

The Department and its Non Departmental Public Bodies (NDPBs) are planning to absorb increased pay costs through the generation of further efficiencies which follow on from those delivered in the last two budget periods. Given that efficiencies totalling £135 million have already been delivered in the last two Budgets, it is recognised that this represents a significant challenge.

Budget 2011-15 Outcome

In summary, current expenditure in 2014-15 will increase by 3 per cent when compared to the 2010-11 position, while capital investment will reduce by 60 per cent. This reduction reflects the reduction in grant thresholds permissible under EU Regulations and the completion of a number of major projects, for example C

Budget 2011-15

Series, and a range of tourism projects including the Titanic Signature project in years one and two of the budget period.

In addition, Invest NI, which historically consumes approximately 65 per cent of the DETI budget, will bring forward into the budget period a record level of financial commitments for unclaimed grant expenditure that will require funding prior to budget being made available for new activity. At the end of the 2009-10 financial year this amounted to £272 million, and which reflected an increase of £78 million on the 2008-09 level.

The need to fund a significantly higher brought forward commitment than has generally been the norm over recent times will create a significant challenge for DETI and will necessitate an increased need for the prioritization of its resources to maximise economic impact.

During the 2008-11 budget cycle Invest NI entered into a record level of future financial commitments. The main reasons for this were:

- a) To respond to the economic downturn, which required the provision of a significant level of support to protect existing employment;
- b) To help business prepare for the medium term economic upturn by supporting a significantly increased number of R&D-type projects;
- c) To facilitate maximum flexibility with clients by extending Letters of Offer in terms of their grant earnings period;
- d) To build on the momentum of the US / Ireland and Washington inward investment conferences by providing support to strategically-important projects from companies such as Bombardier, Citi and NYSE; and
- e) To take advantage of the higher EU Regional Aid grant thresholds prior to their reduction on 1st January 2011 by actively encouraging companies to accelerate business plans and consider Northern Ireland as a viable investment location through the provision of multi-year offers of assistance at the upper end of the available thresholds.

Budget 2011-15

As a result of these actions it is highly likely that Invest NI will successfully meet and exceed many of its PSA targets under its current Programme for Government obligations.

Over the next four years and beyond DETI is committed to ensuring that discretionary expenditure will be focussed on the key challenges of rebuilding and rebalancing the Northern Ireland economy. In particular DETI will target the following goals over the period to 2014-15.

Current Expenditure

Invest NI

Invest NI will continue to target inward investment and promote domestic investment, provide trade support, and support private sector investment in Research and Development (R&D).

The allocation would enable:-

- The promotion of 10,000 new jobs, inclusive of those relating to the new Short-Term Employment measure described below; and
- A leveraging of R&D investment of approximately £300 million.

In relation to specific new initiatives the allocation would enable:-

- The promotion of over 5,000 jobs under a £19 million Short-Term Employment Measure, with 4,000 of these jobs anticipated to be created in the budget period and the balance following thereafter.

Invest NI will have a key challenge in terms of prioritising its uncommitted resource towards funding projects and activities that maximise the return to the Northern Ireland economy. It will also focus on maximising efficiencies in its approach to business in order to free up additional funding for investment. Additionally, Invest NI will focus on maximising its uptake of EU funding in areas that provide the best return to the Northern Ireland economy.

Budget 2011-15

Northern Ireland Tourist Board

The Budget would allow for continued investment in tourism as a key driver of the economy and seek to increase its economic contribution in line with the Tourism Strategy Northern Ireland.

Investment would be prioritised to drive the long term sustainability of the sector in areas such as research and insights, technology development and the targeting of the Republic of Ireland and Northern Ireland markets. In addition, opportunities to boost tourism during 2012, when the Titanic Centenary will be commemorated, and during 2013 when the UK City of Culture, which has been awarded to Londonderry, will be exploited. Funding will also be made available for events going forward.

Tourism Ireland

The Tourism Ireland budget allocation would be used to increase the number of overseas visitors coming to Northern Ireland and support Northern Ireland to realise its tourism potential.

Health and Safety Executive for Northern Ireland (HSENI)

The Health and Safety Executive for Northern Ireland will reduce the perceived burden on business from health and safety regulation. HSENI's activities over the budget period will be guided by the ten goals set out in Northern Ireland's long term and shared health and safety at work strategy - "Health and Safety at Work – Protecting Lives, Not Stopping Them", the focus of which is the better regulation of health and safety at work.

InterTradeIreland

InterTradeIreland will deliver a portfolio of cross border innovation activities, and will continue to provide its Information & Advice Services and Business Networks.

Consumer Council

The Consumer Council will continue to implement its statutory remit to represent consumers in the areas of transport, energy and water, and to educate consumers on their rights and

Budget 2011-15

responsibilities. The budget allocation would also be used to create opportunities and tackle disadvantage in the areas of financial capability, fuel poverty and consumer education.

Energy

The Department will work with the economic regulator NIAUR and private sector energy companies to deliver on the key energy goals within the Strategic Energy Framework (SEF) 2010, namely:

- Building competitive energy markets;
- Ensuring security of supply;
- Enhancing sustainability and development of our energy infrastructure; and
- Increasing the level of electricity and heat from renewable sources in line with the proposed SEF targets to 2020.

Telecommunications

DETI will work to ensure that a broadband service remains available to any customer regardless of where they live or do business. It will also engage with the Department for Business, Innovation and Skills and Broadband Delivery UK to secure Northern Ireland funding to roll out faster broadband services.

Support for R&D and Innovation

DETI will continue to support and encourage the growth of Northern Ireland's knowledge and innovation based economy through the work of Matrix and by support to high tech start ups through innovative programmes such as Connect.

Social Economy

DETI will also lead on the development of the social economy through the implementation of the Executive's Social Economy Enterprise Strategy.

Provision of Statistical Information

DETI will continue to improve official economic and labour market statistics to monitor the performance of the Northern Ireland economy. The budget allocation would enable the Department to

Budget 2011-15

develop an integrated survey system to improve the timeliness and quality of such measures, while reducing the burden on business.

Asbestosis and Pleural Plaques Liabilities

Funding of £29 million has been proposed across the budget period in relation to estimated liabilities that will arise in regard to the Department's funding of asbestosis claims.

Capital Investment

The capital investment allocation would support DETI activities and projects across three investment measures:

Invest NI

The allocation would provide funding for:-

- All of Invest NI's existing capital commitments;
- The provision of Launch Investment and Selective Financial Assistance (SFA) to the strategically important Bombardier C Series;
- Strategically significant venture capital initiatives including a £16 million Co-investment Fund and a £30 million Development Fund; and
- The provision of SFA support to new projects on an ongoing basis, albeit at much reduced levels.

Northern Ireland Tourist Board

Capital investment will be focused on the completion of the five tourism signature projects.

Telecommunications infrastructure

Building on the legacy of low latency, direct international connectivity and enhanced internal broadband connectivity, DETI will work with the private sector to examine opportunities to develop Northern Ireland as a base for delivery of next generation internet applications.

Budget 2011-15

Energy infrastructure

The capital allocation would assist in the investment necessary towards developing Northern Ireland's energy infrastructure.

European Union Funding

The Department will progress projects under the EU Competitiveness Programme, with expenditure targeted at innovation, enterprise / entrepreneurship, telecommunications, sustainable energy and tourism. In addition, DETI will be the accountable department for business support, tourism, energy and telecoms initiatives that will be progressed under the Territorial Co-operation Programme.

Equality and Good Relations Impact

The allocation will have positive impacts for equality, good relations, anti-poverty and sustainable development. Virtually all of DETI's budget allocation would underpin sustainable development, and increase economic activity. This would impact positively on wellbeing and on poverty within the region and foster good relations among the community. A High Level Impact Assessment of the spending and savings proposals is separately published on the DETI website.

Budget 2011-15

Department of Enterprise, Trade and Investment - Current Expenditure

Objective and Spending Area	2010-11	2011-12		2012-13		2013-14		2014-15	
	£m	£m	%	£m	%	£m	%	£m	%
Objective A									
Economic Development, Policy & Research	16.1	20.6	27.8	23.4	13.8	24.7	5.5	22.5	-9.1
Economic Infrastructure/Energy & Minerals	6.8	4.6	-33.2	4.2	-8.3	3.9	-7.0	4.1	4.9
Invest Northern Ireland	126.4	128.8	1.9	133.0	3.3	125.1	-5.9	129.7	3.6
Development of Tourism	14.9	17.0	14.1	15.4	-9.6	14.4	-6.6	14.2	-0.8
Tourism Ireland Ltd.	16.3	15.5	-4.7	15.0	-3.1	14.6	-3.2	14.1	-3.3
N/S Body - Inter Trade Ireland	3.7	3.5	-6.1	3.4	-3.0	3.3	-3.1	3.2	-3.2
EU Support for Economic Development	0.1	2.1	1,964.0	2.2	4.9	2.4	10.7	2.7	13.2
Business Regulatory Services	8.3	8.3	-0.3	8.3	-0.3	8.3	-0.1	8.2	-0.5
Health & Safety Executive For NI	6.9	6.8	-1.6	6.8	-0.9	6.8	-0.1	6.9	2.1
Total Objective A	199.5	207.1	3.8	211.6	2.2	203.3	-3.9	205.5	1.1
Total	199.5	207.1	3.8	211.6	2.2	203.3	-3.9	205.5	1.1

Department of Enterprise, Trade and Industry – Capital Investment

Objective and Spending Area	2011-12	2012-13	2013-14	2014-15
	£m	£m	£m	£m
Objective A				
Economic Development, Policy & Research	1.5	1.3	0.1	0.5
Economic Infrastructure/Energy & Minerals	1.6	1.3	1.0	15.5
Invest Northern Ireland	56.3	35.3	13.5	8.4
Development of Tourism	8.0	6.5	0.6	4.0
EU Support for Economic Development	1.2	1.2	0.8	0.8
Business Regulatory Services	0.1	0.1	0.0	0.1
Health & Safety Executive For NI	-	-	-	-
Total Objective A	68.7	45.6	16.0	29.2
Total	68.7	45.6	16.0	29.2

Budget 2011-15

DEPARTMENT OF FINANCE AND PERSONNEL (DFP)

The overall aim of the Department is “to help the Executive secure the most appropriate and effective use of resources and services for the benefit of the community”.

In pursuing this aim the key objective of the Department is to deliver quality, cost effective and efficient public services and administration in the department’s areas of executive responsibility.

Key Issues / Challenges over the Period to 2014-15

The priorities for DFP over the period 2011-15 will be:

- Delivering, high quality, effective shared services to NICS departments;
- Managing and monitoring public expenditure in line with the Executive’s priorities;
- Maximising the collection of rates revenue;
- Continuing to improve access to government services and information in Northern Ireland; and
- Consolidating and reducing where possible the size of the NICS office estate, maximising the utilisation of space.

The key focus will be on the delivery of shared services across the Northern Ireland Civil Service (NICS), in the areas of finance, Human Resources, ICT, procurement, accommodation and legal advice. This will contribute to the delivery of high quality, efficient public services across the NICS.

Land and Property Services will continue to work vigorously to increase the level of collectable rates and to reduce the amount of year end debt, whilst recognising the difficult economic situation which is impacting on the ratepayers ability to pay.

The footprint of the government office estate will be rationalised by reducing the level of leased office space and increasing the amount of space efficient accommodation. The Department will also continue to simplify and improve access to government by launching a range of additional citizen information services through the NI Direct programme.

Budget 2011-15

Savings Measures

In view of public expenditure constraints and in order to deliver our essential services to the public and across government, the Department has identified a range of savings that will release resources totalling some £38 million over the budget period. Building on measures adopted in previous Budgets, DFP has thoroughly reviewed the Department's income and expenditure in order to determine how it could deliver the required level of savings while seeking to safeguard frontline services and essential service delivery. The Department has also sought to minimise the impact on staffing levels.

The savings measures identified by DFP include optimising the use of resources, reducing corporate services costs, maximising revenue and getting better value for money from contracts. The Department has also had to make some reductions to staff numbers over the period, although these are expected to be achieved through the Department's normal turnover of staff, coupled with an embargo on recruitment and promotion, ending temporary promotions and implementing redeployments where appropriate.

Budget 2011-15 Outcome

The budget allocation will enable the Department to ensure public expenditure is managed effectively to deliver best value for the people of Northern Ireland as well as promoting and improving access to public services and information.

The Northern Ireland Statistics and Research Agency (NISRA) will take forward the delivery of the 2011 Census, whilst Land and Property Services (LPS) will take steps to maximise rates revenue collection on behalf of both district councils and the NI Block in the context of record levels of non-payment.

