

NEWS RELEASES

THE DEPARTMENT OF FINANCE AND PERSONNEL

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LISTENING EXECUTIVE'S £28m PACKAGE SHOWS THE DEVOLUTION DIFFERENCE - DURKAN

The proposed increase in regional rates for commercial businesses has been cut in half from 6.6% to 3.3% thanks to a £5 million cash injection announced today by Finance and Personnel Minister, Mark Durkan.

In a Statement to the Assembly Mr Durkan also confirmed that money would be made available to clear the deficits in Health Service Trusts, provide further gap funding for EU funded projects and introduce free travel for the elderly earlier than expected.

He described the £28 million package, which had been found from routine savings, as **"clear and decisive action by the Executive"**.

"The fact that we can respond in this way to the desires and concerns of the public and the Assembly on such important economic and social issues clearly demonstrates the positive impact devolution is having on everyone in Northern Ireland."

"I am delighted to be announcing these measures which will help everyone in Northern Ireland including the sick and elderly, voluntary groups and the business sector."

The £28m is to be used as follows:

1. **Health Service Trust Deficits - £18m** to be provided in 2000/01;
2. **Free Travel for Older People - £3m** to be carried forward into 2001/02 and allocated to DRD;
3. **Gap Funding - £2m** to be carried forward into 2001/02 and added to the Social Inclusion/Community Regeneration Executive Programme Fund;
4. **Non Domestic Regional Rate - £5m** carried forward into 2001/02 to make up for the lower revenue from an increase of 3.3% instead of 6.6%.

In addition **£2m** of forecast additional revenue means that the increase in the Domestic Regional Rate can be reduced from 8% to 7%.

On the Health Service, Mr Durkan said that £18m will be added to the DHSSPS budget for 2000/01 to clear the deficits facing the Health Trusts. At the same time the Minister announced a joint review of the causes and consequences of the deficits involving the Department of Finance and Personnel, the Department of Health, Social Services and Public Safety and the Economic Policy Unit.

He stressed that: **"This will not be in any sense a punitive or hostile study. The Executive is determined to work constructively together with Health Service management in the interests of all those in need of care, and the wider community."**

The Minister gave the Assembly further details of how the Executive would fulfill the pledge in the draft Programme for Government to provide free travel for the elderly. Mr Durkan explained:

"An additional £3 million will be allocated for this in 2001/02 and an additional £2 million a year for the forward years. This will allow full funding of a scheme for free travel for older people, taking effect from 1 October 2001, without any requirement that funding or assistance is provided from the District Councils."

The Executive has also acted to avoid threatened job losses and uncertainty in the community and voluntary sectors arising from the gap between the old and new rounds of EU Structural Funds. As Mr Durkan explained, the Departments concerned can fund projects which are likely to succeed under Peace II; the Executive is also setting aside £2m to provide a safety net, so that if Departments need some additional spending power for the purposes of the new Programmes, it will be available. This will be carried forward from 2000/01 to 2001/02 in the Social Inclusion Executive Programme Fund. Mr Durkan said:

"The Executive has recognised the problems that remain, given that it will be some time into 2001/02 before the allocations from Peace II become fully available. The approach announced today should resolve the problem of gap funding which has been a difficult issue for the voluntary and community sectors over the last number of months and leave no remaining cause for uncertainty."

Focusing on the Regional Rate, Mr Durkan said that, while people in Northern Ireland face a substantially smaller rates bill compared to those living in England and Wales, he was able to reduce the rate increase by one percent from 8% to 7%, thanks to the continued growth in the valuation of domestic property, which will yield an extra £2m of revenue. This can be achieved with no loss of spending power in the Budget as approved in December.

He described the lower increase in the non-domestic rate as **"good news for the business sector"**. Comparisons with England have shown that the rates charged here are broadly in line with those in England. Mr Durkan said:

"On the evidence available, it seems fair that for 2001/02 the non domestic sector should face a rates uplift broadly in line with inflation, now that we have found a way to do this without detriment to our overall spending levels as would have been the case had we rushed into this issue in December or January. The amount required is £5 million." This amount is available in 2000/01 and will be carried forward into 2001/02 to make up for the lower revenue from the non domestic sector.

Summing up the Minister commented on the significant of the measures he had announced:

"One of the key goals of monitoring the budget must be that we can speedily address emerging issues. I know I have the support of the Executive when I say that we are determined to look carefully at new social and economic demands placed on our limited resources and adjust our spending plans where necessary.

"Public interest must be central to our spending plans alongside the priorities we have already set out in the Programme for Government.

"These measures show the Executive at work. They show our determination to work in the interests of all in our community and across the full range of functions for which we are responsible," he concluded.