
Social Democratic and Labour Party

Partnership and Economic Recovery

An SDLP plan to tackle the budget challenge facing Northern Ireland



December 2010

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Margaret Ritchie MP MLA
SDLP Leader



'Partnership and Economic Recovery' is a follow-up to our influential paper *'New Priorities in Difficult Times'* and shows that it is possible, with determination and creativity, to produce a plan that will protect vulnerable households and frontline services, while at the same time generating additional economic activity.

At the heart of our proposals is the promise to remove the unjust fear of unemployment from public sector workers. The SDLP believes a guarantee of job security will meet a fair response in terms of flexibility and pay restraint. As we also aim to maximise job creation in the private sector, the combined result is a significant rebalancing and stimulation of the local economy.

The SDLP believes that we should not settle for the substantially reduced budget presented in the recent Comprehensive Spending Review. Here in the North we can do more than simply allocate a much reduced budget. Through a combination of efficiency savings, new revenue streams and generation of capital receipts, our proposals narrow the budget shortfall and give us additional resources we can spend on priority areas.

We believe it is vital to agree a four-year budget, although it is no secret that progress towards a long-term budget has been slow. We believe the best way to secure buy-in to the budget is through a social compact, so that agreement between the parties can be reinforced by workers, employers and the voluntary and community sector.

The SDLP presents this paper now - not as a final prescription - but as an opening agenda for a social compact discussion which will hopefully lead to an agreed budget and a stable financial framework for the next four years. Our paper is brimming with ideas and originality and it shows the scale of what we could achieve by working together.

I hope you will read *'Partnership and Economic Recovery'* and engage with Declan O'Loan and his finance team who deserve great credit for bringing this work forward.

Margaret Ritchie

Declan O’Loan MLA
SDLP Finance Spokesperson



Welcome to the SDLP’s radical and innovative thinking around the Northern Ireland budget for the next 4 years.

The most striking thing for us in conducting this exercise is the realisation of the extent to which we can substantially improve the budgetary outlook in the North if we are prepared to take some difficult decisions and drive forward reform.

I hope you will consider our budget proposals carefully. Unlike other Parties we have been upfront in putting real numbers behind our proposals. We have been disciplined in how we have costed each proposition and in the instances where we have had to estimate we have erred on the side of caution. These proposals generate £4 billion in extra resources for the Executive without the need for water charges or any hike in student college fees.

We believe that all of our efficiencies, new revenue streams and additional capital receipts are achievable if there is a will. The establishment may not agree. I fully anticipate hearing all the excuses in favour of doing nothing – ‘It would require legislation’, ‘the Treasury won’t like it’, ‘it might be challenged in court’ – but we must be prepared to push beyond such excuses and deliver real change.

Our proposals are intended to inform social compact discussions and I hope the Executive will agree to follow that route. Whether it does or not we in the SDLP will continue to engage with stakeholders to map out the financial framework we need in order to deliver greater prosperity for the people of the North.

Declan O’Loan

Reading ‘Partnership and Economic Recovery’

‘Partnership and Economic Recovery’ provides detail on how the SDLP propose to tackle the current budget shortfall. In providing this detail we have outlined the financial spending or saving by individual proposal.

For each proposal with a financial implication we detail the estimated saving for each of the 4 years of the next CSR at the top right-hand side of the relevant paragraph.

Ideas first published in ‘*New Priorities in Difficult Times*’ and updated in this document are referenced – ‘NP’

1.0 INTRODUCTION

Northern Ireland is facing a budgetary and financial challenge of unprecedented proportions. The Chancellor's announcement on 20th October last, and subsequent discussions with the Treasury, indicate that the Northern Ireland Executive will have to accept budgets, which over a four year period, represent reductions of 8% (current) and 40% (capital) against the 2010/11 block grant baseline.

This sharp adjustment is especially difficult, given that Northern Ireland has enjoyed a long unbroken run of budgets rising in real terms, year on year. One implication of steadily increasing budgets in recent times, is that capital budgets for the next 1-3 years are already significantly committed. This reduces substantially the Executive's room for manoeuvre on the capital side of the budget.

In this document, *'Partnership and Economic Recovery'*, the SDLP again set out in detail how the Executive can balance the books in a way that protects the vulnerable and drives the economy forward towards recovery.

The SDLP fundamentally believes that the poor should not be made pay for a crisis caused primarily by the rich and the greedy. However, alongside that general assertion, there is the need for all involved to show financial responsibility and political maturity. Tough decisions are unavoidable.

It should also be recognised that despite the difficult financial challenge ahead, there is scope to do many things better. Indeed the financial crisis raises the need for public sector reform in the public consciousness. At this time of hardship and change we should take the opportunity to correct the general imbalance in the Northern Ireland economy.

The SDLP is not claiming to have every answer on financial and economic policy. But the Party does have a depth of strong ideas and once again has the courage to put them forward.

'Partnership and Economic Recovery' is capable of addressing Northern Ireland's financial difficulties in a way that is fair and effective. The SDLP is ready to table this document in Northern Ireland's first post-devolution Social Partnership discussions.

We invite comment and welcome engagement with all concerned.

2.0 BACKGROUND

'New Priorities in Difficult Times'

Not long after the Executive set its 3 year budget in 2008, the economic downturn struck and fundamentally undermined many of the key assumptions that underpinned it.

The SDLP consistently highlighted the need for major budgetary adjustment, culminating in the production of the Party's document *'New Priorities in Difficult Times'*, published in April 2009. In that document, the first of its kind ever produced by a Northern Ireland political party, the SDLP highlighted how budgets could and should be reprioritised to reflect the realities of the economic downturn. *'New Priorities in Difficult Times'* showed where spending could make a huge difference to countering the effects of the economic downturn and crucially, the paper showed how that extra money could be found.

In this document we return to some of the ideas in *'New Priorities'* updating them to match the budgetary outlook; where we do so we have marked the ideas 'NP'.

As predicted, other Parties and the Executive itself began to claim ownership of SDLP ideas and indeed the following SDLP proposals have been implemented.

- An end to Senior Civil Service bonuses
- A moratorium on Civil Service recruitment
- A freeze on MLAs pay

Other Parties have borrowed from *'New Priorities in Difficult Times'* – notably the SDLP proposal to impose a tax on mobile telephone masts and the opportunity for revenue raising from the Forest Service, Belfast Port and the sale of car parks.

In the event, had the Executive chosen to follow more of the advice in the SDLP paper, the budgetary adjustment required now would be less severe.

The total financial reallocation envisaged in *'New Priorities'* totalled approximately £800 million over a two year period. Regrettably the Executive chose to make cosmetic changes to the budget in quarterly monitoring rounds, merely redistributing unspent monies. New unanticipated pressures were subsequently addressed through the crude mechanism of 'top-slicing'. Overall the Executive's response to the economic downturn was superficial and entirely reactive.

This approach will not suffice in the present budgetary environment where the Executive needs to manage a £4 billion reduction in total available resources over the next four years.

'Partnership and Economic Recovery' sets out how the £4 billion shortfall can be addressed so that further resources can be released to target key priorities.

3.0 THE PRESENT CHALLENGE IN THE PUBLIC FINANCES

The scale of the budgetary challenge is quite daunting yet not impossible to manage.

Table 1. below sets out the resources that are being made available to the Executive over the course of the four year Comprehensive Spending Review (CSR). The table also shows the difference between the implied future spending and current baselines.

The total shortfall in current expenditure is a cumulative £2.2 billion over the four year budget. For capital expenditure the shortfall is £1.8 billion over the same period.

Table 1. Northern Ireland Spending Review Settlement (£m)*

	2010-11	2011-12	2012-13	2013-14	2014-15
Current DEL	9,886.7	9,836.7	9,858.9	9,927.1	9,985.4
(NI Spending Review Settlement)					
Real % decrease on 2010-11		-2.4%	-4.3%	-6.1%	-8.0%
Real £m decrease on 2010-11		-237.9	-447.4	-647.2	-863.7
Capital DEL	1,222.9	903.4	858.9	780.6	803.8
(NI Spending Review Settlement)					
Real % decrease on 2010-11		-27.5%	-32.6%	-40.3%	-40.1%
Real £m decrease on 2010-11		-342.7	-415.9	-527.3	-538.2

*Source DFP: does not equate to NI departmental spend, i.e. excludes rates, borrowing etc

A summary assessment of the budgetary position is as follows:

Current Expenditure

The reductions required are challenging but at less than 2% cumulative per annum they are clearly achievable. However, this requirement rises quite sharply if the Health and Justice departmental budgets are substantially ring-fenced at the outset.

Nonetheless, with good management of current expenditure there is no reason why any important frontline service should be compromised in terms of service quality.

Public Sector Workers – Removing the Fear of Unemployment

The single biggest current expenditure by the Executive goes on public sector pay and therefore a combination of headcount reduction and pay restraint will be required if the Executive is to live within this budget.

However there is no justification for scaremongering about thousands of people losing their jobs. There is no case for compulsory redundancies or dramatic cutbacks. We believe there can be a managed improvement in overall public sector productivity through natural wastage – people retiring or leaving for their own reasons. While there

will undoubtedly be a reduction in numbers employed, important gaps will be filled by redeployment and voluntary redundancy packages will only be offered in exceptional circumstances.

The Department of Finance's own figures as presented to the Assembly Finance Committee show managed natural wastage is all that is required. Senior DFP officials gave the extreme example of a 16% cut to their budget. They outlined that this would mean 400 job losses in a year, but that natural wastage accounts for an average of 500 people leaving the Department each year.

Although the biggest challenge will be to cope with the built-in expansionary pressures in the Department of Health, overall the current expenditure CSR Settlement is manageable.

Capital Expenditure

The capital expenditure outlook is much more difficult: not only is there a very sharp reduction in resources in the first year of the CSR, some 27%, but much of the capital programme is already contractually committed. This leaves the remaining, as yet uncommitted, programmes at some risk.

The Investment Strategy for Northern Ireland (ISNI) envisaged some £6 billion of capital expenditure over the next 4 years. That has now been reduced to around £4 billion and some £2.1 billion of that is contractually committed.

Yet it is capital investment in infrastructure that will underpin economic growth in the long term and certain capital programmes that will stimulate the economy in the short to medium term.

The challenge therefore is firstly, to find additional financial resources to supplement the CSR capital budget and secondly, to ensure well-focused prioritisation of capital programmes and projects. This paper identifies numerous additional sources of capital and highlights some new priorities. The SDLP's proposed social compact approach will help with this prioritisation.

Annual Managed Expenditure (AME)

Although not part of the Northern Ireland block under Executive control, AME is vitally important as it funds welfare and social security payments and accounts for some 35% of all Government spending in Northern Ireland.

At a UK level the coalition government removed £11 billion from the welfare bill in the June 2010 budget and has followed this up with a further £7 billion cut in the latest CSR. The Northern Ireland share of the combined reduction is estimated at £450 million. This is a very large sum to be extracting out of the incomes of those who are among the poorest in the community and given the high level of disadvantage in Northern Ireland will have to be implemented with flexibility.

The other important aspect of the AME cutback is that it represents, at the macroeconomic level, a very significant withdrawal of spending power from the local economy.

Response of the Executive to the Crisis

Although there is broad agreement around the Executive table about the magnitude and seriousness of the problem, there is little agreement about what to do next. Given a tight budgetary timetable, DFP has been anxious to move quickly to a draft budget derived from the general structure of the CSR. Other Parties have wanted more time to discuss and negotiate.

Avoiding 'An Bord Snip' and Section 59

There is a danger that the Executive follows the Scottish Government's example and fail to agree anything beyond a convenient one year budget to carry them beyond the election. If such action is taken and the Executive fail to make tough decisions now they will be placing the Northern economy in a much more precarious position in 12 months.