The Budget will also enable the Department to continue to improve the quality and cost effectiveness of citizens' access to government services through the NI Direct initiative. In addition, it will enable the Department to work towards providing modern, fit for purpose office accommodation for NI departments.

Budget 2011-15

The Department's capital allocations, although modest, will enable DFP to progress some significant investment over the budget period, particularly in relation to shared services and accommodation provided to, and on behalf of, NI departments and other public bodies. NICS Shared Services will be able to meet their contractual commitments and both maintain and develop the systems which support the essential accounting, human resources and ICT services that it provides to its customers.

Similarly, the capital investment allocated in support of NICS accommodation will enable the Department to both maintain existing levels of service delivery to customers as well as undertake some enhancements. In particular, the Department will be able to make investment over the four years of the Budget to facilitate lease consolidation work. This will not only reduce the overall footprint and operational costs associated with the NI government office estate but also transfer staff into more acceptable working environments. Moreover, following the termination of the Workplace 2010 programme, there is a need to take forward more substantial work and the increased capital investment allocation in 2014-15 will enable the Department to plan and implement some major investment in the estate.

European Union Funding

The budget allocation will also allow the Department to fulfil its commitments under a number of EU Programmes. The allocation will provide support to projects under the Public Sector Collaboration Theme Priority of INTERREG IVA Programmes. The aim of the theme is to promote cross-border co-operation and the exchange of expertise, information and best practice between public sector bodies and other relevant stakeholders. The allocation will also support technical assistance costs which facilitate and support the management, monitoring, evaluation and publicity requirements of the various EU programmes (including PEACE III and INTERREG IV) as required by European Commission regulations.

Budget 2011-15

Equality and Good Relations Impact

The Department has screened its spending proposals in accordance with Section 75 (1) and (2) of the Northern Ireland Act 1998 and with reference to Good Relations commitments. Full Equality Impact Assessments have been undertaken where required. In relation to its savings plans, the Department has undertaken screening exercises in order to assess the likely impact of the savings measures that have been identified at this stage. The assessment of these proposals revealed neutral or positive impact in relation to section 75 groups and this has been reflected in the High Level Impact Assessment that was published at the time of the consultation.

DFP has also considered whether the Department's proposals have any wider social and economic impacts. The Department's proposals promote a number of positive impacts in relation to sustainability (through the proposed investment in the NI government office estate), poverty / social inclusion (through the ongoing implementation of rates relief schemes), access to government services (through the NI Direct investment) and the local construction industry (also through the proposed investment in the office estate).

Budget 2011-15

Department of Finance and Personnel - Current Expenditure

Objective and Spending Area	2010-11		2011-12		2012-13		2013-14		2014-15	
	£m	£m	%	£m	%	£m	%	£m	%	
Objective A										
Finance & Personnel Policy & Other Services	32.5	27.3	-15.8	26.5	-3.1	27.0	1.9	26.5	-1.9	
NICS Shared Services	48.3	47.6	-1.3	46.4	-2.7	44.8	-3.3	44.8	-0.0	
NI Statistics & Research Agency	11.0	12.9	17.6	10.9	-15.7	8.1	-25.6	8.0	-1.3	
Land & Property Services	16.5	25.6	55.0	25.8	0.7	24.6	-4.5	24.8	0.8	
EU Programmes	1.2	2.4	96.5	2.2	-7.5	2.0	-7.7	1.8	-10.9	
Special EU Programmes Body	1.4	1.4	0.9	1.4	-0.2	1.3	-5.9	1.3	-1.2	
NICS Accommodation Services	71.9	71.3	-0.8	72.2	1.2	72.7	0.8	73.9	1.6	
Total Objective A	182.7	188.6	3.2	185.3	-1.8	180.7	-2.5	181.0	0.3	
Objective B										
Pensions	0.1	-	-100.0	-	-	-	-	-	-	
Total Objective B	0.1	-	-100.0	-	-	-	-	-	-	
Total	182.9	188.6	3.1	185.3	-1.8	180.7	-2.5	181.2	0.3	

Department of Finance and Personnel – Capital Investment

Objective and Spending Area	2011-12 £m	2012-13 £m	2013-14 £m	2014-15 £m
Objective A				
Finance & Personnel Policy & Other Services	1.2	1.3	0.3	1.1
NICS Shared Services	10.0	5.5	5.3	5.5
NI Statistics & Research Agency	0.2	0.1	0.1	0.1
Land & Property Services	2.0	2.0	2.0	2.0
NICS Accommodation Services	5.6	5.8	3.0	19.8
Total Objective A	18.9	14.6	10.6	28.4
Total	18.9	14.6	10.6	28.4

Budget 2011-15

DEPARTMENT OF HEALTH, SOCIAL SERVICES AND PUBLIC SAFETY (DHSSPS)

The overall aim and mission of the Department is “to improve the health and social wellbeing of the people of Northern Ireland”. DHSSPS is responsible for:

- Health and Social Care (HSC) – includes policy and legislation for hospitals, family practitioner services and community health and personal social services;
- Public Health – covers policy, legislation and administrative action to promote and protect the health and wellbeing of the population; and
- Public Safety – covers policy and legislation for fire and rescue services.

The Department of Health, Social Services and Public Safety aims to improve the health and social wellbeing of the people of Northern Ireland by:

- Leading a major programme of cross-government action to protect and improve the health and wellbeing of the population and reduce health inequalities. This includes interventions involving health promotion and education to encourage people to adopt activities, behaviours and attitudes which lead to better health and wellbeing. The aim is a population which is much more engaged in ensuring its own health and wellbeing;
- Ensuring the provision of appropriate health and social care services, both in clinical settings such as hospitals and GPs’ surgeries, and in the community through nursing, social work and other professional services; and
- Ensuring the delivery of an effective fire and rescue service across Northern Ireland, contributing to the safety and wellbeing of the community.

Budget 2011-15

In February 2008, the Minister for Health, Social Services and Public Safety announced continuation of the reforms in health and social care, which had already been set in train by the Direct Rule administration, to review public administration in Northern Ireland. The aim being to provide a reformed health and social care sector fit for purpose in the 21st century, providing high quality services that represent good value for money for users and taxpayers alike. The legislative framework for the new health and social care system came into effect on 1 April 2009 but the process of realising the full benefits of reform will go on for many years.

The strategic vision for all health and social care services can be summarised in the following long term goals:

- Improving and protecting health and wellbeing and reducing inequalities;
- Improving the quality of services;
- Ensuring more accessible and responsive services;
- Improving the involvement of individuals and communities in the design, delivery and evaluation of policies, strategies and services; and
- Ensuring effective and efficient allocation and utilisation of all available resources in line with Ministerial priorities.

Key Issues / Challenges over the Period to 2014-15

Northern Ireland has the fastest aging population in the UK with the over 65s due to grow by 10.7 per cent during the budget period. The rapid development of medicine in recent years means that the diseases and illnesses that would once have killed, can now be effectively managed. People live longer. However, this brings with it pressures and increased costs in delivering primary, secondary and social care services. The only sustainable long term strategy is one that works with a population actively engaged in looking after its own health and wellbeing. Whilst this will undoubtedly alleviate the strain placed on services, there will be challenges in ensuring that health and wellbeing improvement strategies are accepted.

Budget 2011-15

Key costs pressures facing the DHSSPS include:

- Costs of pay - almost all HSC staff are linked to national terms and conditions whose pay increase is determined at a national level by the various pay UK review bodies and subject to pay controls in line with national pay controls applied by the UK Government;
- Costs of non-pay inflation; and
- Costs of a changing population particularly the continued growth in the number of older people. The only sustainable long term strategy is one that works with a population actively engaged in looking after its own health and wellbeing.

Savings Measures

The Budget that the Department has received will allow for the effective re-organisation of the way that services are delivered across health and social care. Cost reduction measures will be put in place to allow the department to deliver safe, efficient, quality services that continue to meet the needs and expectations of patients and service providers alike.

DHSSPS will deliver efficiency savings across the budget period from its programme budget and its administration budget. Efficiency targets are cash releasing and will allow the Department to provide the same or improved service for less.

These savings will be delivered through a reconfiguration of the way that services are delivered throughout Northern Ireland. Modern solutions will be implemented to meet the growing challenges and demands that professionals face in delivering health and social care in the 21st century, and addressing the health inequalities that continue to persist in Northern Ireland when compared to other countries. However the reorganisation is not without risks and the sector will be forced to readjust to the change. DHSSPS are taking this forward via a joint exercise with the Performance and Efficiency Delivery Unit (PEDU) and have commenced work to examine the savings potential across a wide range of areas.

Budget 2011-15

Budget 2011-15 Outcome

In determining the distribution of resources across the key spending areas within the DHSSPS budget a key focus will be to ensure that resources are allocated efficiently to secure the best possible value from all available funding. The Budget outcome will help DHSSPS:

Improve and protect health and wellbeing and reduce inequalities

The protection and improvement of the health and wellbeing of people in Northern Ireland, through a focus on the social determinants of health, is an important cross cutting objective for the Northern Ireland Executive in conjunction with the health and social care sector, partners in local government and other stakeholders.

A key objective for all partners must be to reduce the significant inequalities in health and wellbeing in Northern Ireland. Funds will be targeted, through various early intervention strategies, aimed at raising awareness, and improving the health of the population. Screening and immunisation programmes will be delivered across Northern Ireland, oral health and mental health promotion will be key focus, and solutions that target lifestyle factors such as smoking, alcohol, diet and physical activity will be implemented to increase the general health and well being of the population. Every opportunity will be taken to promote key public health and wellbeing messages and to provide interventions at key stages across the life course.

Improve the quality of services

Improving the quality of health and social care services in terms of safety, effectiveness and a focus on patients and clients, is a continuous process of evaluation, learning and application of best practice. Over the budget period, the Department will complete public consultation and implement the new 10 Year Quality Strategy for HSC, continue the rolling programme of Service Framework development, evaluating and revising those launched prior to March 2011 and launching, as appropriate, further Frameworks to address additional important areas of service provision where standards of care could be improved and variability in practice diminished. In addition, the Department will

Budget 2011-15

develop models of assurance for all health and social care practitioners drawing on the experience of revalidation for doctors to confirm and enhance public confidence in the health and social care workforce and put in place a package of measures, underpinned by a cross-government policy framework to improve safeguarding and protection outcomes for vulnerable adults.

Ensure more accessible and responsive services

People need access to health and social care services in the right place and at the right time. Our goal is to ensure that, when need arises, the relevant intervention takes place in good time and as close to home as possible.

The department is clear that person-centred care in the right setting is absolutely integral to not only ensuring that resources are used in the best possible way, but also that individuals are supported in the most effective manner. People naturally want to live dignified and independent lives in their own homes for as long as it is safe to do so. For those who are generally healthy, a stay in hospital will usually be short and followed by a prompt discharge to their own home. However, people with long term conditions, or the more elderly and frail, may need targeted and tailored support to live safely at home or manage the transition to and from more intensive care settings. Demographic changes mean that there will be greater need to support an aging population and those living in the community with disabilities.

Over the budget period the Department will continue to promote a continuum of integrated and responsive primary, community and secondary care services to ensure that people have access to the right care in the right place at the right time; support older people and people with long term conditions to live independently at home for as long as possible through the development of person-centred care plans with an emphasis on patients and clients as partners in their care. The continued implementation of the Bamford Action Plan for Mental Health and Learning Disability will see more early intervention, the development of community services to support independent living; further reduction in long-stay hospital populations; and improvements in prison mental health and children and young people's provision. The Department will also need to make further progress in implementation of the Autism

Budget 2011-15

Action Plan, the Dementia Strategy and the Physical Disability Strategy.

A new Mental Capacity (Health, Welfare and Finance) Bill will be brought to the Assembly in 2012-13 and improvements in the quality and effectiveness of social work services, including their accessibility, availability and responsiveness will be progressed through the implementation of the first social work strategy in NI.

Improve the involvement of individuals and communities in the design, delivery and evaluation of policies, strategies and services

Patients, clients, carers and communities will be put at the centre of decision making in health and social care. In accordance with statutory requirements, each organisation involved in the commissioning and delivery of health and social care will provide information about the services for which it is responsible; gather information about care needs and the efficacy of care; and support people in accessing that care and maintaining their own health and wellbeing.

Health and Social Care bodies and the Department will review existing consultation schemes, setting out how they will involve patients, client and carers in decisions about care. The Local Commissioning Groups of the Health and Social Care Board have a particular role in commissioning services at a local level and will actively engage a wide range of stakeholders in designing and reshaping services to better meet the needs of their local communities.

Over the budget period the Department will develop and embed the policy on Personal and Public Involvement to enhance the direct involvement of users, carers and communities in the commissioning, provision and evaluation of their health and social care services.

Ensure effective and efficient allocation and utilisation of all available resources in line with Ministerial priorities

The scale of the financial challenge facing the Department and the HSC over the coming period is unprecedented. In ensuring the effective utilisation of all available resources a key priority will be the protection and improvement of frontline services in line with the

Budget 2011-15

wider strategic vision for the HSC. This includes securing further productivity gains and ensuring progress on key reforms. Optimum allocation of resources to frontline and other key services and the maintenance of strong financial control will be vital to the continued provision of high quality health and social care.

Over the budget period, the focus will be on improving the efficiency and effectiveness of our services, targeting them to where they are most needed, avoiding harm and waste and reducing unjustified variation. This requires innovation and the application of best practice across the HSC in a robust and consistent way.

The workforce is the HSC sector's most important resource. The Department is fully committed to engagement with staff and their representatives to ensure that strategic goals are met and that the workforce, at all levels, is equipped with the resources and skills required to deliver. Staff will be equipped with the skills they need to support changes and improvements in patient and client care. The right skill mix will ensure the effective deployment of staff.

Capital Investment

Resources totalling £850.8 million will be available for capital development in health, social services and public safety over the period 2011-15. This will allow for investment in acute and local hospitals across the region leading to a modern, efficient and patient centred hospital service fit for the 21st century which can optimise the benefits of new treatments and technologies. This will include investment in a modern ICT infrastructure across HSC to support the clinical networks and ensure effective and timely patient and client care. The investment will also be used to put in place the infrastructure required to transform healthcare delivery, providing more treatment and care closer to where people live and work. Facilities will support services encompassing primary care, social work, community based mental health, learning and physical disability, children's care and elderly day-care and appropriate support services.

Equality and Good Relations Impact

Addressing inequalities has long been integral to the business of the Department and its associated bodies. Section 75 of the

Budget 2011-15

Northern Ireland Act 1998 creates specific duties for the Department, HSC Board, Public Health Agency, Trusts and executive Non-Departmental Public Bodies (NDPBs) and other HSC bodies with regard to equality and good relations. The Department's established mechanisms for allocating resources, for example via its capitation and local equity arrangements, ensure that available health and social care is accessible to those in need of it.

Budget 2011-15

Department of Health, Social Services and Public Safety - Current Expenditure

Objective and Spending Area	2010-11	2011-12		2012-13		2013-14		2014-15	
	£m	£m	%	£m	%	£m	%	£m	%
Objective A									
Hospital, Community Health (inc discretionary FHS)	2,960.3	3,062.1	3.4	3,101.2	1.3	3,194.1	3.0	3,259.5	2.0
Personal Social Services	897.1	866.9	-3.4	885.1	2.1	905.9	2.4	923.6	2.0
Family Health Service	276.2	290.4	5.2	296.0	1.9	302.4	2.2	307.9	1.8
Training Bursaries, Further Education and Research	62.5	65.5	4.8	65.5	-	65.5	-	65.5	-
Other Centrally Financed Services and Welfare Foods	19.8	13.5	-32.0	13.5	0.0	13.2	-2.0	13.3	0.8
Grants to Voluntary Bodies	7.8	7.9	1.6	7.9	-	7.9	-	7.9	-
N/S Body - Food Safety Promotion	2.2	2.4	9.4	2.4	-	2.4	-	2.4	-
Total Objective A	4,225.9	4,308.6	2.0	4,371.5	1.5	4,491.3	2.7	4,580.1	2.0
Objective B									
Fire Service	77.1	74.5	-3.4	76.1	2.1	77.9	2.4	79.4	2.0
Total Objective B	77.1	74.5	-3.4	76.1	2.1	77.9	2.4	79.4	2.0
Total	4,302.9	4,383.1	1.9	4,447.6	1.5	4,569.2	2.7	4,659.4	2.0

Department of Health, Social Services and Public Safety - Capital Investment

Objective and Spending Area	2011-12	2012-13	2013-14	2014-15
	£m	£m	£m	£m
Objective A				
Hospital, Community Health (inc discretionary FHS)	190.6	271.1	181.5	177.0
Personal Social Services	6.9	2.2	-	-
Training Bursaries, Further Education and Research	-	-	-	-
Other Centrally Financed Services and Welfare Foods	-	-	-	-
Grants to Voluntary Bodies	-	-	-	-
N/S Body - Food Safety Promotion	-	-	-	-
Total Objective A	197.5	273.3	181.5	177.0
Objective B				
Fire Service	3.0	6.5	6.0	6.0
Total Objective B	3.0	6.5	6.0	6.0
Total	200.5	279.8	187.5	183.0

Budget 2011-15

DEPARTMENT OF THE ENVIRONMENT (DOE)

The overall aim of the Department is to work in partnership with the public, private and voluntary sectors to promote the economic and social welfare of the community through promoting sustainable development and seeking to secure a better and safer environment for everyone.

In pursuing this aim the key objectives of the Department are:

- To manage and plan physical development in a manner that recognises and is responsive to the economic and social needs of the community;
- To protect, conserve and enhance the natural environment and built heritage for the benefit of present and future generations;
- To ensure the development and maintenance of systems of driver and vehicle regulation that promote the safety and welfare of everyone using our roads; and
- To work in close partnership with district councils to promote systems of local government that are responsive to the distinctive needs of local communities and promote the most effective use of the resources available at local community level.

Key Issues / Challenges over the Period to 2014-15

DOE has three key business areas, these being Environmental Programmes, Planning & Local Government and Road Safety & Vehicle Regulation. The key issues facing these business areas across the budget period are set out below.

Environmental Programmes

The Department will seek to protect Northern Ireland's rich and diverse environment and built heritage, recognising and encouraging its role in supporting the economy, public health and wellbeing. The Northern Ireland Environment Agency (NIEA) will continue to seek to protect the environment through better regulation and enforcement; statutory designations, research and monitoring; and management and promotion of its sites, parks and monuments. Using the professional expertise of its staff, the NIEA

Budget 2011-15

will also contribute to environmental policy development and delivery across other departments and agencies thereby raising awareness of society's impact on our natural and built environment and heritage.

Planning and Local Government

The Department will focus on delivering three key challenges over the budget period. Firstly, DOE will provide a planning system that directs and manages development in a sustainable way, supporting the economy and responsive to community needs whilst protecting the environment and built heritage. DOE will also continue to support the delivery of a system of strong and effective local government. Finally, DOE intend to deliver a programme of planning and local government reform. To achieve this the Department will continue to work closely with local government and those departments and organisations transferring functions to local government to ensure the orderly transfer of powers and functions to the new 11 council structure, within a timescale to be determined by the Executive.

In doing so, the Department will focus on the following programme of activities:

- Put in place and manage effectively a revised implementation programme for the delivery of local government and planning reform;
- Deliver a programme of primary and subordinate legislation to provide the necessary statutory foundations for the delivery of local government and planning reform;
- Reorganise and restructure the delivery of the Department's planning services to prepare those services for transfer to local government, and at the same time, put in place sustainable and robust funding and workforce modelling arrangements; and
- Put in place the necessary legislative and practical arrangements for the delivery of an effective marine planning regime.

Budget 2011-15

Road Safety and Vehicle Regulation

The Department will continue to work to deliver a strong and enforced system of driver and vehicle regulation in Northern Ireland, enhancing the safety of road users and contribute to a thriving economy.

The Driver and Vehicle Agency (DVA) will continue to provide a full range of services aimed at sustaining and improving the safety and welfare of all road users in Northern Ireland. These include vehicle testing and licensing, driver testing, enforcement of licensing and roadworthiness requirements and road transport licensing.

Savings Measures

To deliver the functions highlighted above with the allocations for the four years 2011-12 to 2014-15, the Department will seek to deliver recurring annual savings. These savings will be delivered primarily through a reduction in administration costs across the Department, mainly from the redeployment of staff, a review of planning fees and a review of grant programmes distributed to councils and non government organisations.

The Department of the Environment will seek to deliver recurring annual savings of some £15.4 million from 2011-12 onwards. To achieve these savings DOE intend to find efficiency savings in Planning Service (£4.9 million) via a review of the Agency's operating costs and a review of planning fees. Savings will also be sought through reductions in grants provided to local government (£1.4 million) in terms of the emergency planning grant and resources element of the general grant.

Further savings of £4.3 million will be sought across a range of environmental programmes within NIEA. These will include increasing the operational efficiency of the Environment Agency and reducing expenditure on low priority areas such as the NIEA Events Programme. DOE will also seek to deliver savings in Built Heritage, Natural Heritage and Environmental Protection.

DOE will also seek efficiency savings of £2.7 million in road safety and vehicle regulation through a review of corporate services, reductions in recruitment and savings in advertising and research

Budget 2011-15

expenditure. DOE also intend to improve the management of the department's capital budget to find further savings in 2011-12.

As a consequence of the ongoing uncertainty in relation to the level of planning income over the budget period and the pace at which the Department can deliver the expected efficiency savings, it will be necessary for DOE to continually monitor and where necessary refine the savings proposals across the budget period.

In addition to the Department's savings plans and in support of the Executive's decision to raise additional revenue, DOE will introduce a new single use carrier bag levy. It is expected that this levy will generate additional funding for the Executive of £4 million per annum from 2012-13.

Budget 2011-15 Outcome

The DOE current expenditure allocations will enable DOE to continue to progress environmental programmes, road safety and vehicle regulations and to manage sustainable development through the Planning Service. This budgetary allocation will enable DOE to support a system of strong effective local government. Over the budget period DOE will also advance the local government reform and planning reform programmes.

Capital investment proposals for DOE are comprised mainly of a number of small capital projects and capital support to local government and non government organisations. The Department proposes to provide a proportion of strategic waste infrastructure project costs and to continue with the Rethink Waste Fund to support effective waste management by local government. This approach seeks to drive waste away from disposal and recovery towards prevention, recycling and re-use.

The Department will also fund two other key capital projects. By January 2013, the implementation of mandatory new measures to the Northern Ireland Driver Licensing System introduced by the 3rd EU Directive on Driver Licensing and, the restoration of an historic hydro electricity plant at Roe Valley Country Park.

Budget 2011-15

Equality and Good Relations Impact

The Department is committed to ensuring that it fulfils its duties under both Section 75(1) and (2) of the Northern Ireland Act 1998 in relation to the promotion of equality of opportunity and the desirability of promoting good relations. Promotion of equality of opportunity and good relations is an important part of departmental policy development, legislative activities and operational programmes.

The Department's spending and savings proposals have been assessed in terms of the impact of each in relation to equality obligations. The assessment of these proposals revealed neutral impact in relation to Section 75 groups.

Budget 2011-15

Department of the Environment - Current Expenditure

Objective and Spending Area	2010-11		2011-12		2012-13		2013-14		2014-15	
	£m	£m	%	£m	%	£m	%	£m	%	
Objective A										
Road Safety Services	7.4	14.2	92.5	14.5	2.6	14.6	0.8	14.3	-2.3	
Driver and Vehicle Agency	4.4	4.0	-9.8	4.0	1.6	3.9	-2.8	3.9	0.5	
Northern Ireland Environment Agency	55.5	53.7	-3.3	50.6	-5.6	48.8	-3.6	48.8	-0.1	
Planning Service	10.4	6.3	-39.5	5.8	-7.1	4.8	-17.2	5.0	3.6	
Local Government Services	51.9	48.9	-5.7	48.9	-	48.9	-	48.9	-	
Total Objective A	129.6	127.0	-2.0	124.0	-2.4	121.2	-2.3	121.0	-0.2	
Total	129.6	127.0	-2.0	124.0	-2.4	121.2	-2.3	121.0	-0.2	

Department of the Environment - Capital Investment

Objective and Spending Area	2011-12	2012-13	2013-14	2014-15
	£m	£m	£m	£m
Objective A				
Road Safety Services	0.6	1.6	1.1	2.0
Driver and Vehicle Agency	0.6	0.9	-	2.6
Northern Ireland Environment Agency	3.9	3.5	2.9	2.9
Planning Service	-	-	-	-
Local Government Services	-	-	-	-
Total Objective A	5.1	6.0	4.0	7.5
Total	5.1	6.0	4.0	7.5

Budget 2011-15

DEPARTMENT OF JUSTICE (DOJ)

The Department of Justice supports the Minister of Justice in building a fair, just and safer society and is responsible for the resourcing, legislative and policy framework of the justice system.

The Department's objectives are to:

- Work in partnership to produce a safer society and reduce the risk, and fear, of crime;
- Ensure that everyone in Northern Ireland has access to justice, without undue delay;
- Protect the public by reducing offending and managing offenders; and
- Contribute to the Shared Future strategy for Northern Ireland through the operation of the justice system and assist in enhancing decision-making and strategic resource management.