Worse still, if the DUP and Sinn Féin refused to agree a budget altogether the Permanent Secretary of the Department of Finance and Personnel would be forced to implement section 59 of the Northern Ireland Act 1998 three working days before the end of the financial year.

This would prevent pre-planning by Departments and over the course of 2011/12 could lead to the imposition of significantly larger cuts than currently forecast. This is because the legislation only allows the drawing down of an initial 75% of the 2010/11 consolidated fund allocation. These scenarios, not improbable propositions given the Executive's record to date, could force more drastic action.

In 2009, due to the country's financial problems the Dublin Government were forced to ask a group of economists to undertake a report into public service spending commonly known as 'An Bord Snip.' The report was a necessary but divisive exercise for the Dublin Government.

The SDLP does not want to see the establishment of such a group. We can avoid such a process if the Executive provides responsible leadership by agreeing a realistic four-year budget in the coming weeks.

The SDLP believes an inclusive partnership model must be adopted.

The SDLP Approach – A Social Compact

The SDLP position is crystal clear. Firstly, social compact discussions should commence immediately with a view to securing a 4 year outline agreement on the budget. Secondly, while mindful of the overriding objective of protecting frontline services and generating new jobs, there must be a real drive for savings and expenditure reductions. Thirdly work must begin immediately to establish new sources of revenue and options to generate additional capital receipts.

What follows below is a radical set of realistic and costed proposals that if implemented will deliver on economic growth priorities while still protecting frontline services and vulnerable households. The measures in total represent approximately £4.5 billion of combined efficiencies and savings, new revenue streams and asset sales over the next 4 years. As the first serious contribution to the debate that surely must now follow, we commend this paper to all stakeholders as the first item on the agenda for social partnership discussions.

Social Compact

As a social democratic party our commitment to partnership means a desire to see all of the sectoral interests in society – government, business, trade unions, the community and voluntary sector, and wider civic society entering into a contract on a set of negotiated economic and social outcomes.

The changes that are necessary within our public sector – including pay restraint and a reassessment of senior salaries will impact the relationship between politicians and public sector workers.

Any changes must therefore be conducted with care and cannot be something that is simply foisted upon the public sector.

It is the public sector itself that can lead us out of the difficulty that we are in. There is expertise and commitment in our public sector. We want to harness it and improve the quality of our public sector. By empowering latent talent we can continue to improve public sector performance.

A social compact model, with full buy-in from both trade unions and political parties from the outset can provide an honest, fair opportunity to make necessary changes to our public sector to advance future performance.

4.0 SHIELDING VULNERABLE HOUSEHOLDS

Protecting Frontline Services

The SDLP stands ready to take difficult decisions, some of which will undoubtedly be challenging for certain sectors. All sectors will have to continue to make efficiency savings in administration and in some non-essential programmes.

However, alongside the challenging measures which we consider necessary to promote the economy, there is an unwavering commitment to shield vulnerable households from the worst impacts of the downturn and the measures necessary for economic correction.

For this reason, the SDLP proposals safeguard, at the current levels, all programmes which provide frontline services to vulnerable households.

These include:

- Current services in Health and Social Services.
- Housing, fuel poverty, child poverty and 'Supporting People' programmes.
- Funding in disadvantaged communities, Neighbourhood Renewal.
- Programmes aimed at community regeneration and rural poverty.
- Support for programmes administered by the voluntary and community sector.
- Benefit uptake and social security services.
- Special Educational Needs.

It will be a major challenge to maintain service quality across the range of services provided to vulnerable households, as the public sector headcount gradually reduces, but it is certainly manageable.

Welfare Reform

There is broad agreement about the need for welfare reform. It is clearly right that the Executive should provide as much assistance as possible to help people move from a dependency on benefits to the dignity and self-sufficiency of gainful employment. It is also right that work should pay those who make the transition.

Already, some £18 billion has been taken out of the UK welfare budget and it appears that a major part of the Government's welfare to work strategy is to cut benefits and put further pressure on benefit recipients. In particular the proposal to cut the housing benefit of anyone who has been in receipt of jobseekers allowance for more than twelve months, looks more like punishment than assistance for unemployed people and contradicts the lofty rhetoric.

Social Development Minister Alex Attwood is to be commended for forcing this point home with Secretary of State Iain Duncan Smith and his ministerial colleagues Chris Grayling and Lord Freud.

Parity

At the outset of devolution it was agreed that although social security was a devolved matter, Northern Ireland would continue to follow the principle of 'parity' and would be part of a single system of social security for the United Kingdom. There is no doubt that Parity serves the North well as it represents part of a massive inward transfer of resources from London to Stormont.

Therefore Northern Ireland, under parity, cannot reject the overall welfare reform proposals as a package. However London has recognised that in many instances circumstances in Northern Ireland are different and that it is therefore sensible to approach implementation differently.

It is important that the Executive in implementing welfare reform proposals exercises the maximum possible flexibility in implementation, in favour of vulnerable households. The Executive must also be ready to consider remedies which might mitigate some of the reforms where they are clearly unfair. As the SDLP currently holds the relevant Ministry in the Department for Social Development this approach can be guaranteed.

However, looking forward, the SDLP believes that in the long term an alternative to an all or nothing approach to parity can be devised. We envisage a system which safeguards the overall level of benefit income to Northern Ireland, while allowing greater discretion in how this budget is allocated.

Additional Spending

While protecting vulnerable households from the economic downturn and the financial crisis there are a number of areas where additional expenditure is merited. These include:

- A social solidarity (welfare reform mitigation) fund.
- Alleviation of fuel poverty.
- Protecting frontline health jobs.
- Establishing a special hardship fund.
- Extended schools.
- More newbuild social housing.
- Programmes addressing the needs of disaffected youth.
- Young people not in education or employment.

Social Solidarity Fund

spend: £10m/£10m/£10m/£10m

The Northern Ireland Executive does not have the resources to mitigate all of the negative effects of the measures introduced in Westminster as part of welfare reform. However in order to mitigate in instances where a measure is disproportionately disadvantageous to any group, or plainly unfair, the Executive should maintain a social solidarity fund to help mitigate these impacts.

Alleviating Fuel Poverty^{NP}

spend: £3m/£3m/£3m/£3m

Fuel poverty is caused by the coincidence of low incomes and high energy prices. It can be eradicated in many homes by making the houses as energy efficient as possible. Following recent energy price rises, which dragged many thousands of additional households into fuel poverty, it is estimated that in excess of 44% of total households are now in fuel poverty in Northern Ireland.

We believe additional resources must go into making homes more energy efficient and we propose to adopt the Green New Deal plan for housing as a primary measure. This is discussed in more detail in Chapter 5 below.

Aside from the financial gains to households to be had from becoming more energy efficient, the installation of insulation and the retrofitting of sustainable energy technology is a labour-rich activity, and would create considerable new employment.

The SDLP also favours a provision for fuel poverty alleviation measures for households in fuel poverty where any household member suffers from certain diagnosed medical conditions. A provision of £12 million is included in our plan. Final details of eligibility would have to be worked out with appropriate advice from health professionals.

Protecting Frontline Healthcare^{NP}

spend: £10m/£10m/£5m/£5m

The SDLP is concerned at the suggestion of proposed cuts in nursing jobs and in other frontline services in the health sector. We propose that an extra £30 million be set aside to ensure these nursing and other jobs are protected.

While the Party understands that reports of services nearing collapse in certain areas may be exaggerated at a time when budgets are being negotiated, the prospects of any diminution in frontline health services would impact vulnerable households the most and are therefore unacceptable.

The SDLP remains committed to protecting the health services delivered direct to patients. However we do not support the ring-fencing of inefficiencies. There are still changes that can be made in the health service to reduce waste, thereby providing money which can be reinvested in frontline service provision.

Local Government Special Hardship Fund^{NP}

spend: £2m/£2m/£2m/£2m

Despite the existence of the social security safety net and other forms of social support, it is inevitable that there will be some households who, particularly in the course of this recession, will slip through the net in terms of being able to access the help they need. There will also be those households who, for one reason or another cannot cope – even with help from the benefits system. In these situations it is often dependents, principally children who suffer most.

The SDLP would propose the creation of a special hardship fund to be administered by Local Government so that help, by way of direct assistance can be channelled to households in dire need.

Although the apparatus of Central Government is available under the Financial Assistance Act Local Government is better placed to deal with those more localised pockets or individual cases of deprivation. It is proposed that the amount of help available to any individual household would be capped.

Investment in Newbuild Social Housing ^{NP} spend: £20m/£20m/£20m/£20m

Investment in building more social houses acts as a major boost to the construction industry while advancing important social policy objectives.

Michael Smyth of the University of Ulster in a recent paper argued;

“If private sector housebuilding has collapsed, is there not a strong case for bringing forward as much capital DEL spending for DSD as possible so as to enable Housing Associations to build more social housing?”

In the present economic circumstances social housing investment offers a high return in terms of delivering on economic and social objectives. As housebuilding is labour intensive and a consumer of considerable quantities of locally sourced materials, it offers a higher multiplier than ‘larger’ infrastructural projects which tend to be more capital intensive.

It is estimated that a building project of 10 houses can provide up to 100 jobs and 5 apprenticeship opportunities alongside sustaining existing jobs in ancillary service industries. As social housebuilding is dispersed all over Northern Ireland, the boost to employment is spread geographically.

Providing a home for those in housing stress transforms the quality of life and life prospects of those in receipt of new accommodation. An increase in social housing provision will also aid in developing a shared future in our society, help reduce social exclusion, deprivation, fuel poverty and child poverty, all of which are identified as priorities in the Programme for Government.

Young People Not in Education, Employment or Training spend: £5m/£5m/-/-

Even before the recent economic downturn many young people in the North struggled to find suitable training or employment. The Committee for Employment and Learning has recently undertaken an inquiry into the issue and recent Department of Enterprise, Trade and Investment statistics show there are over 50,000 young people in Northern Ireland between the ages of 16 and 24 not in education, employment or training.

Given that economic predictions indicate that a return to growth may initially be jobless growth, Northern Ireland risks creating a lost generation of young people who have greatly reduced prospects.

In order to begin to tackle the issue immediately the SDLP proposes the creation of a future jobs fund in the style of Executive programme funds to be incorporated within the DEL, DE, DETI and DSD budgets from the beginning of the 2012/13 financial year.

Extended Schools

spend: £3m/£3m/£3m/£3m

Schools are underutilised public assets in Northern Ireland and the extended schools model can bring about significant social and community benefits, particularly in disadvantaged areas.

The extended schools programme supports learning and healthy living, while linking schools with the wider local community and helping people access local services. The programme can provide for a wide range of services and activities, outside of the traditional school day, including breakfast clubs, homework clubs, sports, arts and ICT. These activities can meet not just the needs of school pupils, but also their parents and the wider community, while contributing to greater family and community cohesion.

Given the very beneficial impact this scheme has in disadvantaged areas it was disappointing that its budget has been subject to interruption and uncertainty. Extended schools will only reach their full potential if schools and communities are able to plan with some degree of certainty.

For this reason we propose an additional £12 million allocated to Extended Schools over and above the existing budgetary provision over the next four years.

Programme for Disaffected Youth

spend: £2.0m/£2.0m/£0.5m/£0.5m

Beyond the general needs of young people and those who are not in education employment or training, there is a specific problem in certain areas with disaffected young people finding common cause with republican dissident groups. This problem is evident in pockets across the North. All of the areas concerned are disadvantaged, with high levels of unemployment and educational under-attainment.

We do not believe this tendency toward violent crime and anti-social behaviour has any solid or permanent political underpinning. Indeed the evidence points to a new wave of 'recreational rioting' where the young people involved may be getting support or direction from established dissident republican leaders.

In any event these young people could be described as 'hard to reach' but it is our view that they must be reached. The SDLP proposes an engagement programme with the emphasis on the next two years, which would be cross departmental and would be driven by professional people in the statutory agencies and recognised community structures and not by local 'gatekeepers' An allocation of £5 million is envisaged.