Key Issues / Challenges over the Period to 2014-15

There are a range of challenges facing the Department over the next four years including:

- protecting frontline policing;
- protecting other frontline areas across the Department and the voluntary and community sectors as far as possible, with the aim of protecting outcomes for the public and
- improving service delivery, including speedier justice and prisons and legal aid reform.

In relation to capital plans, the Department's priorities are to:

- upgrade forensic science accommodation;
- take forward the Desertcreat integrated training college;
- improve facilities for female prisoners; and
- redevelop the prison estate.

Budget 2011-15

Savings Measures

By 2014-15, the Department plans to deliver savings totalling £162 million. The Police Service of Northern Ireland (PSNI) will be expected to deliver £86 million or 53 per cent of this total (the PSNI's budget is 65 per cent of the Department's total). But, in addition, £38 million of police pressures will be funded in that year, meaning that their budget will fall by a net £48 million in 2014-15. This is in line with the Minister's intention to fund as many of the PSNI pressures as possible and reduce their savings target to enable them to allocate as much resource as possible to the frontline.

This combination of funded pressures and savings target to be met results, therefore, in the PSNI having the lowest percentage baseline reduction of all areas of the Department. The PSNI's Budget will reduce by 6.3 per cent across the four year period.

By contrast, the Justice Delivery Directorate (which provides back office support to the Department) will be expected to deliver savings totalling 44 per cent of its opening baseline by the end of the 2014-15 financial year. This target includes the delivery of efficiencies through projects on which the Justice Delivery Directorate leads but which will impact across the Department, for example in delivering shared services.

Detailed savings delivery plans covering all areas of the Department are being finalised and these will be monitored regularly throughout the Budget 2011-15 period.

Budget 2011-15 Outcome

The Department will remain ringfenced over the Budget 2011-15 period. However, this does not mean that the budget is protected. Instead it means that the Department will receive the direct Barnett consequential arising from changes in the funding levels of the Home Office and Ministry of Justice as a result of the UK spending review settlement for Whitehall departments.

The direct Barnett impact on the Department's resource Departmental Expenditure Limit (DEL) baseline would have been a reduction of 6.2 per cent, however the additional allocations which the Executive has agreed provides a settlement equivalent to a 3.9

Budget 2011-15

per cent reduction (in cash terms) by the end of the 2014-15 financial year. In addition a separate funding package has been agreed with the UK Government to deal with the exceptional security related pressures.

In allocating budgets, the Minister has considered the range of pressures and new projects across all spending areas in line with his priorities and the available funding. Also, recognising that all areas will need to deliver efficiencies, the specific level of savings required from each area's baseline has been set, again in line with the Justice Minister's priorities, in order to protect frontline services as far as possible.

Additional Security Funding

The UK Government has agreed to guarantee up to an additional £199.5 million required by the PSNI to help protect the community and to tackle the threat from terrorism over the next four years. Taken together with an additional £45m funding provided by the Executive over the same period, the Department now has the resources available which the PSNI needs if it is to be fully effective in tackling the threat to peace and stability in our community and to continue with their day to day policing responsibilities.

The additional security funding requirement for the PSNI is a particular package of funding for a specific purpose. It is treated separately from the PSNI's baseline funding.

Capital Investment Proposals

As with the Department's resource allocations, the Department will receive the direct Barnett consequentials arising from changes in the capital investment levels for the Home Office and Ministry of Justice as a result of the UK Spending Review settlement for Whitehall departments. However, the Executive is providing an extra £30 million for the Desertcreat training college and an extra £27 million, which the Department proposes to use to develop the prison estate. This funding, totalling £276.6 million over four years, together with the carry forward of slippage in Desertcreat expenditure and anticipated funding from the sale of former military sites, will allow the Department to take forward the following projects in line with the Justice Minister's priorities.

Budget 2011-15

The Department will redevelop the forensic science accommodation at a cost of up to £12 million and can now progress the Desertcreat integrated training college, at a cost of up to £138 million. Both projects are still subject to business case approval by the Department of Finance and Personnel.

The Department proposes to allocate £54 million for the redevelopment of the prison estate. Planning for a new women's facility is at an early stage and the business case for redevelopment or replacement of Magilligan prison is being drafted. This level of funding is insufficient to allow both to be completed within the 2011-15 Budget period, but it will allow the Department to begin these projects as either conventional capital builds or by involving the private sector. The final funding options will be determined by the business cases.

Equality and Good Relations Impact

In line with guidance from the Department of Finance and Personnel, the Department undertook a high-level impact assessment of its proposals on Section 75 groups and on good relations, poverty / social inclusion and sustainable development.

The assessment resulted in a neutral impact in respect of most impact groups and some positive impacts were identified in respect of capital projects.

DOJ is fully committed to the fulfilment of its statutory equality obligations. It will ensure that all new policies are subject to a rigorous quality screening process.

Budget 2011-15

Department of Justice - Current Expenditure

	2010-11 £m	2011-12 £m %	2012-13 £m %	2013-14 £m %	2014-15 £m %
Objective A					
Forensic Science Northern Ireland	1.5	1.7 17.5	1.7 -3.4	2.2 31.4	1.7 -21.4
Justice Policy	27.0	35.4 31.0	34.1 -3.7	44.4 30.0	36.7 -17.3
Compensation Agency	29.9	29.5 -1.3	28.9 -2.0	22.0 24.0	22.1 0.5
Policing & Community Safety	824.1	808.4 -1.9	807.1 -0.2	795.5 -1.4	812.0 2.1
Northern Ireland Prison Service	136.4	138.7 1.7	118.8 -14.3	114.2 -3.9	115.6 1.2
Youth Justice Agency	21.5	20.2 -5.8	19.9 -1.9	19.9 0.3	20.3 1.9
Police Ombudsman NI	9.4	10.3 9.2	10.1 -1.3	9.8 -2.7	9.7 -1.8
Probation Board for Northern Ireland	20.8	20.2 -2.7	19.6 -2.8	19.3 -1.7	19.3 0.1
Northern Ireland Policing Board	8.8	8.5 -4.1	7.9 -7.0	7.8 -0.8	7.5 -3.9
Criminal Justice Inspectorate	1.5	1.4 -5.4	1.4 -3.8	1.4 -2.9	1.3 -2.6
Courts & Tribunals Service	58.5	54.8 -6.4	56.0 2.2	55.0 -1.7	55.2 0.4
Northern Ireland Legal Services Commission	84.2	83.9 -0.4	83.4 -0.6	75.2 -9.9	75.0 -0.3
Total Objective A	1,223.7	1,213.1 -0.9	1,189.0 -2.0	1,166.7 -1.9	1,176.4 0.8
Total	1,223.7	1,213.1 -0.9	1,189.0 -2.0	1,166.7 -1.9	1,176.4 0.8

Department of Justice - Capital Investment

Objective and Spending Area	2011-12 £m	2012-13 £m	2013-14 £m	2014-15 £m
Objective A				
Forensic Science Northern Ireland	0.4	0.5	0.4	0.3
Justice Policy	6.6	10.9	3.2	2.9
Compensation Agency	-	-	-	-
Policing & Community Safety	47.6	42.2	32.1	37.3
Northern Ireland Prison Service	17.1	8.3	14.3	39.4
Youth Justice Agency	-	-	-	-
Police Ombudsman NI	0.1	0.1	0.1	0.1
Probation Board for Northern Ireland	0.5	0.3	-0.2	-0.3
Northern Ireland Policing Board	1.5	-	-	-
Criminal Justice Inspectorate	-	-	-	-
Courts & Tribunals Service	4.5	2.3	1.8	2.3
Northern Ireland Legal Services Commission	-	-	-	-
Total Objective A	78.3	64.5	51.8	82.0
Total	78.3	64.5	51.8	82.0

Budget 2011-15

DEPARTMENT FOR REGIONAL DEVELOPMENT (DRD)

The overall aim of the Department is to improve quality of life by securing transport and water infrastructure and shaping the region's long-term strategic development. In pursuing this aim the key objectives of the Department are:

- Supporting the economy by planning, developing and maintaining safe and sustainable transportation networks; promoting airport and harbour services; addressing regional imbalance in infrastructure; and shaping the long-term future of the region; and
- Contributing to the health and wellbeing of the community and the protection of the environment by maintaining and developing the policy and regulatory environment which provides sustainable, high quality water and sewerage services.

Key Issues / Challenges over the Period to 2014-15

The Executive's priority in this Budget is to stimulate the economy, tackle disadvantage, protect the most vulnerable in our society and protect frontline services. As historically the department with the largest capital allocation, DRD has a lead role in improving the infrastructure to support this within the available funding. With a 40 per cent reduction in the Executive's overall capital funding from HM Treasury over the budget period, this has had a significant impact on DRD in relation to infrastructure investment.

DRD has been allocated over £2 billion of capital investment over the budget period. This includes almost £1.2 billion for Roads, around £200 million for public transport and around £668 million for water and sewerage services.

In current expenditure the Department has had to find additional savings of £15.7 million / £23.9 million / £56.2 million / £65.1 million over the budget period totalling almost £161 million. These reductions in current expenditure will be challenging to manage.

Budget 2011-15

The key impacts on business areas are set out below.

Roads

Investment in the road infrastructure continues to be of critical importance in supporting the economic development of our economy. The strategic road network has a direct impact on competitiveness of business through the movement of goods and people, 99 per cent of which are made by road.

Against the background of wider budget constraints, Roads Service will progress the A5 between Derry and Aghnacloy in conjunction with the A8 between Belfast and Larne, with both projects benefiting from a financial contribution from the Government of the Republic of Ireland. Road Service will also progress work on the A32 in Enniskillen, providing improved transport links and improving access to the new acute hospital in Enniskillen. Other interventions undertaken on the network will be prioritised to ensure that roads continue to be safe and effective. Structural maintenance will be, on average, at current levels over the four year budget period with some £90 million being spent in 2011-12 to help address the damaging impact of the recent extreme weather on the roads network.

Roads Service also aims to minimise the impact of budget savings on the provision of frontline road maintenance activities through the generation of additional income and examining opportunities where costs can be further reduced without service impact.

Transport

An efficient integrated transport infrastructure is central to facilitating economic growth and social inclusion. A key challenge will be to take actions which will contribute to reductions in emissions from transport. For that reason, provision has been made in the budget to progress a number of sustainable transport measures, including the pilot Rapid Transit network for Belfast, bus prioritisation measures, park and ride facilities, active travel measures and infrastructure for electric vehicles. This package of measures is aimed at promoting modal shift away from the private car to more sustainable modes such as low emission vehicles, public transport and active travel.

Budget 2011-15

In public transport, the key issue to be addressed over the period to 2014-15 is how to maintain a broad geographic network of bus and rail services during a period when revenue funding is reduced in real terms and Northern Ireland remains in a period of economic downturn. Translink will look at ways to reduce costs by rationalising and integrating bus and rail services; to generate more income from the fare box whilst maintaining passenger numbers; to explore opportunities to collaborate with DE and DHSSPS; and to generate as much commercial income as possible from retail and other investment properties.

Other challenges include: taking forward subordinate legislation and administrative measures to implement changes arising out of the public transport reform programme; continuing to provide services under Transport Programme for People with Disabilities and the Rural Transport Fund aimed at minimising the social exclusion of the most vulnerable; and continuing to ensure an appropriate legislative basis for airports and seaports enabling them to carry out their functions.

Water and Sewerage

The Executive has already made significant investment in water and sewerage services. This has raised the quality of drinking water and of water in the environment. Our policy is to continue these improvements by delivering on existing commitments.

The water and sewerage investment priorities for the 2010-13 period are set out in Social & Environmental Guidance for Water and Sewerage Services (2010-13). The priorities are to maintain and improve our infrastructure, deliver sustainable and affordable levels of service to consumers and meet EU compliance obligations. A copy of the Guidance can be viewed at;

http://www.drdni.gov.uk/final_social_environmental_guidance_.pdf.

Savings Measures

DRD will take forward a range of measures to deliver the additional savings of £15.7 million / £23.9 million / £56.2 million / £65.1 million current expenditure by 2014-15. The main areas for the proposed savings include:

Budget 2011-15

Roads

- Increased parking charges;
- Reductions in expenditure on technical advisors;
- Savings in street lighting energy and parking enforcement; and
- Reductions in maintenance activities.

Transport

- Savings from Park and Ride through reduced service specification;
- Public Transport Reform savings;
- Reduced expenditure on technical advisors;
- Release of value from Ports; and
- Reduction in reimbursement / subsidy rates to Translink

Water and Sewerage

- The Regulator's assessment of the level of funding required by NI Water to deliver the Executive's priorities and maintain water and sewerage services.

Budget 2011-15 Outcome

For Roads Service, the allocations would allow the Department to begin construction of:

- The 85km dual carriageway on the A5 between Derry and Aughnacloy;
- The 14km dual carriageway on the A8 between Belfast and Larne;
- The A32 in Enniskillen, providing improved transport links and improving access to the new acute hospital in Enniskillen; and
- Continue development work on the A6 Dungiven to Derry.

The Budget allocations in capital and current expenditure for roads structural maintenance total around £94 million / £52 million / £56 million / £82 million over the budget period. This averages at around current levels totalling over £280 million over the four year period. It should be noted that given the profile of expenditure on

Budget 2011-15

the A5 and A8, the available funding is lower in years 2012-13 and 2013-14 – compared to the record high of £94 million in 2011-12.

On Public Transport, the Budget allocations would allow the Department to continue to support Translink to:

- Procure 20 new trains to replace the 13 trains that are life expired and provide additional trains to enhance capacity on the commuter corridors;
- Build a new train maintenance facility, including engineering and workshop facilities;
- Begin the Coleraine to Derry rail track improvement project by the end of the budget period;
- Replace hand-held ticketing machines on train services;
- Replace some elements of the existing bus fleet;
- Finance new low floor buses for RTPs;
- Progress Park and Ride schemes;
- Complete a refurbishment of Portadown Rail Station; and
- Procure new buses to replace life expired buses.

The spending proposals allow for the continuation of the planning phase and commencement of implementation of a bus based Rapid Transit system on a pilot network of three routes connecting East Belfast, West Belfast and Titanic Quarter with and through the City Centre.

In addition DRD would be able to plan to invest in a number of sustainable transport initiatives - electric vehicle charging infrastructure, active travel demonstration projects, the 'Belfast on the Move' proposals, and some other bus priority measures. The 'Belfast on the Move' project will allow redistribution of existing road space to provide extensive bus priority schemes in the city centre, which will lend itself to the development of Belfast Rapid Transit.

On Water and Sewerage Services, recent interruptions to water supplies have highlighted the ongoing need for adequate investment in our water and sewerage infrastructure. The Budget 2011-15 allocations will allow DRD to provide funding to NI Water to help meet the priorities agreed by the Executive (in Social and Environmental Guidance for Water and Sewerage Services - May 2010). The levels of funding needed to deliver these priorities were

Budget 2011-15

determined by the Regulator in its Final Determination² for the 2010-13 period.

Investment in 2011-12 and 2014-15 is consistent with the Regulator's Final Determination (PC10). However, in 2012-13 only around three quarters of the Regulator's proposed investment levels have been allocated. This is a situation which DRD will keep under review.

The funding proposed for water and sewerage services is still a significant level of investment of £189 million / £148 million / £151 million / £180 million. During the period, NI Water will continue to focus on delivering improvements in water and sewerage infrastructure. This will include water mains rehabilitation, new strategic trunk mains, sewer maintenance, waste water treatment improvements, and addressing unsatisfactory intermittent discharges from the sewerage network.

The Department will work with NI Water, the Regulator and other stakeholders to reassess priorities through out the budget period.

European Union Funding

To date the Department has successfully secured over £15 million of funding under the INTERREG IV and TEN-T 2007-13 EU Programmes.

The Department will endeavour to maximise funding from EU Programmes during the remainder of the current programme period and for the next period commencing in 2014.

Equality and Good Relations Impact

Section 75 of the Northern Ireland Act 1998 requires the Department, in carrying out its functions to have due regard to the need to promote equality of opportunity between specified groups and to have regard to the desirability of promoting good relations between these groups.

² Water and Sewerage Services Price Control 2010-2013 Final Determination – February 2010 (http://www.uregni.gov.uk/uploads/publications/Final_Main_Report_PC10_FD_-_Main_Report_0300_revised_web_version.pdf)

Budget 2011-15

The Department carried out a High Level Impact Assessment of the equality, good relations, poverty / social inclusion and sustainable development impacts for all current and capital expenditure proposals considered as part of the development of this Budget.

Each saving proposal has been subject to an equality screening to identify the differential equality impacts on Section 75 groups. Consideration was given to the impact on sustainable development, good relations, poverty and social inclusion. A detailed Equality Impact Assessment was carried out.

Budget 2011-15

Department for Regional Development - Current Expenditure

Objective and Spending Area	2010-11	2011-12		2012-13		2013-14		2014-15	
	£m	£m	%	£m	%	£m	%	£m	%
Objective A									
Roads	222.3	210.1	-5.5	204.3	-2.7	197.5	-3.3	195.1	-1.2
Transport	93.4	94.5	1.2	96.7	2.3	71.4	-26.2	68.7	-3.8
EU Structural Funds	-	0.0	100.0	0.0	-67.7	0.0	-	0.0	250.0
Total Objective A	315.7	304.7	-3.5	301.0	-1.2	268.9	-10.7	263.8	-1.9
Objective B									
Water and Sewerage	201.6	203.6	1.0	194.2	-4.6	194.2	-0.0	193.7	-0.3
Total Objective B	201.6	203.6	1.0	194.2	-4.6	194.2	-0.0	193.7	-0.3
Total	517.3	508.3	-1.7	495.2	-2.6	463.1	-6.5	457.5	-1.2

Department for Regional Development – Capital Investment

Objective and Spending Area	2011-12	2012-13	2013-14	2014-15
	£m	£m	£m	£m
Objective A				
Roads	155.9	257.5	385.4	379.2
Transport	107.5	25.7	13.4	53.6
EU Structural Funds	0.3	0.1	0.1	0.3
Total Objective A	263.8	283.3	398.9	433.2
Objective B				
Water and Sewerage	189.0	147.6	151.3	180.0
Total Objective B	189.0	147.6	151.3	180.0
Total	452.8	430.9	550.2	613.2

Budget 2011-15

DEPARTMENT FOR SOCIAL DEVELOPMENT (DSD)

The Department for Social Development is responsible for a wide range of policies and programmes aimed at 'tackling disadvantage and building sustainable communities'.

The Department's plans over this budget period are based on three strategic objectives:

- Contribute to tackling poverty and social welfare needs experienced by the most vulnerable in society, bringing divided communities together and encouraging social responsibility;
- Build the foundations for a shared future through access to decent, affordable, sustainable homes and housing support services; and
- Create urban centres which are sustainable, welcoming and accessible to all to live, work and relax in peace.

Key Issues / Challenges over the Period to 2014-15

Working with disadvantaged communities, groups and individuals to help children and families escape from a generational cycle of poverty; creating new opportunities for those who have been stuck on benefits or unemployed; providing financial support to those who are entitled; protecting the vulnerable and improving the quality of life of people in communities through improved services; and creating better more accessible town and city centres that can contribute to a growing economy are implicit within the Department's objectives.

Providing social and affordable housing and bringing urban regeneration capital projects to fruition will be a challenge. The Department will continue to explore methods for maximising income from other sources; for example by leveraging in additional funds from the private sector.

The expansive changes to the welfare system planned by the UK Government coupled with the on-going modernisation programme to build long term business capacity and effective service delivery

Budget 2011-15

will have major implications for the Department and the Social Security Agency. The key challenges will be to plan and implement these changes using the available resources in a way which meet the needs of customers in Northern Ireland.

The Department will also be seeking to find more effective ways of working with the voluntary and community sector to deliver services in a climate of reduced public spending and government funding. For example, by encouraging collaborative working to ensure services are delivered in the most efficient manner possible.

Savings Measures

The Department is required to achieve savings of £25.5 million, £46.3 million, £69.5 million and £92.6 million respectively over the period 2011-12 to 2014-15 which will help provide additional spending power to the Department during this time. The savings will be achieved through a range of measures, detailed below.

The Social Security Agency will seek to further control costs associated with its retained corporate services functions such as commercial services, training, IT support and finance. The Agency will share in procurement savings made by the Department for Work and Pensions in relation to its IT provider contracts, which are utilised in the administration and delivery of benefits to the NI customer.

The Agency will continue to build on its implemented modernisation programme which provides a platform for sustainable and effective service delivery models.

The NI Housing Executive has an ongoing programme of service modernisation and rationalisation which will result in staff and running cost reductions. The Housing Executive also plans to review spend on maintenance and other related schemes and will benefit from increased rental income from their housing stock.

There will be a reduction in the Laganside legacy programme spend within the Urban Regeneration and Community Development Group and also a streamlining of the back office functions within the Group.

Budget 2011-15

The Department will also reduce discretionary spend such as overtime costs, consultancy, professional and technical costs as well as travel and car parking costs.

Budget 2011-15 Outcome

The Department will play a key role in tackling poverty and addressing social welfare needs. Working in partnership with the Department for Employment and Learning, the Department will aim to increase the proportion of the working age population who are ready to move into employment, while continuing to support those who are unable to do so. The new Universal Credit will result in major changes to the entire benefit system. The Department will develop structures for its delivery, and ensure that implementation meets the needs of its customers. Changes are also planned to the way in which both Disability Living Allowance and Social Fund are delivered. The Department will ensure that customers receive those benefits to which they are entitled in a timely manner and will build on ongoing work to protect the wider public finances through activities which tackle fraud and error, taking advantage of new opportunities and ways of working across government.

The Budget allocation will also enable the Department to continue with the redesign of child support services while seeking to increase the percentage of effective child maintenance arrangements in place, ensuring that more children receive financial support.

The Department will continue its investment in Neighbourhood Renewal Areas to reduce the deprivation gaps in these and small pockets of deprivation when compared to non-Neighbourhood Renewal Areas. It will also strive to maintain the status of current Areas at Risk outside of the bottom decile on the NI Multiple Deprivation Measure.

The Department will seek to develop a better relationship between government and a genuinely sustainable voluntary and community Sector, which will be enshrined in a concordat.

The Department will aim for increased provision of social and affordable housing, including through co-ownership and effective energy efficiency gains in households experiencing fuel poverty. To help meet housing need, the Department will work towards an

Budget 2011-15

increased contribution from the private rented sector, which will be better regulated; work to improve asset management; increase accessible housing stock; and help the homeless through the provision of an advice service. Through the Supporting People Programme, the Department will assist those with mental health or learning disabilities to live independently. Furthermore, it will aim to meet people's aspirations for living in shared neighbourhoods.

In making our region more attractive to investors, the Department intends to improve the public realm and bring comprehensive development opportunities to the market in a number of towns and cities, and develop master-plans for others. A target for leverage of private sector investment for every pound of Urban Development Grant expenditure will help to raise much needed funds to deliver on these aims.

European Union Funding

The main aims of the PEACE III Programme are to reinforce progress towards a peaceful and stable society and to promote reconciliation by assisting operations and projects which help to reconcile communities and contribute towards a shared society for everyone.

The Department for Social Development is the Accountable Department for this measure under which 10 projects have been successful. A number of projects are going through the evaluation process and a further call for projects closed in January 2011.

Equality and Good Relations Impact

High Level Impact Assessments to ascertain the equality and good relations implications for each funding proposal and savings measures were undertaken in accordance with Section 75 (1) and (2) of the Northern Ireland Act 1998. These identified mainly positive impacts. Where negative impacts were highlighted, the Department will take action to mitigate against these, where possible.