5.0 NEW PRIORITIES SUPPORTING ECONOMIC GROWTH

The purpose of the SDLP Budgetary Exercise is not only to close the shortfall by identifying efficiencies and savings and new revenue streams but to go further and find sufficient additional resources to fund newly emerging priorities.

The SDLP believes that these priorities can provide both the best interim economic relief for those directly threatened by the economic downturn and the direct stimulus required to boost the Northern Ireland economy in the short term.

5.1 Business and Employees

Help for Small and Medium Sized Businesses^{NP}

The Executive must urgently review and improve the effectiveness of financial support being provided to SMEs. In that regard, the SDLP proposes a targeted Recession Recovery Fund of measures to assist small businesses over the next two years.

This money will be invested in a broader range of businesses than the client base currently assisted by InvestNI, be targeted and provide clarity and predictability for businesses.

It is necessary at this time of difficulty that we 'triage' our business sector. Many of the businesses in Northern Ireland were viable before the downturn and will remain viable in the years ahead. It is necessary that we help them mitigate against current hardship to benefit the long term health of the economy.

Under the direction of InvestNI, 80% of foreign direct investment projects in 2008 fell into four business areas: IT, financial services, pharmaceutical and aerospace, future expansion areas rightfully targeted. However during this current downturn, it is essential that any additional resources are channelled into a specific recession recovery fund of measures to be invested across the economy, into the broader manufacturing sector, retail and services.

Recession Recovery Fund

spend: £2m/£3m/-/-

The proposed Recession Recovery Fund would be made up of 3 specific schemes. The first scheme the SDLP propose is a £5 million package of 'triage' loans for businesses struggling to secure finance in the current banking environment.

Micro-Finance Loans

spend: £2m/£3m/-/-

Additionally, the SDLP propose a £5 million system of micro finance loans of up to £5000 offered at the current rate of inflation and available to small local companies. These loan schemes would be distributed to local companies through Local Enterprise Agencies, whose skills and local knowledge are best served in assisting local businesses.

Social Economy Sector

spend: £1m/£1m/-/-

Finally, the SDLP proposes a fund of £2 million be set aside to assist the social economy sector in Northern Ireland which would also ensure that social and ethical objectives in enterprise are catered for in this time of downturn.

5.2 Enhanced Training Provision^{NP}**Training in Agri-food**

spend: £1m/£1m/£1m/£1m

The SDLP believe we must support and enhance the work of our largest export sector, agri-food businesses, in order to enhance the sector's sustainable job creation potential. As part of a wider skills development policy which should underpin the future of the North's agri-food sector growth the SDLP propose the investment of £4 million in order to further develop training opportunities in food production, research and development.

Graduate Apprenticeships

spend: £2m/£2m/-/-

The second SDLP training proposal is the introduction of £4 million further funding for graduate training apprenticeships.

It is imperative that the Northern Ireland Executive works with indigenous companies to develop an internship scheme which borrows best practice from the National Internship Scheme proposals outlined by the British Government and the proposals for a similar scheme in the South of Ireland.

In order to do this, funding must be made available to encourage employers to participate in the scheme and grants must be provided for the students involved.

Assistance for the recently unemployed

spend: £2m/£2m/-/-

The third SDLP training proposal involves £4 million of increased funding to Department of Employment and Learning (DEL) strategy 'Success through Skills', with particular focus on those who have become unemployed as a result of the economic downturn.

In order to ensure this happens apace, existing DEL schemes should be built upon with eligibility criteria extended and focused towards those who have, until the current downturn, been in continuous employment. Following the economic downturn the Welsh Assembly introduced the Redundancy Action (ReAct) scheme, which follows these principles and is aimed at enabling those who have recently become unemployed to retrain immediately.

Retraining and Up-skilling of Workers

spend: £2m/£2m/-/-

The SDLP considers it essential that the NI Executive helps create a sustainable workforce better prepared to ride the waves of an economic storm. In the long term this must entail development of innovation-led training to ensure Northern Ireland becomes a champion of innovation.

In the short term, it is essential that high levels of support are provided to those who have become unemployed or risk being made unemployed. An allocation of £4 million is proposed.

Skilled Person's Initiative

spend: £2m/£2m/-/-

In addition to assisting recently unemployed people to retrain immediately, the SDLP proposes a £4 million fund specifically for those who have become unemployed and who are in a position to consider using their high level skills to start their own business.

5.3 Helping the Construction Industry^{NP}

There is also a need to invest in those sectors that will not only deliver the greatest economic stimulus in the short-term, but also contribute to good strategic outcomes in the longer term. The most important of these is the construction industry.

The construction sector is a vital sector of the Northern Ireland Economy adding some £3.4 billion to Gross Value Added (GVA) and employing up to 90,000 people. In addition construction sector output impacts significantly on employment in other sectors including legal, estate agencies, furnishings, plant hire, banking etc.

In the recent economic downturn the construction sector has been hit hardest of all. At least 15,000 construction workers have become unemployed. Many thousands more are working short-time.

Private sector housebuilding has virtually ceased and 37% of companies surveyed by the Construction Employer's Federation are operating at 50% capacity or less.

Priorities in the Capital Investment Programme

The SDLP believes that the Investment Strategy for Northern Ireland (ISNI) should be reconfigured in the short term to prioritise projects that sustain and create maximum employment. These projects are already in the capital plan. It is mainly a case of affording them greater priority or increasing the magnitude of the investment.

Delivering the Capital Investment Programme

Although the ISNI represents a capital programme of unprecedented proportions, there are growing concerns about the pace of delivery and the dealflow for the construction industry.

There are also concerns about the absence of a smooth dealflow - where spending is slow early in the year and becomes frenetic toward the year end.

The SDLP believes this is a matter of such importance that an Assembly Scrutiny Committee should oversee the delivery of the capital investment programme.

The SDLP financial plan sees more resources going into the construction sector with a strong focus on creating more employment. It foresees a much larger capital programme than that envisaged in the CSR budget. The new commitment to the Green New Deal insulation and heating measures will create many new jobs, as will the extra funding for housing, energy infrastructure and tourism projects.

5.4 Developing our Tourism Potential^{NP}

Sited in the shadow of Invest NI within DETI, Tourism has been something of a Cinderella industry in how it is regarded in terms of overall economic development policy. Yet it is hugely important for the future. The SDLP believes that there is major potential to develop the tourism industry in Northern Ireland. This is an industry that is labour intensive and which can contribute many thousands of new jobs for the economy.

A lot of good thinking has gone into developing the tourism industry in the North. The signature projects and the themes identified for development alongside branding have the capacity to take the industry forward – but these initiatives need to be properly resourced. The Northern Ireland Tourist Board has an ambition to double tourism revenues in the medium term and this plan should be supported.

Exchange Rate Opportunity

Northern Ireland is a good value for money offering and the depreciation of sterling against certain currencies provides a further opportunity for tourism. With the fall in the value of sterling against the Australian and Canadian dollar and also to an extent the US dollar and the Euro, the Northern Ireland tourism product is now more affordable than it was in the past.

There is therefore an opportunity for Northern Ireland's tourism industry, led by the Northern Ireland Tourist Board and Tourism Ireland, to take advantage of this relative competitiveness. They can do this on two parallel tracks; firstly, marketing the value-for-money aspect of the Northern Ireland offering and secondly, accelerating product development (including training) and investing in improving visitors' experience.

Tourism Marketing

spend: £1.5m/£1.5m/-/-

Extra resources should be directed to Tourism Ireland and the Northern Ireland Tourist Board to market Northern Ireland Tourism on the island, in Britain and internationally particularly to those who have visited before and for whom a return visit would now cost less. It is interesting to note that Jersey is now marketing its tourism under the banner "French Influence - British Currency" Northern Ireland tourism marketing should now intensify promotion of value-for-money offerings including golf and shopping breaks alongside the core marketing around winning themes and signature projects.

It is proposed that an additional £3 million is allocated to tourism marketing over the next two years.

Tourism Signature Product Development

spend: £3m/£4m/£5m/-

Tourism development in Northern Ireland has the benefit of a clear strategy, at the centre of which are the signature projects. Although there has been substantial progress made in recent years including very significant funding for the Titanic Signature Project, the signature projects are under resourced.

It is essential that the development of signature projects is accelerated so that they represent fully rounded visitor attractions. An important step in this is to attach a full narrative around each project so that it is not just something to see but becomes a story that engages the visitor. This requires funding for further capital works and investment in interpretative/narrative development.

Therefore, we propose that an additional £12 million is allocated to the physical development of the signature projects over the next three years. However it also requires additional investment in talented and experienced staff to develop the projects and deepen the sphere of influence of each project within their region.

Hospitality Industry Training

spend: £1m/£1m/-/-

It is generally accepted that in some areas of the visitor experience, customer service is not of a sufficiently high standard. If Northern Ireland is going to be a successful tourism destination and secure repeat business - particularly in the highly competitive short break market - then customer service will have to improve.

We therefore propose the creation of a special training scheme for the hospitality industry which would have customer service at its core. In addition, as a response to the recession, which has hit the retailing sector particularly badly, the scheme would be targeted at those made redundant in the economic downturn and who are well suited to a customer-facing service industry.

It is proposed that £2 million be invested in a specific 'customer service' hospitality training scheme which would retrain 250 workers.

'Come Ye Back' Homecoming in 2013

spend: £0.5m/£1m/£0.5m/-

Northern Ireland could take a leaf out of the book of Scottish tourism and organise a year of 'homecoming' aimed at getting members of the Northern Irish diaspora to return home at some point in that year. This would require additional marketing spend, but if Northern Ireland achieved the same performance as Scotland then the yield of tens of millions of pounds in extra visitor spend would produce a very high return on investment.

2013 could well be a suitable year for this promotion. It is the 100th anniversary of the writing of 'Danny Boy' (Come ye back) and also the year that Derry is the inaugural UK City of Culture. An investment of £2 million is envisaged. This would also be aimed at leveraging in private sector investment.

Investing in the Arts and Tourism Product

spend: £1.1m/£0.7m/£0.7m/£0.5m

There is a common misconception that while the Arts provide many societal benefits they fail to provide economic benefit to the North.

If we are to substantially develop our Tourism product the Arts can play a valuable role, one which will be showcased in Derry 2013 and which would be enhanced by a homecoming year as discussed above.

The SDLP also believe there are significant benefits to be derived from the continued investment in attracting top level film and television production to Northern Ireland.

In order to continue and enhance the great work that has already been achieved, the SDLP believe the NI Screen budget and the monies spent on creative industries, (£1.85 million last year) by the Arts Council should be protected from cuts. Such an investment could enable continued growth of the film industry in the North.

A New Art Gallery

spend: £2m/£5m/£13m/£8m

Northern Ireland has a treasure trove of artworks for which there is no suitable venue to display. Just as the cultural infrastructure of the North continues to develop with anything from new theatres to planned new sports stadia, there is a case to be made for a first class Art Gallery. There is also an opportunity to join up this ambition with a major urban regeneration project and kill two birds with the one stone. We have identified the listed former Crumlin road Courthouse as one potential venue for Northern Ireland's premier Art Gallery.

This project would create numerous construction jobs, create a first class facility and perhaps most importantly, make a strong statement of intent about the Executive's commitment to the regeneration of this neglected part of Belfast's inner city.

5.5 Modernising our Energy Provision^{NP}

Extending the Natural Gas Network

spend: £3m/£3m/£3m/£3m

Northern Ireland has a relatively new, growing but underdeveloped natural gas industry. Generally where natural gas is available it becomes the preferred choice of customers. It is a much cleaner fuel than any of the fossil fuel alternatives and is generally cheaper than oil. There is therefore a very strong case for extending the natural gas network and making gas available as an option for as many people as possible.