Budget 2011-15

Department for Social Development - Current Expenditure

Objective and Spending Area	2010-11		2011-12		2012-13		2013-14		2014-15	
	£m	£m	%	£m	%	£m	%	£m	%	
Objective A										
Social Security Administration	230.9	239.9	3.9	253.5	5.7	266.3	5.0	283.3	6.4	
Child Maintenance & Enforcement Division	19.5	19.3	-0.8	19.4	0.7	19.5	0.1	19.1	-2.1	
Dept Work & Pensions Agency Services	0.4	0.4	-	0.4	-	0.4	-	0.4	-	
Total Objective A	250.7	259.5	3.5	273.3	5.3	286.1	4.7	302.7	5.8	
Objective B										
NI Housing Executive	214.0	187.6	-12.4	190.2	1.4	191.3	0.6	166.0	-13.2	
Housing Associations	-2.3	-1.0	-58.1	-0.8	-12.1	-0.7	-15.6	-0.6	-17.7	
Total Objective B	211.8	186.6	-11.9	189.4	1.5	190.6	0.6	165.5	-13.2	
Objective C										
EU Peace Programme Match Funding	0.1	0.2	93.8	0.3	16.5	0.2	-40.8	0.1	-18.1	
Urban Regeneration/Community Development	58.6	59.0	0.8	62.5	5.8	60.5	-3.2	55.0	-9.0	
Total Objective C	58.7	59.3	1.0	62.8	5.9	60.6	-3.4	55.2	-9.0	
Total	521.1	505.4	-3.0	525.5	4.0	537.4	2.3	523.4	-2.6	

Budget 2011-15

Department for Social Development - Capital Investment

Objective and Spending Area	2011-12 £m	2012-13 £m	2013-14 £m	2014-15 £m
Objective A				
Social Security Administration	3.3	2.7	1.0	1.0
Child Maintenance & Enforcement Division	-	-	-	-
Dept Work & Pensions Agency Services	-	-	-	-
Total Objective A	3.3	2.7	1.0	1.0
Objective B				
NI Housing Executive	-24.3	-32.9	-38.6	-30.2
Housing Associations	154.4	121.7	112.6	120.2
Total Objective B	130.1	88.8	74.0	90.0
Objective C				
EU Peace Programme Match Funding	2.2	2.6	1.5	1.3
Urban Regeneration/Community Development	26.0	33.0	28.0	28.0
Total Objective C	28.2	35.6	29.5	29.3
Total	161.6	127.1	104.6	120.3

Budget 2011-15

OFFICE OF THE FIRST MINISTER AND DEPUTY FIRST MINISTER (OFMDFM)

The overall aim of the Office of the First and deputy First Minister (OFMDFM) is to contribute to and oversee the co-ordination of Executive policies and programmes to deliver a peaceful, fair, equal and prosperous society. In pursuing this aim, the key interlinked objectives of the Department are:

- Driving investment and sustainable development: Through regeneration of strategic former military sites; promoting effective long-term capital planning and delivery; and, promoting the Executive's policy interests internationally;
- Tackling disadvantage and promoting equality of opportunity: By driving a programme across Government to reduce poverty; promoting and protecting the interests of children, older people, people with disabilities, victims and survivors, and other socially excluded groups; addressing inequality and disadvantage; and, drive the delivery of Government responsibilities in a sustainable manner; and
- The effective operation of the institutions of government in the delivery of an agreed Programme for Government: By providing a central source of information, co-ordination and advice to departments on Executive, Assembly, and legislative procedures; co-ordinating and reviewing the Programme for Government; driving the more efficient and sustainable use of capital assets across government; and, ensuring the structure of public administration is efficient, effective and sustainable.

Key issues / Challenges over the Period to 2014-15

Growing the economy, tackling disadvantage, protecting the most vulnerable, promoting employment, delivering efficient and effective public services and investing in the future remain the key priorities for the Executive and for OFMDFM in the Budget 2011-15 period.

A key challenge for the Department over the period 2011-15 is to make a real difference to the lives of all people in Northern Ireland.

Budget 2011-15

OFMDFM will coordinate and influence the delivery of services across departments to address the issue of poverty in our society. The implementation of the child poverty strategy across departments requires the delivery of programmes by relevant departments and coordinated to address the core strategic issues such as early intervention and prevention, moving families from poverty and persistent poverty and enabling people to access jobs.

The Executive has agreed to hold an inquiry into historical institutional abuse in NI. An Executive interdepartmental taskforce, chaired by OFMDFM, has been tasked to determine the immediate needs of victims and survivors and to bring back to the Executive recommendations on the nature of an inquiry. This process will also include listening to victims themselves. The delivery of services to meet survivors' needs will be developed both from existing services and the provision of bespoke services to address the specific needs of this group.

Savings Measures

The Department has a formal target to deliver savings of £3.8 million, £6.9 million, £10.3 million and £13.8 million respectively over the period 2011-15. The Department has developed a series of savings plans to deliver these savings, and to provide additional spending capacity for priority programmes within the constraints of the Budget 2011-15 allocations for OFMDFM. The efficient and effective use of public resources remains a key priority for OFMDFM in this difficult economic context, and the Department's savings plans include further proposals to control the operating costs of the Department and its sponsored bodies.

In the Budget 2008-11 period, OFMDFM has delivered significant savings in its operating costs. For Budget 2011-15, all Arms Length Bodies sponsored by OFMDFM will be required to find savings of 3 per cent in their administration costs. This will deliver savings of £0.49 million / £0.99 million / £1.48 million / £1.97 million.

The restructuring of the Department in 2010-11 has resulted in reduced annual operating costs for OFMDFM in the Budget 2011-15 period of £0.95 million. The Department will build on these significant efficiency savings by delivering a further 3 per cent

Budget 2011-15

reduction in its Departmental operating costs, delivering savings of £0.52 million / £1.05 million / £1.57 million / £2.10 million.

The Department will examine the potential to release further savings through a rationalisation of the structures and functions of its Arms Length Bodies, which will focus on the potential for greater sharing of back office functions across sponsored bodies.

The significant constraints on capital spend across the Budget 2011-15 period will have a corresponding impact on the number of capital projects to be taken forward by departments, and the corresponding level of support to be provided by the Strategic Investment Board (SIB). In that context, the SIB budget will be reduced by £1.9 million.

The process to wind-up the Economic Research Institute of Northern Ireland will be completed in the 2011 year. This will release annual savings for OFMDFM of £0.9 million per annum.

In 2010-11, OFMDFM moved towards a needs-led approach for the provision of assistance to individual victims and survivors. There have also been significant improvements in data on the needs of victims and survivors. In addition, the establishment of the new Victims and Survivors Service will deliver efficiencies in the provision of services and support to individual victims and survivors, and to victims and survivors groups. These improvements in information and service delivery will deliver savings of £1.7 million per annum in the victims and survivors programme, without impacting on the level of support provided to victims and survivors.

Ministers are considering the options for any future constitution of the Civic Forum. However, we anticipate delivering savings of at least £0.3 million per annum.

OFMDFM will reduce spend on Play Policy by £0.55 million per annum in the 2011-15 period. Work on the Play Implementation Plan is nearing completion, and spend during the Budget 2008-11 period has focused on building capacity and setting up structures for the planning and delivery of the play at local level. The proposed reductions will not give rise to any adverse impact due to the increased capacity within the sector, and the advanced status of the Play Implementation Plan.

Budget 2011-15

Budget 2011-15 Outcome

The Budget allocation will allow OFMDFM to continue to deliver its overall aim of contributing to and overseeing the co-ordination of Executive policies and programmes to deliver a peaceful, fair, equal and prosperous society. OFMDFM will continue to support and co-ordinate the Executive on the local response to the economic downturn, and its associated social impacts, and will support Ministers in their plans for economic growth, tackling disadvantage and building a recovery.

Internationally, the Northern Ireland Bureau in Washington DC (the Bureau), and the Office of the Northern Ireland Executive in Brussels will ensure that the profile of Northern Ireland remains high in the political and corporate spheres. The key priorities will be to build on the relationships developed with North America to deliver investment and to strengthen our engagement with Europe to deliver investment and growth; influence emerging policy and share our experience of conflict resolution and peace building.

The enhanced engagement of the Barroso Taskforce during these financially difficult times across Europe, underscores President Barroso's and the Commission's commitment to building peace and prosperity. The Taskforce offers a unique opportunity for the public, private and social sector to fully realise the potential of European Engagement. OFMDFM will continue to lobby for the establishment of a Peace 4 Programme to build on the progress to date

The Strategic Investment Board will continue to support departments undertaking major investment to help the Executive deliver ISNI 3 effectively and efficiently. This work will build on the nearly £5 billion of new investment achieved over the previous three years. The Executive plans to invest a further £5.2 billion by 2014-15.

Regeneration activity sponsored by OFMDFM in the Budget 2011-15 period will focus on the continued regeneration work at Maze Long Kesh, Ebrington Barracks, and Crumlin Road Gaol. The Maze / Long Kesh Development Corporation will be established to take forward the regeneration of this regionally significant site. 2011-12 will be a landmark year for Ilex, the regeneration company created by OFMDFM and DSD. This will see the roll out of the

Budget 2011-15

regeneration masterplan and the completion of the Peace Bridge across the River Foyle and the Parade Ground infrastructure at the Ebrington Barracks site, providing an important platform for the new regeneration plan “One Plan, One City, One Voice” and the City of Culture celebrations in 2013. The capital funding allocated in Budget 2011-15 will allow the transformative works at the Ebrington to continue up to the 2013 celebrations and beyond. The Budget 2011-15 period will also focus on the completion of the major conservation and renovation work at Crumlin Road Gaol.

Creating opportunities and tackling disadvantage is key priority for OFMDFM in the 2011 to 2015 period. Disadvantaged communities and vulnerable groups will be targeted to address persistent patterns of poverty and disadvantage through implementation of strategies with identifiable and measureable implementation plans. OFMDFM will develop and deliver a Social Investment Programme to promote prosperity, employment and sustainability in partnership with other Government departments, organisations and disadvantaged communities. The establishment of the Social Investment Fund and Social Protection Fund, agreed by the Executive, will address those communities in greatest disadvantage and will specifically target those who are vulnerable in recognition that the current climate will impact negatively on many of our most disadvantaged citizens.

The Funds will be additional to the budgets of departments and will be used by the Executive to help address the causes of communities and individuals remaining in disadvantage. The Social Investment Fund will be rolled out on the basis of communities bringing forward strategic plans based on identified need.

Cohesion, Sharing and Integration (CSI) has been the subject of extensive consultation in 2010. OFMDFM will bring forward for Executive consideration a finalised CSI programme. CSI will be led by OFMDFM and the programme may include the priority areas of interfaces and contested spaces, supporting young people at risk of violence, respecting cultures and tackling hate crime. It will be vital that the Good Relations activities complement and add to efforts to tackle disadvantage.

The work in support of the Ministerial Sub-Committee for Children and Young People will continue to place children and young

Budget 2011-15

people at the heart of government's agenda and improve the integration of policy and service delivery on cross-cutting issues.

The establishment of a Commissioner for Older People will provide a voice for older people and make a difference to their daily lives by influencing policy, challenging service delivery, and raising awareness of the needs of older people and the positive contribution that older people make to our society.

The establishment of a new Victims and Survivors Service will provide a more comprehensive and responsive solution to meeting the needs of individual victims and survivors, and the groups and organisations which work in this area.

European Union Funding

OFMDFM will oversee the delivery of two key areas of the EU's Peace III Programme: reconciling communities; and, contributing to a shared society. Activities funded through the programme will focus on challenging sectarianism and racism, supporting conflict resolution at the community level, and supporting the needs of victims and survivors.

Equality and Good Relations Impact

A High Level Impact Assessment has been undertaken of the equality, good relations, poverty / social inclusion, and sustainable development impacts of spending and savings proposals put forward by the Department with respect to Budget 2011-15. The outcome of these assessments has informed the Budget allocations set out in this document. No adverse impacts have been identified.

OFMDFM's Budget allocations are intended to result in a positive equality impact for children, older people, people with disabilities, and ethnic minority groups. The programmes funded through the Budget allocation will be subjected to Equality Screening and where appropriate, full Equality Impact Assessment, in line with statutory duties.

OFMDFM promotes equality, fairness and inclusivity for Section 75 groups and others to ensure all sections of our community can fully participate in and benefit from all aspects of our society. Strategies

Budget 2011-15

will be developed coordinated by OFMDFM to be delivered through programmes of other departments and where appropriate by OFMDFM.

Budget 2011-15

Office of the First Minister and Deputy First Minister - Current Expenditure

Objective and Spending Area	2010-11		2011-12		2012-13		2013-14		2014-15	
	£m	£m	%	£m	%	£m	%	£m	%	
Objective A										
EU Peace Programme Match Funding	3.6	6.3	75.5	7.0	11.1	5.5	-21.0	4.1	-25.5	
Support for the Executive	32.5	30.2	-7.1	30.8	2.1	31.7	3.0	31.4	-0.9	
Support for Equality, Human Rights & Community Relations	44.1	42.1	-4.5	42.2	0.2	39.8	-5.8	38.1	-4.1	
Total Objective A	80.2	78.6	-2.0	80.0	1.8	77.0	-3.8	73.7	-4.3	
Total	80.2	78.6	-2.0	80.0	1.8	77.0	-3.8	73.7	-4.3	

Office of the First Minister and Deputy First Minister - Capital Investment

Objective and Spending Area	2011-12	2012-13	2013-14	2014-15
	£m	£m	£m	£m
Objective A				
Support for the Executive	8.2	10.1	10.8	15.9
Support for Equality, Human Rights & Community Relations	3.0	-	-	-
Total Objective A	11.2	10.1	10.8	15.9
Total	11.2	10.1	10.8	15.9

Budget 2011-15

NORTHERN IRELAND ASSEMBLY (NIA)

The proposed Budget allocation will cover the costs of the Northern Ireland Assembly Commission for 2011-12 to 2014-15. These costs include Member's salaries (including Ministerial salaries) and allowances paid in support of Members of the Assembly in discharging their Assembly duties. The Budget will cover the costs of staffing, equipment, utilities and accommodation used to provide the range of services required by Members. The Budget will also cover the costs of enhancing public awareness of the Northern Ireland Assembly.

Northern Ireland Assembly - Current Expenditure

Objective and Spending Area	2010-11	2011-12		2012-13		2013-14		2014-15	
	£m	£m	%	£m	%	£m	%	£m	%
Objective A									
Northern Ireland Assembly	48.4	46.5	-3.9	45.0	-3.2	44.7	-0.7	44.1	-1.4
Total Objective A	48.4	46.5	-3.9	45.0	-3.2	44.7	-0.7	44.1	-1.4
Total	48.4	46.5	-3.9	45.0	-3.2	44.7	-0.7	44.1	-1.4

Northern Ireland Assembly - Capital Investment

Objective and Spending Area	2011-12	2012-13	2013-14	2014-15
	£m	£m	£m	£m
Objective A				
Northern Ireland Assembly	-0.1	3.7	2.4	0.8
Total Objective A	-0.1	3.7	2.4	0.8
Total	-0.1	3.7	2.4	0.8

Budget 2011-15

OTHER DEPARTMENTS

The Budget allocation will cover the administration costs of the independent Northern Ireland Audit Office, the Assembly Ombudsman for Northern Ireland and the Northern Ireland Commissioner for Complaints, the Food Standards Agency, the Northern Ireland Authority for Energy Regulation and the Public Prosecution Service for Northern Ireland.

Other Departments - Current Expenditure

	2010-11 £m	2011-12 £m %	2012-13 £m %	2013-14 £m %	2014-15 £m %
Assembly Ombudsman/Commissioner for Complaints	1.6	1.7 4.4	1.7 0.4	1.7 -0.9	1.7 -1.0
Food Standards Agency	9.6	9.4 -1.5	9.3 -1.0	9.2 -1.0	9.2 -0.7
NI Audit Office	9.5	8.8 -7.5	8.7 -1.4	8.5 -1.9	8.4 -0.9
NI Authority for Utility Regulation	0.5	0.5 -1.0	0.5 -1.0	0.5 -1.0	0.5 -1.0
Public Prosecution Service	37.4	37.0 -1.1	36.0 -2.5	35.2 -2.3	33.9 -3.6
Total	58.6	57.4 -2.0	56.2 -2.0	55.1 -2.0	53.7 -2.6

Other Departments - Capital Investment

Objective and Spending Area	2011-12 £m	2012-13 £m	2013-14 £m	2014-15 £m
Assembly Ombudsman/Commissioner for Complaints	0.1	-	0.0	-
Food Standards Agency	0.0	0.0	0.0	0.1
NI Audit Office	0.4	0.2	0.4	0.2
NI Authority for Utility Regulation	0.0	0.0	0.0	0.0
Public Prosecution Service	0.2	0.2	0.2	0.2
Total	0.8	0.5	0.6	0.5

Budget 2011-15

CHAPTER 5: ISSUES RAISED DURING CONSULTATION

Background

- 5.1 Following the publication of the NI Executive's draft spending proposals for the 2011-15 budget period on 15th December 2010, a nine week consultation period commenced, ending on 16th February 2011.
- 5.2 Comments were invited from all interested individuals and groups and by the closing date, the Budget public consultation process has received 5,695 responses via the Budget website and its corresponding postal address. In addition, the Finance Minister's office has received a further 1,335 responses by the closing date.
- 5.3 All responses were considered and have informed the development of the final Budget position. In recognition of the challenging timescale for consultation, late responses were also considered, where possible.
- 5.4 DFP officials have analysed the responses received and have published both the consultation responses and names of those who responded on the Executive's website. In addition, individual departments received consultation responses on their individual plans and submitted summaries to DFP.
- 5.5 For the first time, the Budget consultation included significant use of social media in the form of an organised Facebook campaign. This form of consultation is to be welcomed as it encourages participation in the consultation process, especially from a younger audience.
- 5.6 Whilst a small minority made suggestions for savings, the overwhelming majority of consultation responses called for additional funding for public expenditure programmes without suggesting where this funding should be taken from.
- 5.7 In a consultation as wide ranging as the Budget consultation it is inevitable that a wide range of differing views are put forward by groups and individuals. Whilst it is not possible to

Budget 2011-15

reflect and address every view, there have been some key themes emerging from the consultation process.

General Budget Themes

Budget Period

5.8 The majority of respondents who commented on the budget period welcomed the concept of a four year Budget, stating that it gave certainty to departments when planning.

Response

5.9 The Executive was determined to ensure that during this time of economic downturn, as much as possible was done to provide a degree of stability and certainty in the planning process. The Executive has provided this with a four year Budget, the only Devolved Administration to do so.

Programme for Government

5.10 There was widespread criticism that the Executive has failed to produce a Programme for Government in advance of the Budget. Respondents found it difficult to respond to a Budget without knowing the Executive's four year priorities. Those who made comments on the Executive's priorities agreed that the economy should remain the number one priority.

Response

5.11 The current Executive felt that it would be unfair to impose a Programme for Government on an incoming Executive in May. The Executive therefore, based their Budget considerations on the existing Programme for Government which had the economy as the number one priority.

Budget 2011-15

Equality

5.12 There has been widespread criticism that the Executive has failed to produce sufficient Equality Impact Assessments and those that have been produced lack the necessary detail. The draft Strategic EQIA has also come under criticism from all major groups.

Response

5.13 The Executive note the concerns in relation to Equality and will seek to ensure that departments address any perceived deficit in the quality of decision-making material relating to Section 75 implementation.

Consultation Process

5.14 A significant number of respondents criticised the timeframe for budget consultation stating that it was too short and occurred over the Christmas period. In addition concern was expressed over the disjointed nature of the individual departmental consultations.

Response

5.15 The Executive recognise the concerns expressed and would agree that a twelve week period would have been preferable; however the compressed timeframe was necessary in order to provide a Budget outcome prior to the commencement of the 2011-12 financial year.

Key Budget Items

Social Protection Fund / Social Investment Fund

5.16 Most respondents welcomed the idea of the Social Protection Fund and the Social Investment Fund, although most highlighted that any acceptance was reserved until details of these funds and the application process were announced. Some respondents questioned the rationale for locating these funds within OFMDFM rather than DSD. In addition

Budget 2011-15

concern was expressed about the future years funding of the Social Protection Fund.

Response

5.17 The Executive is keen to ensure that the most vulnerable in our society do not suffer disproportionately during these challenging times for our economy. Details of the delivery mechanisms for these funds will be made available as soon as possible. It is important to recognise that regardless of which department administers the funds, it is the ability of the funds to deliver positive outcomes for the citizen that is important to the Executive.

Green New Deal

5.18 The majority of respondents who commented on the Green New Deal thought that this had positive potential and welcomed the idea that this would generate local jobs.

Response

5.19 The Executive welcomes the positive response to the Green New Deal Initiative and will continue to work on securing the necessary funding.

Corporation Tax

5.20 There was a varied response to the concept of introducing a change in the rate of Corporation Tax. Some respondents welcomed the idea whilst other groups opposed the idea on the basis that the additional cost to the Executive came with no guarantee of providing additional jobs.

Response

5.21 The Executive recognises the concerns raised as well as the potential benefit that may arise from a change in the rate of Corporation Tax. Decisions on this will not be made without ensuring that all the potential implications are carefully assessed and accounted for.

Budget 2011-15

Revenue Raising

5.22 Some respondents helpfully provided ideas to raise additional revenue. Some of these had been initially considered by the Budget Review Group but had been rejected on the grounds of deliverability. Other ideas would be matters for individual Ministers to take forward.

Water Charging

5.23 The majority of respondents who commented on water charges thought that it should be introduced as a means of generating funding for the Executive.

Response

5.24 Whilst welcoming the views of the consultation process, the Executive's position is that the introduction of water charges would not be in the best interests of the people of Northern Ireland at this time.

Specific Funding Issues

Arts Funding

5.25 The majority of responses through the Budget website were in relation to Arts funding (5,451). The views that were expressed related to the economic and social contribution that Arts funding has to our economy and to both our cultural and tourism sectors. There was a call for Arts funding to be proportionately cut ("Fair deal for the Arts") in relation to the overall Northern Ireland Budget. Concern was expressed about the reliance on Lottery funding with some sectors making the point that they are ineligible for Lottery funding. A small minority of respondents called for Arts funding to be reduced or removed in its entirety.

Response

5.26 The Executive fully recognises the importance of the Arts sector, both in economic and social terms. The Arts sector

Budget 2011-15

plays a significant role in our society as well as encouraging tourism.

- 5.27 In direct response to the issues raised during consultation the Executive has agreed to an additional allocation of £0.7 million / £0.95 million / £0.95 million / £0.95 million to the Department of Culture, Arts and Leisure for Arts Funding across the budget period.

DHSSPS Funding

- 5.28 Health funding issues received the second highest number of respondents. The majority of these requested more Health funding in general. Some respondents requested that Social Services be ring-fenced in addition to Health. Funding for mental health in general and the implementation of Bamford in particular was requested. Some respondents suggested that prescription charges be re-introduced to help fund health services. Health organisations requested a re-profiling of funding to help cope with particularly severe pressures in 2011-12. Other health issues were raised that would require DHSSPS to re-profile funding internally.

Response

- 5.29 The Executive recognise the importance of providing accessible, high quality Health and Social Care services to citizens. In recognition of that, the Executive have provided an additional £120 million over the budget period to DHSSPS in direct response to the concerns raised during the consultation process.

Museums

- 5.30 Concern was expressed about the impact of reductions on Museums funding. Respondents stated that the impact of reductions would be realised in job losses, reductions in opening hours and programming and subsequent loss of tourism and learning links.

Budget 2011-15

Response

5.31 The Executive recognises the importance that museums play in the spheres of education and culture and it has provided additional funds for the New World Development Plan at the Ulster American Folk Park.

Education / Employment and Learning

5.32 Some respondents felt that the reduction to the Schools and Colleges budgets risked redundancies to frontline services. This would impact on the more vulnerable groups such as those with special needs.

Response

5.33 The Executive recognise that the draft Budget settlement for the Department of Education left the Minister with significant pressure on frontline education services. In recognition of the consultation responses the Executive have allocated an additional £154 million to the Department of Education to allow the Education Minister to direct more funding to frontline service delivery.

5.34 In addition, the Executive have allocated a further £51 million to the Department of Employment and Learning in recognition of the vital role the Department plays in skilling and equipping our citizens for employment.

General Departmental Issues

5.35 There were many consultation responses that encouraged individual departments to prioritise funding in respect of specific issues in the departments concerned. Individual Ministers will have taken these concerns on board in their considerations.

Children

5.36 Some respondents highlighted the concern that the Budget would disproportionately affect children. Other respondents felt that children's issues such as the provision of childcare were not adequately reflected in the Budget.

Budget 2011-15

Response

5.37 In addition to the investment in our Education sector, noted above, the Executive has decided to direct funding towards a Childcare Strategy. £3 million per annum has been allocated to this over the budget period.

Assembly

5.38 There were a number of concerns over the level of funding for the Assembly. These concerns surrounded the ability of the Assembly to carry out its functions within the reduced budget.

Response

5.39 The Executive would always ensure that the Assembly had sufficient funding to carry out its functions and has provided an additional £9.6 million current expenditure to the Assembly over the budget period.

Conclusion

5.40 The number of respondents in this consultation process has proved that the decisions made by government are of interest and importance to the public. The Executive responses outlined above demonstrate that government is influenced by the views of expressed by those who responded to the consultation process.

Budget 2011-15

CHAPTER 6: EQUALITY, ANTI POVERTY AND GOOD RELATIONS CONSIDERATIONS

Background

- 6.1 This chapter sets out the actions taken by the Executive and individual departments in assessing the potential equality, good relations, poverty, social inclusion and sustainable development impacts of Budget 2011-15.
- 6.2 In line with Equality Commission guidance that equality considerations should be mainstreamed into the policy decision process, there remains a greater onus on the areas responsible for spending proposals to ensure that the equality and sustainable development impact is considered in the appropriate manner.

Statutory Equality Obligations

- 6.3 Section 75 and Schedule 9 to the Northern Ireland Act 1998 came into force on 1 January 2000 and placed a statutory obligation on Public Authorities to ensure that, they carry out their various functions relating to Northern Ireland, with due regard to the need to promote equality of opportunity between –
- Persons of different religious belief;
 - Persons of different political opinion;
 - Persons of different racial group;
 - Persons of different age;
 - Persons of different marital status;
 - Persons of different sexual orientation;
 - Men and women generally;
 - Persons with a disability and persons without; and
 - Persons with dependants and persons without.
- 6.4 In addition, Public Authorities are also required to have regard to the desirability of promoting good relations between

Budget 2011-15

persons of different religious belief, political opinion, and racial group.