The natural gas network and customer base is concentrated around Greater Belfast. Apart from where there are major industrial loads, gas network extension into rural areas and even small towns does not offer an acceptable economic return. There are two gas network companies in Northern Ireland, Phoenix Gas covering the Greater Belfast area and Firmus covering the North-West and the towns adjacent to the Belfast/Derry pipeline. Firmus also has scope to develop areas adjacent to the South North pipeline which connects the two networks North and South.

To accelerate the development of the two networks into new areas, the companies would require an element of public subsidy and/or sympathetic regulation.

It is proposed that a £12 million fund is established to be invested in 2009/10 to kick-start the process of facilitating the maximum penetration of natural gas in Northern Ireland. It is not enough to run spurs from the main transmission pipelines into the adjacent towns. Distribution networks need to be rolled out in those towns offering choice to all customers.

The new investment would provide major energy benefits, employment for significant numbers of gas installers and heating technicians and be a stimulus to the private housebuilding sector.

Renewable Energy Connectivity

spend: £1m/£2m/£5m/£6m

The electricity network is carefully planned and reinforced as required to meet evolving demand. The related capital investment is evaluated as part of the price regulation process.

However, there is no incentive for the electricity network to be developed in a way that best accommodates the potential for greater renewable generation to connect to the system.

Yet Ireland, North and South, has a very substantial wind energy resource which if fully developed could account for a major proportion of Ireland's future electricity generation requirements. Growth in renewable energy would give Ireland greater security of supply in a time of geopolitical uncertainty around the main areas of oil and gas production. This is perhaps just as important a benefit as the clear environmental gain from switching production from hydrocarbons to wind energy. In addition, rapid development of Ireland's wind energy resource could create thousands of new jobs.

All-island energy studies have identified grid reinforcement as a potential barrier to growing the renewable energy share of the overall electricity market.

The SDLP believes that more must be done to harness the potential of wind energy and to make the necessary investments in the electricity network.

Government can do two things. Firstly, DETI can engage with the industry regulator to explore the scope for price regulation that incentivises the grid to facilitate wind farm connectivity. Secondly, a fund can be established to which grid companies and/or wind energy developers could bid for support for research and investment in significant new wind connections.

We also believe the mutualised energy company Mutual Energy could support certain well defined network reinforcement projects taking the assets onto their own balance sheets. Mutual Energy has substantial liquid assets and have stated their long-term commitment to delivering benefits to energy customers. With appropriate regulatory approvals the company could contribute £4 million over the next two years.

Although government cannot reasonably extend large-scale subsidies to private energy development companies, it can intervene to make things happen. Judicious use of public funds aimed at helping marginal but worthwhile renewable energy projects get over the line, could be money well spent. It is proposed that £14 million funding be set aside for this intervention.

Implementing the Green New Deal

Current spend: £20m/£20m/£2m/£2m

Capital spend: £4m/£6m/£8m/£8m

The 'Green New Deal for Northern Ireland' is an impressive cross-sectoral initiative advocating sustainable energy investment.

A key strand of the SDLP Westminster Manifesto was the opportunity to create 32,000 jobs by investing in 'Green New Deal' initiatives.

The SDLP is absolutely committed to this sustainability and job creation agenda and believes that not only will it help tackle climate change, the measures proposed have the ability to help lift vulnerable people out of fuel poverty, and crucially provide opportunity for significant job creation.

The 'Green New Deal' does not come without a cost and current departmental budgets are not sufficient to cover all the necessary expenditure, therefore the SDLP propose additional spending in certain core areas.

The total investment from Government would be around £70 million which it is claimed could draw in three times that amount in private investment.

The Executive's investment would be spent on:

- insulating 100,000 homes to reduce energy consumption and help take more households out of fuel poverty.

-
- retrofitting of more efficient energy technology to those Housing Executive homes currently failing (because of inadequate heating) to meet the decent homes standard.
 - conversion and retro-fitting of public buildings (hospitals, schools etc.) to sustainable energy provision, including where necessary more efficient fossil fuel energy such as Combined Heat and Power (CHP).

These investments will make a substantial contribution to the alleviation of fuel poverty in many homes as well as create thousands of jobs.

It remains to be seen if the private sector investment would follow or if the savings claimed would be captured and recycled as readily as claimed, but there is no doubt the Green New Deal offers an excellent sustainable investment programme at this time of economic difficulty.

6.0 ADDRESSING THE BUDGETARY SHORTFALL

The United Kingdom Comprehensive Spending Review has left Northern Ireland short of approximately £4 billion over four years against current expenditure and capital investment baselines. This shortfall can only be managed through a combination of:

- finding savings and efficiencies,
- making actual expenditure reductions,
- generating new sources of revenue, and
- increasing capital receipts through the sale of publicly owned assets.

The SDLP's ideas under all four headings are set out below.

However it is not just sufficient to make adjustments that will balance the books. It is the SDLP's intention to make sufficient adjustments overall to allow additional spending (over and above 2010/11 baselines) in certain high priority areas. This is so that the Executive's budget really is focused on economic recovery and not just managing the downspend. These priority areas are outlined in the previous chapter.

6.1 FINDING EFFICIENCY SAVINGS

The largest single contributor to closing the budgetary shortfall will be the implementation of a series of efficiency savings across the public service. Our calculation is that approximately £1.2 billion of efficiency savings can be achieved across the 4 year CSR period. Details of proposed efficiency savings are set out below. These figures are fully costed where information has been available. Where estimates have been required, calculations have been made on the conservative side.

Public Sector Pay Freeze

£10m/£20m/£30m/£40m

As stated above we believe that with responsible budgeting by the Northern Ireland Executive no public servant need come under the threat of compulsory redundancy.

Many families in Northern Ireland who have suffered in the downturn now depend solely on the income from a public sector job. Financial security for our public sector workers will help the Northern Ireland economy get back to its feet more quickly.

Regrettably however in order to guarantee that no public sector worker face compulsory redundancy, it is necessary to consider pay restraint.

The SDLP suggest the introduction of pay freeze for those earning above £31,500 per annum meaning few Public Sector workers below Deputy Principal grade or equivalent would be affected. This freeze would be introduced for the lifetime of the next CSR, but include a review, with a view to termination of the freeze if the economy has recovered sufficiently, after 2 years.

We believe that public servants are ready to accept pay restraint in exchange for security of employment.

Although there would be a pay freeze in terms of annual inflationary increases, all pre-existing pay agreements and contractual commitments would be honoured fully.

Public sector workers who were on incremental pay scales with guaranteed incremental rises would still receive those pay progression increases and the SDLP believe NICS staff, whose terms and conditions do not guarantee incremental rises in the same way as the rest of the public service should also receive pay progression increases.

As Assembly Members' pay is above this threshold it too will be subject to the freeze, pending the independent review of MLAs pay.

Public Sector Natural Wastage and Redeployment £75m/£150m/£225m/£300m

The biggest single contributor to closing the budget shortfall on the current expenditure side will be the decreased costs resulting from a significant reduction in public service numbers. However, as indicated above, head count reductions will be achieved overwhelmingly as a result of natural wastage, for example people leaving to go to other employment or for some other reason, and people retiring.

Substantially, with an ongoing moratorium on public sector recruitment and promotion many vacancies arising in the public service will be filled by redeployment. In specialist areas where redeployment is not easily achieved, voluntary severance should be on offer. However, there is no reason why there should be any appreciable number of compulsory redundancies. Very substantial savings can be achieved by not filling vacant posts and by the moratorium on recruitment and promotion.

Despite the moratorium being the general rule applied right across the public service (and not just the civil service), there will be circumstances where it is important to replace someone who has left or to fill a post that has been vacated. This situation will arise in relation to key frontline services although normally the need will be met through redeployment. However, in order to maintain a tight grip there will be a centralised process for authorising the filling of particular vacant posts. It is not envisaged that the total number of posts which are vacated and are then subsequently filled (excluding redeployment) will exceed 5% of the total number of posts.

By the end of the CSR period we envisage a smaller more efficient public service which is still delivering quality frontline services.

Senior Public Service^{NP}

It becomes quickly apparent when assessing the numbers of senior civil service staff employed in the NICS that there is a significant disparity across the different departments. This can to some extent be explained by the actual role undertaken by some departments. For example the Department of Social Development undertakes significant frontline service delivery, thereby requiring a larger number of relatively junior staff and a smaller team of senior staff.

The smaller number of employees per senior staff member in the Departments of Health and Education can be explained by the fact that these are relatively small core departments which oversee large external organisational structures.

By contrast OFMDFM and DFP have large senior staff complements relative to total staff numbers. This is most difficult to explain.

Given that Grade 5 staff can earn up to £80,000 plus and most have extensive office accommodation, secretarial support and other benefits, a substantial reduction in numbers leads to a sizeable saving.

Table 2. Number of Senior Staff in NICS departments

Department	Number senior staff (grade 5 and above)	Total number of staff	Staff per senior staff (grade 5 or above)
DARD	21	3035	145
DCAL	6	309	52
DE	18	649	36
DEL	10	2014	201
DETI	9	641	71
DFP	44	3465	79
DHSSPS	25	844	34
DOE	12	2917	243
DRD	17	2552	150
DSD	18	7983	444
OFMDFM	28	407	15
TOTAL	208	24816	119

Figures as of January 2010, excludes Department of Justice.

The SDLP believes that senior staff numbers need to be reduced across the public sector. Therefore we propose a moratorium on recruitment and promotion into the senior ranks of the public sector for the entire CSR period except in exceptional circumstances.

Where posts become vacant due to retirement or departures they should be filled by redeployment from within existing staff resources and a post should be removed from the senior structure. A 15% saving in the cost of the senior public service would release substantial funds to be reallocated to priority programmes.

Senior Public Sector 5% Pay Reduction

£1m/£1m/£1m/£1m

The SDLP is of the view that in a time of recession those in well paid pensionable jobs in the public sector should show leadership and take a pay cut. We are not proposing slashing salaries, but believe that senior people across the public sector receiving more than £80,000 per annum should have their salaries reduced on a sliding scale of between 1% and 10% with the average reduction to be no less than 5% overall. Obviously Government Ministers would be included in this pay reduction and we propose all Executive Ministers follow the lead of the Social Development Minister who has already taken a 5% cut in his total salary.

Public Sector Productivity and Procurement

£10m/£20m/£40m/£50m

In the three years of the last CSR period, Government Departments and Agencies have been required to make cumulative 3% annual savings in Departmental costs. These savings have been comfortably achieved and it is reasonable to assume that this process of improving efficiency can continue.

The Coalition Government in London recently commissioned Sir Philip Green to undertake an efficiency review looking at where savings could be found in Government expenditure. The subsequent report identified huge scope, amounting to billions of pounds, for savings right across the range of Government purchasing. The report instanced examples of areas of procurement, energy, IT, telecoms, travel and many other areas, where the public service was not leveraging its spending power and was getting poor value for money. If this estimate of expenditure inefficiency was extrapolated to Northern Ireland the sum involved would run into hundreds of millions of pounds.

We would therefore propose to commission a similar initiative in Northern Ireland where the Executive's expenditure and purchasing was subjected to an intensive test of value for money.

Quite often public purchasing costs more because of the procedures that have been introduced piecemeal over time. A review of this type would find the pinch points and the areas where inefficient and inconsistent purchasing could be corrected. The estimated savings identified in the table below are considered conservative.

OFMDFM

£0.2m/£0.9m/£0.4m/£1.9m

As an organisational entity it is our view that OFMDFM has lost its way. Instead of being a tightly run Cabinet style Department which manages the overall process of Government, OFMDFM has increasingly become a programme delivery Department. Given its joint headed nature, it is not suitably configured to actually deliver on programmes and services and the evidence of its failure to do so is there for all to see. Also, given its concentration on programme areas such as community relations, urban regeneration, former security sites, poverty and children etc, it has completely taken its eye of the ball in terms of managing the process of Government.