- 6.5 From January 2007 Public Authorities are also required to have due regard to the need to promote positive attitudes towards people with a disability and to encourage participation in public life by people with a disability.
- 6.6 The strategy to tackle poverty and social inclusion “Lifetime Opportunities” was published in November 2006. “Lifetime Opportunities” retains the principle of its predecessor New Targeting Social Need, which is to target resources and effort towards those in greatest objective need. These principles and considerations, which steered and informed priorities and budget proposals in the past, continue to apply. Departments are therefore required to identify and fully consider the anti-poverty and social inclusion implications on individuals, groups or areas of any proposed changes submitted.

Strategic Equality Impact Assessment (EQIA)

- 6.7 Budget 2011-15 sets out a framework of resource allocation that will underpin the Executive’s priorities and help achieve the overall aim of **a peaceful, fair and prosperous society** in Northern Ireland. Due to the different economic context, we are dealing with a Budget scenario that has to embrace a real terms decline in public spending.
- 6.8 In the absence of a new Programme for Government, a draft strategic Equality Impact Assessment (EQIA) was produced that related solely to the draft Budget. The period of time provided for consultation was unfortunately constrained, and a number of concerns about both the time available for consultation and the range and remit of the EQIA itself were highlighted in the consultation process.
- 6.9 In this context, and in recognition of the fact that the allocation of resources has always the potential to impact on Section 75 groupings, a further Strategic Level EQIA will be produced (subject to Ministerial agreement) in accordance with statutory requirements to consider the equality impacts of the PfG, Budget and ISNI.

Budget 2011-15

- 6.10 The aim of the EQIA conducted at this strategic level will be to consider the overall impacts which may be associated with the incoming Executive's strategic priorities and the allocation of resources.
- 6.11 The EQIA on the forthcoming PfG, Budget and ISNI will include an overview of available data sources as well as an assessment of the impacts of each of the strategic priorities. This further EQIA would allow the Executive to consider further the consultation responses and attempt to address some of the issues raised in that context.

Departmental Role

- 6.12 The delivery of policies, programmes and capital projects at departmental level will be informed by any EQIA. However, recognising the strategic focus of the PfG, Budget and Investment Strategy, the equality impacts of individual policies, programmes and capital projects which departments will deliver will not be specifically considered within the Strategic EQIA. These will continue to be subject to equality screening and, where appropriate, full EQIAs by departments and their agencies and relevant statutory authorities, in accordance with the criteria set out in the guidance produced by the Equality Commission for Northern Ireland. In that context, the Executive will ensure that departments, government agencies and relevant statutory authorities continue to meet their obligations under Section 75 and Schedule 9.
- 6.13 Departments commenced this process by having due regard to equality considerations in the formulation of their savings plans and their own assessment of bids for additional allocations.
- 6.14 Departmental budget returns had to include equality and good relation impacts at a high level. These High Level Impact Assessments (HLIA) were applicable to all policy, saving and spending proposals put forward as part of the Budget process. The HLIA process aims to ensure that equality and good relations are embedded in the setting of priorities by the Executive.

Budget 2011-15

- 6.15 It is important that departments assessed the potential equality, good relations, poverty and social inclusion and sustainable development impacts of savings and funding allocation proposals submitted as part of the Budget process to allow appropriate consideration, and where necessary, mitigations to take place.
- 6.16 Each of the stages of the EQIA process are considered and, as far as possible, woven into the HLIA process. Completion of these HLIAs by departments was and is an important part of compliance with mainstreaming equality considerations into the Budget process.
- 6.17 Because of the work completed on equality of opportunity and good relations, departments were able to provide the information which Ministers needed to ensure that they had proper regard to these factors in taking their decisions on funding allocations.

Budget 2011-15

ANNEX A

NORTHERN IRELAND PUBLIC EXPENDITURE SYSTEM

Overview

- A1. Public expenditure in Northern Ireland is subject to two separate controls - the Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME). DEL and AME together make up Total Managed Expenditure (TME).
- A2. DEL totals have been fixed for a four-year period in the national Spending Review (carried out by HM Treasury and published on 20th October 2010), whereas AME is controlled on an annual basis, based on updated forecasts. This is because AME is largely comprised of demand-led programmes (e.g. social security benefits), which cannot be reasonably subject to multi-year limits.
- A3. Reflecting the differing nature of these controls, the main focus of the Budget process is on the DEL, in that it is subject to allocation at the discretion of the Executive, in accordance with local needs and priorities.
- A4. The following describes the budgetary structure which provides a clear separation of actual consumption and investment:
- **Current Expenditure** – the Resource DEL including administration costs and ring-fenced items such as depreciation and impairment costs; and
 - **Capital Investment** – the capital DEL including expenditure which enhances or creates an asset of Government and capital grants which support investment by other bodies, including some public bodies as well as the private and voluntary sectors.

Budget 2011-15

European Union Funds

- A5. Departmental expenditure over the budget period will include spending that will take place under EU Structural Funds Programmes, the Northern Ireland Rural Development Programme, and the European Fisheries Fund Programme. Northern Ireland will also receive EU income from its 2007-13 EU Programmes, all of which are on track to meet the regulatory financial targets set by the European Commission.
- A6. EU Programmes have two elements – the EU funding provided through the European Commission and the national matched funding that Member States are required to provide.
- A7. The EU income that we receive provides us with additional spending power but the national match funding amounts shown come from within our allocated DEL amount. The departmental allocations in this draft Budget include match funding in respect of EU Programmes.

Budget 2011-15

ANNEX B

Financial Tables

Table B1	Annually Managed Expenditure by Programme
Table B2	Annually Managed Expenditure by Department
Table B3	Reconciliation of Planned Spend to HM Treasury Control Totals – Current Expenditure
Table B4	Reconciliation of Planned Spend to HM Treasury Control Totals – Capital Investment
Table B5	Gross Capital Investment by Department
Table B6	Capital Receipts by Department

Budget 2011-15

Table B1: Annually Managed Expenditure by Programme

	£ million				
	2010-11	2011-12	2012-13	2013-14	2014-15
Benefits	5,066.9	5,228.4	5,368.8	5,439.8	5,597.4
Pensions	2,350.7	2,243.2	2,216.0	2,277.4	2,329.0
Non Cash Costs	397.0	477.6	522.0	480.8	415.5
Student Loans	140.9	183.1	210.0	228.3	239.5
NI Renewable Heat Incentive Scheme	-	2.0	4.0	7.0	12.0
Total Programme Allocations	7,955.5	8,134.2	8,320.8	8,433.4	8,593.4

Budget 2011-15

Table B2: Annually Managed Expenditure by Department

	£ million				
	2010-11	2011-12	2012-13	2013-14	2014-15
Agriculture and Rural Development	16.4	19.1	18.3	19.2	10.8
Culture, Arts and Leisure	4.8	5.6	8.9	9.5	9.9
Education	730.1	637.0	636.5	629.3	623.2
Employment and Learning	132.2	187.7	214.6	232.9	244.1
Enterprise, Trade and Investment	21.2	20.9	20.6	23.7	30.2
Finance and Personnel	533.6	589.4	621.8	657.4	695.8
Health, Social Services and Public Safety	985.2	926.2	838.6	868.1	887.1
Environment	-11.5	-0.4	0.0	-	-
Justice	322.9	299.7	302.2	307.2	309.5
Regional Development	181.8	199.1	260.7	228.0	176.1
Social Development	5,033.0	5,248.2	5,396.8	5,456.2	5,604.7
Office of the First Minister and Deputy First Minister	4.1	-	-	-	-
Non Ministerial Departments	1.6	1.5	1.9	2.0	2.0
Total Departmental Allocations	7,955.5	8,134.2	8,320.8	8,433.4	8,593.4

Budget 2011-15

**Table B3: Reconciliation of Planned Spend to HM Treasury
Control Totals – Current Expenditure**

	£ million			
	2011-12	2012-13	2013-14	2014-15
Total Current Expenditure	10,329.1	10,353.4	10,431.9	10,519.9
Regional Rates	-606.4	-612.3	-638.7	-668.6
Overcommitment	-30.0	-30.0	-30.0	-30.0
Current to Capital Switch	10.8	78.5	86.2	80.9
RRI Interest	44.9	51.4	57.5	63.4
EU Match Funding	1.9	1.3	2.4	2.2
Social Investment Fund	8.0	10.0	11.0	11.0
Social Protection Fund	20.0	-	-	-
Child Care Strategy	3.0	3.0	3.0	3.0
Green New Deal	-	4.0	4.0	4.0
Presbyterian Mutual Society	50.0	-	-	-
Agreed transfers between NI/GB departments	5.2	-0.4	-0.4	-0.4
Total Resource DEL	9,836.7	9,858.9	9,927.1	9,985.4

Budget 2011-15

**Table B4: Reconciliation of Planned Spend to HM Treasury
Control Totals – Capital Investment**

	£ million			
	2011-12	2012-13	2013-14	2014-15
Total Capital Investment	1,191.3	1,172.5	1,116.8	1,399.7
RRI Borrowing	-200.0	-200.0	-200.0	-200.0
Overcommitment	-30.0	-30.0	-30.0	-30.0
Current to Capital Switch	-10.8	-78.5	-86.2	-80.9
Additional Capital Receipts - Central Asset Management Unit	-10.0	-15.0	-25.0	-50.0
Social Investment Fund		10.0	15.0	15.0
ROI Contribution to A5/A8 Road Scheme	-14.0		-10.0	-250.0
Capital from 2010-11	-23.0			
Total Capital DEL	903.4	858.9	780.6	803.8

Budget 2011-15

Table B5: Gross Capital Investment by Department

£ million

	2011-12	2012-13	2013-14	2014-15
Agriculture and Rural Development	21.6	20.5	23.6	30.2
Culture, Arts and Leisure	18.5	34.7	29.7	77.6
Education	115.7	104.1	108.4	183.4
Employment and Learning	44.7	36.3	18.5	28.3
Enterprise, Trade and Investment	78.3	55.6	25.2	37.8
Finance and Personnel	18.9	14.6	10.6	28.4
Health, Social Services and Public Safety	200.5	279.8	187.5	183.0
Environment	5.2	6.1	4.1	7.7
Justice	80.1	66.5	54.2	89.6
Regional Development	458.3	431.2	550.6	613.6
Social Development	277.4	236.3	205.2	215.0
Office of the First Minister and Deputy First Minister	11.2	10.1	10.8	15.9
Non Ministerial Departments				
Assembly Ombudsman / Commissioner for Complaints	0.1	-	0.0	-
Food Standards Agency	0.0	0.0	0.0	0.1
Northern Ireland Assembly	1.9	3.7	2.4	0.8
NI Audit Office	0.4	0.2	0.4	0.2
NI Authority for Utility Regulation	0.0	0.0	0.0	0.0
Public Prosecution Service	0.2	0.2	0.2	0.2
Total Gross Capital	1,333.2	1,299.8	1,231.4	1,511.7

Totals may not add due to roundings

Table above includes EU funded expenditure

Budget 2011-15

Table B6: Capital Receipts by Department

	£million			
	2011-12	2012-13	2013-14	2014-15
Agriculture and Rural Development	-0.4	-1.0	-1.0	-0.5
Culture, Arts and Leisure	-2.2	-	-	-
Education	-1.0	-0.7	-0.7	-
Employment and Learning	-3.5	-4.0	-	-
Enterprise, Trade and Investment	-9.6	-10.0	-9.3	-8.6
Finance and Personnel	-	-	-	-
Health, Social Services and Public Safety	-	-	-	-
Environment	-0.1	-0.1	-0.1	-0.2
Justice	-1.8	-2.0	-2.5	-7.6
Regional Development	-5.5	-0.3	-0.5	-0.5
Social Development	-115.8	-109.2	-100.6	-94.7
Office of the First Minister and Deputy First Minister	-	-	-	-
Non Ministerial Departments				
Assembly Ombudsman / Commissioner for Complaints	-	-	-	-
Food Standards Agency	-	-	-	-
Northern Ireland Assembly	-2.0	-	-	-
NI Audit Office	-	-	-	-
NI Authority for Utility Regulation	-	-	-	-
Public Prosecution Service	-	-	-	-
Total Capital Receipts	-141.9	-127.3	-114.6	-112.0

Totals may not add due to roundings
Table above includes EU receipts