If the Executive has been criticised for a light programme of work, the fault lies primarily with OFMDFM. We have therefore concluded that many of the functions in OFMDFM should be reallocated to other Departments. There should also be a conscious attempt to reduce the staff complement in OFMDFM so that it becomes a lean and efficient Department capable of focusing on the overall work and performance of the Executive. Again, the estimated savings quantified here are considered to be on the conservative side.

Department of Finance

£1.2m/£2.0m/£3.0m/£4.0m

The Department of Finance and Personnel has significantly more senior civil servants than any other Government Department. While this may mimic the status of the Treasury in Whitehall, it cannot be justified as the Department of Finance and Personnel in Northern Ireland does not carry out functions equivalent to the Treasury in Whitehall. DFP has no currency to manage, no interest rates to worry about, no taxation measures or exchequer returns to profile. DFP in Northern Ireland, on the financial side, merely allocates public expenditure. It also has responsibility for personnel functions and for the construction industry but taking all of its responsibilities together it is entirely unjustifiable that this Department has over 40 staff at Grade 5 or above. This compares to 18 in Northern Ireland's largest Department which has more than twice as many staff.

Therefore over and above the general efficiency savings targeted for the public service, we would expect the Department of Finance to achieve additional efficiencies mainly around the area of headcount reduction particularly at the senior level. Nonetheless our estimates of what is achievable still lean to the conservative side.

Reduction to Single Economic Policy Unit^{NP}

£0.2m/£0.4m/£0.4m/£0.4m

As we have pointed out before, it is ludicrous that at the centre of Government in Northern Ireland, in an administration serving a population of under 1.8 million, there are three separate economic policy units. And all the more remarkable that even with three economic policy units, Northern Ireland does not have a clear economic strategy or even a structured plan. Currently the economic policy units reside in OFMDFM, the Department of Finance and Personnel and the Department of Enterprise, Trade and Investment. Our recommendation is that one single economic policy unit should exist ideally within the Department of Enterprise, Trade and Investment.

Departmental Management Boards^{NP}

£0.1m/£0.3m/£0.3m/£0.3m

We have previously argued that Departmental Management Boards, inclusive of paid external Directors should be abolished. Although the savings generated is not substantial in terms of the global budget shortfall, there is an important symbolism in closing down this no longer necessary part of the apparatus of Direct Rule. Ministers are now in charge of Departments and Ministers are highly accountable to the Assembly and its Committees and many other bodies, not least the electorate. There is no longer any shortage of external challenge. While departmental Permanent Secretaries will of course have their Senior Management Team meetings, there is no longer any justification for retaining external non-executive Directors. Departmental Management Boards should be scrapped immediately.

Executive Information Service

£0.1m/£0.3m/£0.3m/£0.4m

There are far too many people employed in the Executive Information Service which provides a range of communication services across all Departments in Government. As of October 2009 the EIS employed 92 press officers at an annual cost of £3.2 million.

Additionally the NIO, which at that time retained responsibility only for policing and justice plus a few other reserved matters employed 30 people including 11 press officers at the Northern Ireland Information Service (NIIS) at an annual cost of £2.2 million.

Quite apart from the duplication, the existence of EIS does little to promote co-ordination and cooperation between the various Ministers and their Departments. Indeed it sets up an unnecessary rivalry between colleagues and also an unjustifiable control mechanism in OFMDFM. In the context of a likely reduction in the number of Departments and the number of state agencies in the period ahead, a reduction in the size of the Executive Information Service of around 20% should be easily achievable.

Restructuring of Health ‘Quangos’

£0.5m/£2.0m/£2.5m/£3.0m

We do not undervalue the work of the various quangos under the aegis of the Department of Health and Social Services but we consider that that work could still be carried out under a new more efficient merged arrangement. As an absolute minimum this would deliver savings in a range of central and corporate costs without detriment to the service delivered. We therefore recommend that the Guardian At Litem agency, the Health Services Commission, Health Estates and several other Health Agencies are assembled in a configuration that delivers significant cost savings. We have estimated that it will take possibly two years to see the financial benefits flow from this reorganisation.

Northern Ireland Water

£14m/£25m/£35m/£45m

In the last two decades in the cases of the privatisation of British Telecom and Northern Ireland Electricity, it has been demonstrated clearly just how efficient public utilities can become relative to the state they had been in previously under public sector management. Unfortunately, Northern Ireland Water is configured similarly to the inefficient pre-privatisation NIE and BT. With the ongoing debate about how water and sewerage services should be financed, we believe it is an absolute priority to make Northern Ireland Water more efficient with immediate urgency.

The debate around water finance will be much more manageable if our water utility can become more efficient quickly and the overall cost of running this vitally important operation can be reduced. We have therefore assumed an intensive effort to reduce the current inefficiency of Northern Ireland Water. Much of this will come from headcount reductions but we believe major productivity gains can come from improved work management.

We do not agree that the Minister’s proposal to reverse Northern Ireland Water’s status from an arms length body back into his core Department is a positive or sensible proposition. Indeed this is a regressive step and will hamper the ability of that organisation to become efficient and to deliver better value for its customers and other stakeholders. Our counterproposal for future delivery model for water and sewerage services is discussed later in this document under *Public Sector Reform*.

Northern Ireland Prison Service

£1m/£4m/£4m/£5m

The Northern Ireland Prison Service is heavily over-staffed. As an organisation it has not sufficiently responded to the changed security environment following the maturity of the peace process. Although it is understandable how many sub-optimal practices may have built up over the years when prison service staff were under the constant pressure of the security threat, it is now time for some of the worst personnel practices to be dismantled. We are not proposing anything draconian or instant, but there must be a special effort to reduce unwarranted costs and practices and to make the Northern Ireland Prison Service, as an overall entity, much more efficient.

Education and Skills Authority

£0m/£20m/£20m/£20m

The Education and Skills Authority (ESA) has become something of a political football in recent years. Notwithstanding the impasse on education between the DUP and Sinn Fein, we believe it is essential that the Education and Skills Authority becomes established and the savings that it promises are captured. The Department of Education has estimated that the savings once the ESA is established would be of the order of £20 million per year. We have accepted this figure but not applied it until year two of the CSR to allow time for politics to mediate a solution to the educational impasse.

Student Fees and University Costs

£1.5m/£7.0m/£10m/£20m

Over recent years and decades, universities have enjoyed expansion both in student numbers and budgets. The government is now under pressure to maintain funding for universities and the option being recommended by the coalition government in Britain is to allow universities to double or even treble their student fees. The SDLP believes this is completely the wrong approach. Universities must make serious attempts to tighten their own belts before they try to hike up fees. Our proposal is to conduct in-depth financial reviews of the universities to find significant operating cost savings.

6.2 SELECTIVE EXPENDITURE REDUCTIONS (CURRENT)

Although we believe the vast bulk of the budget shortfall can be closed by the achievement of efficiency savings, there will inevitably have to be some expenditure reductions. Our estimate is that somewhere around £300 million worth of expenditure reductions are achievable over the four year period without detriment to any services. Time after time PAC and audit reports, as well as intensive Assembly interrogation through questions, have uncovered large amounts of inefficient and unjustified spending. In many cases the direct expenditure reductions identified in this paper are simply about reducing the amount of money that gets wasted. These reductions are set out below in some detail.

Office Accommodation Costs

£0.8m/£2.0m/£4.0m/£5.0m

The ambitious Workplace 2010 Private Finance Initiative Scheme intended to rationalise and extract value from the government office estate ended up failing in a legal debacle. Despite DFP's failure in this instance there is no reason not to focus again on the excessive cost of office accommodation for the public service and how it can be reduced. Again, given that the numbers employed in the public service are going to reduce gradually over the CSR period, it is important to seize the opportunity to take costs out of the accommodation estate. It is important that the Department of Finance and Personnel is pro-active in planning to exploit potential break-points in the most expensive leases and plans well ahead to maximise savings. We have estimated gradually rising savings (again conservative) over the four year period.

Consultancy Costs ^{NP}

£12m/£20m/£30m/£40m

The Northern Ireland Executive, the Civil Service and the Public Service generally spend too much on consultancy services. While they are no doubt needed in many cases, there are also many instances where consultants are hired, where the work could have been done in house. A series of Assembly Questions tabled by Patsy McGlone has elicited that the Public Sector consultancy bill runs to over £100 million per annum. We believe this can be reduced gradually up to 30%. This still leaves plenty of room for all the necessary consultancy particularly required for project management of capital projects and legal and technical services. It should help change the culture around consultancy in the public sector where often the work is commissioned for 'political' reasons rather than an inability to do it in-house at much lower cost.

Public Sector Advertising

£1.0m/£1.5m/£2.0m/£2.5m

Although public sector advertising is now procured centrally and some savings have been achieved, we believe the level is still far too high. A modest reduction in expenditure is therefore targeted over the four year CSR period. We believe this is entirely justified as many public sector advertising campaigns proceed and subsequent tracking and evaluation reveal that they have not represented the best value for money. (This fact is seldom publicised.) Should further funds be required at any point in the financial year, for example in the event of a major crisis, then a bid can be made centrally for additional resources.

Public Sector Expenses

£4m/£10m/£15m/£20m

One fortunate consequence of a significant reduction in public sector head count, and in particular public sector head count reductions at senior level, will be a substantial reduction in public sector overheads on costs and expenses. Fewer senior civil servants will mean reduced travel and subsistence, fewer consultancies commissioned, less legal advice ordered, less corporate entertainment, and fewer workshops and away-days.

It also means fewer newspapers, periodicals and membership subscriptions and even less bottled water and biscuits! We believe that in these difficult times there is a responsibility on all Departments and all public sector agencies to bear down on the associated add-on costs of management and staff. In addition the more this cost heading can be reduced, the greater number of jobs can be preserved in the public service.

Overseas travel

£0.3m/£0.5m/£0.7m/£0.9m

There is considerable scope to reduce the cost of foreign travel by public servants. We would propose a very substantial reduction in the foreign travel budget for all Government Departments and public bodies starting immediately. Although some foreign travel is necessary much of it is not. Even where the travel is essential it is important that people travel in ones and twos instead of in groups and entire teams.

The same logic applies to travel within the UK and Ireland.

Abolition of Junior Ministers Posts

£0.6m/£0.6m/£0.6m/£0.6m

Although junior ministers do some useful work that would otherwise have to be done by the senior ministers in OFMDFM or their officials, their existence is no longer justified. Not only is it the cost of the Ministers themselves, but there is the cost of the apparatus that supports them. This document has earlier critiqued the bloated nature of OFMDFM as a Department. Part of bringing that Department forward in terms of its efficiency is to abolish the posts of Junior Ministers and dismantle the bureaucracy that supports them. This is not a significant saving in the overall scheme of things but again it is symbolic of the Executive's intention to reduce the costs of Government bureaucracy so that frontline services get priority.

Invest NI Budget ^{NP}

£20m/£25m/£25m/£25m

The Professor Richard Barnett Independent Report on Economic Policy (IREP) commissioned by the DETI Minister, concluded that Invest NI delivered questionable value for money in a number of its activities. We believe that because the Executive named the economy as its top priority, budgets for Invest NI have been expanded without due consideration for value for money. We also believe the dominant position of Invest NI in the economic policy community in Northern Ireland is unjustified.

Within DETI, Invest NI crowds out the increasingly important tourism policy area and the Departmental and Ministerial focus on Invest NI tends to take attention away from other important areas of economic development. The administrative and overhead costs as well as the programme budget of Invest NI should therefore be reduced substantially and that organisation should then bid competitively for any further budget that it may require during the year.

Northern Ireland Housing Executive Maintenance Costs £13m/£13m/£13m/£13m

The Department for Social Development recently commissioned international consultants Savills to examine the maintenance strategy and expenditure of the Northern Ireland Housing Executive. Savills Consultants concluded that the Northern Ireland Housing Executive had the best maintained public housing stock they had ever surveyed. They suggested that the level of expenditure on housing maintenance could be reduced without any significant detrimental effect. They criticised certain expenditure headings and recommended change. We are therefore incorporating a 10% reduction in Northern Ireland Housing Executive maintenance costs in this financial plan. We believe that optimal management of the remaining 90% of spend can achieve, if anything, a better outcome overall.

Focus Farms £0.1m/£0.6m/£1.2m/£1.2m

Although the saving achieved through the abolition of the Focus Farms educational programme is modest, it is our view that this Programme delivers little of value. It is largely something of a ruse to deliver a modest subsidy to selected farmers. We believe this money could be used better elsewhere and the Department could instead return to the traditional much less costly system of farm walks as a way to promote best practice.

Legal Aid Costs £6m/£6m/£10m/£15m

In recent years the costs of legal aid have risen sharply and the question of value for money for this important service now arises. The Justice Minister is to be commended for his attempts in recent times to focus on certain aspects of on legal costs that accrue to the public sector. He is undoubtedly right that these costs can be reduced. We have estimated that a 10% reduction is achievable over the four year period of the CSR. Again this is conservative, a larger saving may well be achievable and should be pursued by the Department of Justice.

6.3 FINDING NEW REVENUE STREAMS

In addition to capturing efficiencies and making expenditure reductions, finding new revenue streams offers a further way of closing the current budget shortfall.

The most obvious new revenue stream would be the introduction of water charges. However, we have taken the view that it would be wrong to introduce water charges as a significant extra burden on hard pressed households at this time. It would also be wrong to impose water charges before Northern Ireland Water had reached a certain acceptable level of efficiency. Notwithstanding our view that the introduction of water charges would be inappropriate at this time, we believe it is possible to raise up to £800 million over the four year CSR period in other new revenue streams. These are set out below.

Unfreeze the regional rate £6m/£12m/£18m/£24m

The decision to freeze the regional rate was taken at a time when the economic outlook in the North was much brighter. This essentially populist decision should have been reversed much earlier when it became clear that the Executive would be hard pressed to meet its financial commitments and programme targets. In fact the decision to freeze regional rates amounted to a decision to reduce regional rates annually because no allowance was made at the time for even keeping pace with inflation. We therefore believe that as a minimum the regional rate should be reconnected to regular annual increases which reflect the rate of inflation.

Restore the rates ‘capital value’ ceiling £3m/£3m/£3m/£3m

The capital value at which rates could be levied under the populist package of rates reform announced in 2007 was lowered to a cap at a ceiling of £400,000.

We believe this was unduly generous to those who owned houses of very substantial value. Even though the housing market has gone down over the last two years, the capital charges levied post 2007 remain in place and we believe that the ceiling should return to the pre-2007 level of £500,000. The original cap was a regressive measure and although a return to the old level will not raise a huge amount of revenue, it is important that at least some of the more well off households shoulder their fair share of the burden of the budgetary corrections we now have to make.

Rates on Banks and ATMs^{NP} £3m/£3m/£3m/£3m

Currently, approximately £11.25 million is raised each year through rates on banks and Automatic Teller Machines (ATMs). The SDLP proposes raising the rates levy on banks and ATMs by 25%, thereby raising approximately £3 million extra revenue each year.

This is possible as rates on ATMs are currently levied by a usage banding system, meaning that ATMs with higher monthly transaction levels incur higher rates charges. This system should prevent the removal by banks of lower grossing ATMs, but as an

extra safeguard measure we propose that this rates increase not be imposed upon banks and ATMs in designated low-income areas.

Supermarket Off-Licence Levy

£0m/£2m/£2m/£2m

There is growing concern about the current availability of very cheaply priced alcoholic beverages and the damage that it is doing socially. There is no doubt that there is now major disconnect between the price of alcohol in traditional bar premises and the price at which alcohol is available in large off-licence retail premises. This price divergence is changing social behaviour and leading to a greater instance of binge drinking and alcohol related social problems. We therefore believe that in order to re-establish some equilibrium in this market, it is appropriate to levy a charge on large off licence retail premises over a specified square-footage or contained within a supermarket or large shop over a specified square-footage. This charge could be levied by way of the existing licensing regime. We think this proposal can, in time, generate a substantial amount to contribute to our new revenue streams. More importantly it can make a major contribution to improving society itself.

Levy on telephone masts^{NP}

-/£5m/£5m/£5m

In our original paper in April 2009, we made a modest proposal to impose a levy on telephone masts on hilltop sites. We repeat that proposal here although our estimate is that it should be capable of yielding no more than £5 million per year. We are conscious of the fact that others have duplicated our proposal except to suggest that it could raise as much as £160 million over the CSR period.

The evidence suggests that this larger scale proposal is not practicable and would distort the market for telecommunication services.

Heavy charges such as that suggested, would only lead to substantially higher costs for end users but more likely would involve operators reducing their coverage in Northern Ireland. Our more measured proposal is most unlikely to have either effect and can be administered efficiently through the rates system.

Plastic Bags Tax

-/£0.8m/£0.8m/£0.8m

It is our view that the Northern Ireland Executive should seek tax raising powers that go beyond the much talked about corporation tax concession. One modest proposal is to introduce a plastic bags tax which although unlikely to yield massive amounts in revenue, can make a major positive contribution to the environment. A plastics bag tax has been a runaway success in the South of Ireland and we see no reason why a similar scheme should not be introduced here. Our estimate of total revenue from this tax is very modest.

Car Park Charges

£0.4m/£0.7m/£0.7m/£0.7m

There is clear scope to raise revenue from car park charging right across the public sector. This would not only extract value from a limited and valuable resource, but it would again contribute to sustainability by encouraging more people to use public transport. However we recognise that for many staff driving to work may well be their only feasible option. Often it is combined with the school run and with other commitments. We therefore propose only to levy a charge on parking spots which are specifically designated for the use of named individuals.

In other capital cities this perk is valued at thousands of pounds per year. However we do not propose anything draconian and we do not expect revenue from this source to exceed £700,000 per year nor to reach that level of revenue until year three of the CSR.

MOT Charges Increase

£10m/-/-/-

One of the few regular discretionary sources of income for the Executive is the revenue from MOT charges. It is recommended that these increase by a significant amount over the period of the CSR and in the run-up to privatisation.

Leasing of Forest Service Land

£0.5m/£1m/£1m/£1m

The Forest Service manage over 75,000 hectares of land in the North. Within these land banks there is scope for significant additional development of leisure activities ranging from adventure sports in remote areas, to off-roading, paintballing, and even children's activities all of which would benefit local communities, create jobs and boost our tourism product.

Additionally there is opportunity to use other pockets of Forest Service land for the development of renewable energy, for example the exploitation of key sites suitable for wind turbines.

All these opportunities could be undertaken by leasing the sections of forestry land and assets to private sector organisations.

Planning Fast Track System Charges

£0.5m/£2.0m/£2.0m/£2.0m

At a time when the Planning Service is overstaffed because of lack of work and where charges for planning services are failing to meet revenue targets, there is scope to introduce a fast track planning application system. Such a system would deliver to planning applicants a decision in a fraction of the normal time in exchange for a significantly higher application fee. It would also provide a much needed additional workload for planning staff in the short term. This scheme would be managed flexibly so as to take up spare capacity in the Planning Service. Also, when the point has been reached where the planning service is operating at full capacity, it would be possible to either temporarily suspend the scheme, or the fast track charges could be increased appropriately as a mechanism for managing demand.

Dividend from Belfast Port

-/£6m/£6m/-

Belfast Trust Port is a highly profitable business and has been accumulating significant cash reserves as a result of healthy profits for many years. In addition to our proposal to extract a contribution from the Port's accumulated cash reserves, we believe that an annual dividend should also be paid out of yearly profits. This dividend would be payable in each year that the Port remained in public ownership. It would be important that the necessary legislation was put in place to allow for the payment of dividends.

Northern Ireland Housing Executive debt re-profiling^{NP}

£70m/£70m/£70m/£70m

The Northern Ireland Housing Executive has a debt of around £0.75 billion pounds which it is currently repaying at a rapid rate. This debt could readily be re-financed over a longer period and the net annual current expenditure saving would of the order of £70 million. This is a substantial proposal and although it appears straightforward it is not without its difficulties in terms of reconciling the Northern Ireland budget with the Treasury's preferred approach to government accounting. Nonetheless with the new coalition Government in place in London and well disposed towards helping Northern Ireland to help itself, we believe any Treasury administrative difficulties can be overcome.

Shared Future Investment Bond^{NP}

£5m/£15m/£25m/£45m

Although the Northern Ireland Executive does not yet have tax raising powers, it does have scope to raise funds directly from the public. Despite the economic downturn, now is actually a good time to develop this public savings bond proposal. In a time of economic volatility, investors are looking for somewhere safe to lock in their capital and a Government guaranteed Bond with a guaranteed return would be considered attractive. We recommend that the Executive actively market a *'Shared Future Investment Bond'* which in addition to offering a competitive return appeals to people on the ground that its purpose is to build our infrastructure for the future.

This bond would appeal to the local loyalty of people on a cross community basis and their desire to build a better future for everyone. The *'Shared Future Investment Bond'* could also be supplemented by a variant similar to Premium Bonds or Prize Bonds as in the South. We believe this proposal could become increasingly popular year on year.

6.4 SALE OF ASSETS/CAPITAL RECEIPTS

In addition to generating new revenue streams which contribute to closing the budgetary shortfall on the current side of the budget, it is possible through the sale of assets and the identification of other sources of capital receipts, to close the budget shortfall from the capital side.

Effectively, the CSR settlement announced in London has the effect (notwithstanding the protestations of the Secretary of State) of cutting Northern Ireland's capital expenditure in the next four years from an anticipated and planned £6 billion to a figure closer to £4 billion.

It is understood that of that £4 billion remaining, some £2.1 billion is already contractually committed. That leaves less than £2 billion to be spread out over the four years of the CSR period, less than £500 million per year.

This is clearly a very difficult position and the Executive will have no choice, not only to seek to raise capital through the disposal of assets and to acquire capital receipts from more sources, but it will also in all probability be necessary to transfer resources from the current expenditure side of the budget to the capital side.

We have developed a series of proposals which if implemented are capable of generating somewhere around £1.6 billion of additional asset sales/capital receipts over the four year period. These are itemised in detail below.

Sale of DRD and NITHC Car Parks^{NP}

£2.5m/£25m/£25m/£23m

While it is true that current market conditions do not favour the sale of land and property assets, it is also true that it is an opportune time to sell assets which generate a clear, secure revenue stream. Unlike the sale of land or property, selling an asset which has a revenue stream is more akin to selling a business. The Department of Regional Development and the Northern Ireland Transport Holding Company have many car parks, not including park and ride facilities, across Northern Ireland which generate a revenue stream. Charges for these car parks are usually substantially lower than equivalent car parks held in the private sector. They therefore represent a significant business opportunity for operators of private car parks. In the long term they also offer a significant development opportunity as well located development sites. We therefore believe that DRD and NITHC can initiate a process of putting car parks on the market year on year. We believe that these assets will fetch good prices despite the economic down turn. In fact they may well attract a premium because they are such attractive investments at this time relative to other riskier business investments.

DRD Hi-park Centre^{NP}

£16m/-/-/-

One of DRD's city centre car park assets is the 'Hi-Park' Centre which also has a retail offering. The Hi-park centre was recently valued at £17 million and given the significant regeneration both underway and planned for that area should be an attractive purchase. We recommend its immediate sale.

Privatisation of MOT Centres

-/£50m/-/-

We have always said that it is something of an anomaly that we require Civil Servants to carry out motor car inspections and testing. Almost everywhere else in these islands this function is carried out by the private sector. As part of an overall strategy to rebalance the Northern Ireland economy between public and private sector, but also to raise a valuable capital receipt, we would propose the privatisation of the MOT testing centres and services. Although the business of this monopoly transfer would have to be regulated in private sector hands, the sale can be done subject to appropriate conditions, while leaving upside for increased profitability as private sector entrepreneurship is brought to bear on this service.

Sale of Forestry Assets^{NP}

-/£15m/£15m/£15m

We have previously proposed the sale of a proportion of Northern Ireland's forestry assets. The DARD Minister has recently recognised that value can be extracted from this resource. A relatively small portion of the overall forestry asset could be sold for a substantial consideration. Again notwithstanding the significant capital receipt generated, this would also have the effect of contributing to the strategy for rebalancing the economy between public and private sector. Indeed land sales for forestry could provide a significant boost to the timber production industry and related trades including the overall construction industry and the biomass sector.

Northern Ireland Housing Executive Headquarters Sale and Leaseback^{NP} £17m/-/-/-

In a manner similar to the sale of DRD car parks, it would be possible to sell the substantial Northern Ireland Housing Executive Headquarter building in central Belfast and then lease it back to the Housing Executive as a suitable tenant. While generating a substantial capital receipt, this would of course also generate a liability on the current side of the budget. The important thing is that reasonable value for money is secured in this transaction.

We believe this current expenditure pressure could be absorbed in the normal Housing Executive revenue budget without detriment to other services.

Capital Receipt from and Sale of Belfast Port^{NP}

£50m/-£/200m/-

As mentioned previously, Belfast port is a highly profitable business and has accumulated substantial cash reserves in its balance sheet. Given that it operates in the public interest, we believe it is appropriate to secure a major capital receipt from those reserves. In 2009 we suggested that this be done by way of the Port making a major contribution to the Titanic Signature Project down at Belfast Harbour. This would allow money originating in the Port to be used for a purpose that would ultimately benefit the Port and its business. We repeat our view that the capital reserves of the Port should be secured either as a direct contribution to the coffers of the Executive, or failing that, by way of subsidy to projects (wherever they may be located) which can be deemed to bring benefit to the Port and its business.

By changing the ownership model of Belfast Port we believe we can generate a very substantial capital receipt. While we would consider all ownership models we believe mutualisation could allow for a capital receipt while protecting the long-term public interest. The port would be mutualised with the transfer of a portion of its land bank sufficient to permit the business growth of the port, however the vast majority of the land bank currently held would remain in Government ownership.

Capital Receipt from Housing Association Reserves

£20m/£20m/-/-

At any point in time accumulated reserves across all Northern Ireland Housing Associations can exceed £200 million. The vast bulk of this is however needed to make adequate provision for planned maintenance liabilities and is also cash assembled to be spent on new build construction. Nonetheless we believe that some of these receipts are not in the immediately-required category, and could become available to the Executive. It is worth remembering however, that Housing Associations, although regulated by Government, are private organisations. Any available reserves therefore could only be surrendered by agreement. Nonetheless if agreement is not reached, the Government does have a sufficient leverage on these organisations to extract value in other ways. We therefore feel it appropriate to include a significant figure as a capital receipt in the four year CSR period ahead.

Agricultural College Receipts

-/-/-£20m

Northern Ireland has several different Agricultural Colleges located across the North. We believe this is over-provision and that this jurisdiction could get by with one College. We believe the remaining Colleges could be sold and would be attractive to certain kinds of organisations, possibly as hotels or corporate headquarters etc as well as offering considerable development potential.

Sale of Speaker's House, Stormont Estate

£0.2m/-/-/-

Currently a house is provided for the use of the Speaker in the grounds of the Stormont Estate adjacent to Parliament Buildings. We believe this to be entirely unnecessary given the size of the region and the infrequency of late sittings of the Assembly. The Speaker's house should therefore be put on the market immediately.

Sale of Allotments

-/£0.9m/£1.3m/£3.2m

Throughout many parts of Northern Ireland there is a waiting list for publicly owned allotments. At the same time the public sector, in particular DSD and the Housing Executive, have a very substantial land bank for which there are no immediate or planned development prospects. A small proportion of this land could be used to meet the demand for allotments and money could be raised by the sale of allotments either directly to individuals or to local authorities. This proposal could raise as much as £5 million by the end of the four year CSR period.

Privatisation of Rates Collection

-/£30m/-/

In recent years there has been a very substantial build up of rates arrears in Northern Ireland and an inability to bring much of these receipts in. There is a case for privatising this operation where the new operators would be incentivised to maximise receipts. On this basis the Executive would receive a once-off capital receipt for the sale of the business and also benefit from a much enhanced performance in delivering for the Department of Finance budget.

Deferral of Non-strategic Investment Strategy Projects

£40m/£50m/£50m/£110m

With only half a billion of free capital available to the Executive in each of the next four years, it may not be possible to proceed with all of the major investments currently planned. Even with the very significant capital receipts generated by our proposals it is unlikely that it will be possible to completely reinstate the full capital programme planned prior to the CSR.

Therefore some projects in the Investment Strategy for Northern Ireland (ISNI) which contribute least to the economy in the short to medium term can justifiably be deferred.

For example, there should be no significant investment in externally manufactured capital goods, such as railway rolling stock, where all the value-added is generated outside the local economy.

We would propose to work out the detail of this with the other Parties, DFP and the Strategic Investment Board.

Reviewing Non-priority Road Projects

£10m/£15m/£40m/£85m

There is a very substantial planned programme of non-priority roads projects. Although such non-strategic projects, for example some roads improvements, make a long-term contribution to economic development, they cannot be described as an immediate priority at a time when capital resources are so scarce.

We think it is a matter for detailed discussion as to which roads projects should be deferred, downgraded or maybe even cancelled but we believe the two major programmes the A5 and A8 should proceed as planned.

Planning Gain Developer Contribution

£20m/£30m/£30m/£40m

It is a matter of considerable regret that successive Ministers have refused to introduce the kind of Planning Gain Developer Contribution mechanism that exists in all other jurisdictions throughout these islands. The fact that there is a recession in construction and development is no reason not to have this facility on the statute book.

Although an appropriate scheme has already been designed and circulated within relevant departments, the Department of the Environment has now folded consideration of developer contribution into its long term planning reform project. This effectively defers the proposal on into the medium term. We believe however that it is

important that a developer contribution is on the statute book ready for application when the economic strictures around the construction sector begin to ease. We therefore project a substantial revenue stream from a developer contribution mechanism rising further year on year as we emerge from recession.

Local Government Borrowing

£15m/£15m/£15m/£20m

Local Government in Northern Ireland is free to borrow money in a way that Central Government is not. We therefore propose that Local Government should begin to develop strategic partnerships with Government Departments and use this borrowing power to meet core capital requirements within their Local Government area for which finance would not otherwise be available.

New Long Term Borrowing

£150m/£150m/£150m/£150m

The Executive should seek further latitude from the London Treasury to borrow for the purposes of infrastructural investment. We believe that as under our proposals the Executive is showing a strong commitment to raising additional resources internally, support from London for additional borrowing would be forthcoming.

Other CART Asset Sales

£40m/£60m/£60m/£80m

To date the Executive's Capital Asset Realisation Taskforce has failed to meet its targets or indeed to achieve any recognisable level of receipts from disposal activities.

This is partly due to the economic downturn which has depressed asset valuations but also due to a lack of resolve at a political level. The SDLP believes there must be a renewed effort to achieve asset sales particularly those with an accompanying revenue stream. As the economy begins to improve valuations will start to rise again and this should prove to be a significant additional resource for the Executive.

Sale of Derry Port/Airport

-/-/£37m

Derry City has port and airport facilities which have considerable commercial potential. That potential may well be maximised if these assets are in private operation either together or separately. In any event their sale would yield a substantial receipt for the Executive while bringing private finance into the development of the strategic infrastructure of the North-West of the island.

7.0 Rebalancing the Northern Ireland Economy

There is general agreement that the Northern Ireland economy is unbalanced, and whatever about the public sector being too big, the private sector is certainly too small. The SDLP believes that a continuation of existing policies will not give the North the step-change required to grow the private sector economy. Previous initiatives, government-sponsored and cross-sectoral, such as the *Northern Ireland Growth Challenge*, were well intentioned but ultimately failed. It is unlikely that any state-sponsored campaigns will, of themselves, be sufficiently radical or thoroughgoing to catapult the private sector forward.

Lowering the rate of Corporation tax

The SDLP is strongly in favour of lowering the rate of corporation tax in Northern Ireland. We acknowledge the risks that have been pointed out, not least the potential cost to the Northern Ireland block grant, but we believe this major step can set the local economy on a new trajectory. Although the issue is often associated with the situation in the South of Ireland, it is something we should do in the North in any case. It is a measure of the deep seated public sector caution that the main economic development agency in the North, responsible for maximising inward investment, is not enthusiastic about lowering the rate of corporation tax.

North South Economic Development

Despite over a decade of structured, institutionalised North/South cooperation there is much more to do on an all-island basis that will be of mutual benefit to both jurisdictions. There is a very significant agenda to roll out in physical infrastructure, health, further education, innovation, tourism, energy and many other areas. Disappointingly, North/South is still bedevilled by overtly political considerations, as if in some instances it is seen as a concession to nationalism rather than pure common sense.

The SDLP believes it is time for the Parties to show maturity and capture the full potential of North/South economic cooperation. Instead of trying to constrain the existing North/South bodies, the Executive should allow them to maximise their remit. In addition the Executive needs to give proper consideration to the formation of further North/South vehicles as appropriate.

7.1 Public Sector Reform

The SDLP believes that we can build world class services although major public sector reform will be necessary. All public services should be subject to fundamental review as to their relative importance and the best mechanisms for delivering them. Political leadership and consensus will be vital for the success of such a project. Civil service culture needs to change to make decision making easier and faster. This requires a new approach to risk in the public service which has implications for the political process also. Many issues will need examination including whether the public sector should deliver or commission services. This will not be easy but it is a necessary project. There are many UK and international comparisons which show that we are not currently providing services at that high standard. Among the North's shortcomings are:

- Despite an annual expenditure of £2300 on health and social services for every person, health outcomes are relatively poor and service frequently disappoints users. Mental health services lag behind those in Britain.
- Short term measures to reduce waiting lists are expensive. The health system depends too much on expensive agency, locum and contract staff.
- In education, while there are successes at the higher academic levels, overall we rank low in international league tables.
- With 70,000+ empty school places, we need to rationalise the school estate.
- The government estate is not fit for efficient administration nor energy efficient.
- The citizen's needs are not always central. Government often operates for itself.
- There is too much bureaucracy and administration in the system.
- Processes for the delivery of projects are far too long and complicated.
- The entire salary structure especially at the higher levels needs examination particularly by comparison with the private sector.
- The planning system is not fit for purpose.
- The use of consultants needs critical examination.
- There needs to be critical examination of the effectiveness of all quangos.
- Where government funds the community and voluntary sector, the efficiency and economy of that sector must be scrutinised.

Northern Ireland has had little appetite for the reform that has occurred in Britain and there has been considerable inertia and resistance. Some of that has been justified, but we have never really defined what level of public service we want for ourselves and how best to deliver it. There is evidence that some parts of the public sector are wasteful, reluctant to change, risk-averse, and inefficient.

A model for public sector reform

The SDLP as a social democratic party is committed to partnership. Outlined on page 8 of this document is our desire to see all of the sectoral interests in society entering into a compact on a set of negotiated economic and social outcomes.

Political leadership is vital

If this reform project is to succeed, it must be politically led. We call on all political parties in the Assembly to demonstrate their commitment to public sector reform. The role of the First Minister and deputy First Minister in advancing a major public reform project for Northern Ireland is clear. They must lead the process and actively seek the participation of all Executive colleagues. Trust among our political leaders is vital.

A mechanism for public sector reform

A practical mechanism for reform will need to be put in place. The SDLP envisages the creation of a leadership unit with a high degree of independence and therefore headed by a person recruited from outside the public service. However in order to keep costs at a minimum its other staff would be seconded.

The temporary unit would be given a high level of authority to identify radical solutions and the initial exercise would be time limited to ensure costs are kept low. After this short initial period of scoping out the task, approximately three months, the detail of the undertakings would be implemented by the departments.

Changing the culture of the civil service – attitude to risk

One of the features of our civil service that will need to change is an attitude of extreme caution, coupled with the long and laborious processes that are in place on the route to getting anything done. It appears that the system of checks and balances has become disproportionate. Most Assembly members have encountered examples of extreme delay, opaque systems and what appears to be deliberate obstruction standing in the way of getting results.

It is unfair to simply blame all of this on civil service culture without reflecting on aspects of the political system that impinge on it. Assembly members put in countless written questions which attempt to expose the smallest waste of resources or error in judgement. The Public Accounts Committee examines the use of resources in intense detail. Civil Servants are very wary of this intense scrutiny.

Unless we can give public servants more freedom, they will continue to protect themselves. The recent Barnett report argued for a 'portfolio' approach in the assessment of success and failure – allowing some failures provided the entire group is a success. We need to develop such an approach to change the public sector.

Public Sector Reform – Budget Scrutiny^{NP}

In order to assist in the development of a budget and Assembly scrutiny thereafter we must change the structure and definition of the budget process. It is necessary that greater clarity and accessibility are provided, preferably with zero-based budgeting, where departments look at every programme of expense and ensure that all resources are justified. Redefined budget lines should be specifically demarcated according to the degree to which they support essential frontline services. The SDLP first raised such issues in *'New Priorities in Difficult Times'* and we are pleased that the Assembly Finance Committee has since undertaken a report into such issues.

A second SDLP suggestion was a new Committee in the style of the Westminster Public Accounts Committee to permanently interrogate the cost of government, something the Assembly report also considered. These ideas must be implemented so that the public can have confidence that the Assembly and Executive are being open and accountable in discussing the priority areas which should receive our ever limited resources.

Potential for Outsourcing

The Executive must consider the degree to which the public sector chooses to provide service directly itself or, alternately, whether it is prepared to act as guarantor to the public that services are provided through the private or social economy sector initiatives. Strong claims are made for efficiency gains from outsourcing. The community and voluntary sector asserts that it can provide savings of up to 30%, and can provide a service that is more sensitive to community needs.

Northern Ireland government is conspicuous for its low level of outsourcing compared with much of the UK public service. In any serious engagement about public sector reform this will become an important area of debate. The role of quangos, compared with direct departmental or outsourced options, must form part of this discussion.

Location of Public Sector Jobs

The SDLP remain committed to the main principle of the Bain Review, the decentralisation of Public Sector jobs. Such action by the Executive would assist in addressing the historical imbalances which exist in the Northern Ireland economy. Government planning of this kind would begin to tackle problems of high unemployment and low-wage employment and the resultant additional consumer spending in these areas would help encourage private sector investment.

A Huge Task, But Let Us Begin – and See it Through

The SDLP sees public sector reform as a vital strand in facing the budgetary challenge. It believes that the next four years can see better, not worse, public services. We can find ourselves on a path towards a longer-term vision of economic and social success. As a political Party, we seek the support of all of our partners in the Assembly and all who work in the public sector on this challenging project.

7.2 Health Sector Reform

In February 2006, the SDLP published “North-South Makes Sense” and three years later, April 2009, produced “New Priorities in Difficult Times.” Both documents were distinctive as alongside the providing opportunities for economic growth and financial savings they prioritised assistance for vulnerable groups. Both papers also met a challenge no other Assembly party has, assessing opportunities for improved care and financial savings within the health service.

North-South working

The health section of ‘North-South Makes Sense’ began by outlining the challenges faced by our health services North and South. Since then, the predominant change has been added pressure on budgets.

‘The Health Services North and South face very similar challenges, such as long waiting lists and the need to upgrade and/or replace existing infrastructure. Co-operation can assist in addressing these challenges and pressures while joint strategic planning can ensure that the best possible use is made of resources and that overall a first class service is provided to people throughout the island in urban and rural communities. The Co-operation and Working Together (CAWT) partnership illustrates the benefits that can be achieved for people living in the border region by collaborative working between health and social care organisations on a cross-border basis. There are important opportunities to maximise investment in specialist services and equipment, for example, which would otherwise be unaffordable in either jurisdiction.’

The SDLP welcomes the significant benefits that have already been gained from an all Ireland approach on health. In this context the Health Department’s continuing refusal to publish the joint North/South feasibility study is extremely disappointing. There are major North/South issues in health including procurement, health promotion, acute care, and service provision in border areas which could provide opportunities for savings.

Management and Administrative Costs

As the cost of health care provision has risen so has the cost of the associated management and administration. Certain non-delivery aspects of the work of the Trusts, for example, patient records management, complaints, equality requirements, legal costs and even freedom of information request and Assembly Questions have understandably seen cost increases over recent years with an increased demand for greater accountability and performance assessment. If this growing administrative burden can be addressed, cost savings can be made.

While there may be some room for efficiency savings amongst senior management in the Health Trusts, it is essential that frontline services are not affected by efficiency savings. For example it is easy to forget that management costs at Trust level may include that of a nurse managing a ward.

There are however a number of areas of non-frontline service delivery where administrative savings could be found. These include the health 'quangos' such as the Health and Social Care Board, the Public Health Agency, the Patient Client Council, Health Estates and the Regulation and Quality Improvement Authority. While we acknowledge each of these organisations has a valuable role to play it is imperative that they be also be required to keep management and administrative costs to a minimum.

Health Service Wages

There is a move across politics and the civil service towards pay freezes and voluntary pay cuts from high earners. SDLP Minister Alex Attwood was the first to take a voluntary pay cut.

The SDLP understands that the Minister for Health has limited power to set the wages within the Health Service. However, given that the yearly wage bill for Doctors and Senior Management includes more than 900 staff earning in excess of £100,000, there should, as a minimum, be scope to seek a voluntary pay cut from this group. A voluntary reduction of 5% would yield £5 million which could be reallocated to front-line services. Additionally the SDLP believe consideration could be given to altering the geographical basis on which some pay agreements are set.

Informing the Public

The Minister and those undertaking planning of future health provision in the North within the Department and Health Trusts are failing to outline satisfactorily to the public the changes that will be required in order to continue to provide high quality care under increasing budget pressures.

The SDLP believes that the public would accept arguments for service rationalisation if they are satisfied that the alternate options deliver services of a better standard and which are still easily accessible.

Therefore if, as many people fear, acute services are undergoing centralisation and provision of many services is removed from local hospitals it is imperative that patients remain informed and able to avail of necessary services within the appropriate time.

Health Provision

Another populist measure taken by this Executive was to abolish prescription charges for everyone. We have not included any income from prescription charges in these budgetary projections but we believe the Department of Health could reconsider the policy.

While, in the current climate, it is becoming difficult to justify free prescriptions for those who can easily afford them, that is not actually the main concern.

Of principal concern is that once something becomes free, people place little value on it and impose little discipline upon its consumption, resulting in rapidly rising costs. This is already starting to happen.

£400,000 of drugs were returned to pharmacies last year and it is likely that vast quantities of unused drugs are not being returned to pharmacies.

We believe therefore, that the Department of Health should consider implementing a modest administrative charge - just enough so that wasteful behaviour is discouraged.

Such a charge would not regain the revenue foregone in the earlier decision to make prescriptions free, but it would re-impose sufficient discipline to stop prescription costs soaring beyond control. This would be at the discretion of the Department of Health as a cost control rather than a revenue raising measure.

Similarly we believe the Department of Health should consider the introduction of standard charges for people who fail to show up for medical appointments. This is an unnecessary cost to the health service and needs to be discouraged. Again however we have not included any revenue for the Executive from this source.

Medication spending

The cost to taxpayer per year for GP prescription drugs is £360 million and a further £109 million is spent on hospital prescriptions. This means the cost of prescribing drugs in Northern Ireland is the second highest in Europe per head of population, averaging £224 per person annually.

The Department and Health Trusts are attempting to ensure more prescribing of generic drugs as opposed to the often more expensive, branded drugs. This work must continue but it requires the co-operation of GPs, pharmacists and patients to ensure further progress. In addition to enabling GPs and pharmacists in this regard it is essential that a informing and educating patients continues, as we discuss above.

Commissioning

There are distinct differences between the NHS in England and our own Health Service, notably the role of Local Councils in delivery of care services in England. However the SDLP believes that in order to ensure better service provision for patients within the Health Service, General Practitioners and Local Pharmacists must be empowered. As the SDLP is keen to consider any proposals to empower patients in the delivery of health care we will watch with interest the progress of Coalition Government plans to increase the influence of GPs within the Health Service by giving them responsibility for commissioning local health services and how that compares to the commissioning practices recently introduced here.

7.3 Education Sector Reform

Education and Skills Authority

The current crisis within the Education system makes the assessment of efficiency savings within the sector somewhat complex and opaque. However we have accepted the Minister's assertion that the proposed Education and Skills Authority could offer savings of £80 million over 4 years. Given the level of savings that are achievable, it is disappointing that the establishment of the Education and Skills Authority has been delayed so long.

Capital Build and Surplus School Places

The Northern Ireland Audit Office report, "School Design and Delivery", published in August 2010, highlights that the "Department has consistently underspent its capital budget." The report notes *"The Department told us that the main barriers to delivery of schemes include; legal issues relating to site acquisitions; delays in obtaining Planning/Roads Service approvals; on-going reviews of Long Term Enrolments which can lead to possible re-design work; and a legal challenge to the Department's Construction Framework in December 2007."*

As far back as 2005, PriceWaterhouseCoopers estimated potential for savings of approximately 5% of annual planned capital spend in education by reducing surplus capacity. This would require improved planning, modernised procurement and best practice in management to accelerate the timescales for delivering new schools.

A vacant school place still incurs costs to the school and/or Department of Education. However it is difficult to assess the precise cost to current spending overall.

Given the recent report that the number of surplus places within the schools estate is now as high as 72,000 as opposed to the 50,000 the NIAO base their figures on the SDLP believes action to solve this problem is now essential.

The SDLP believe the Minister and the Executive must immediately assess the opportunities to cut such costs while protecting the provision of local schooling.

Greater Sharing in Education

In order to ensure the provision of local schooling in rural areas and the most efficient use of resources, the SDLP supports investment in integration and sharing of facilities.

To do this it is essential that urgent consideration be given to the policy obstacles to the development of greater sharing. Sharing is not just right in terms of creating a better society in the long term – it makes real financial sense at this time.

7.4 The Planning System

The Northern Ireland planning system is not fit for purpose. Although it is often the Planning Service that bears the brunt of the public criticism, the problem is with the system itself.

For investors and developers it is far too slow. In a fast changing competitive environment a pro-business government should be able to provide a planning system which processes applications quickly. Yet planning in Northern Ireland is the responsibility of at least two different Departments and we have had the farcical case of planning policy change being rejected in court because it originated in the wrong Department.

The system also takes insufficient account of the need to progress rapidly, projects which are high priority and clearly in the public interest. The Executive should legislate to take powers to speed up the handling of projects which it deems strategic and in the public interest.

The system of Area Planning is largely discredited with 10 year plans often taking several years to finalise. At least one ten year plan has taken more than ten years to complete!

Planning Policy Statements

Many planning decisions are guided by a series of planning policy statements which are characterised by woolly generalisations and vague indications of sentiment. Yet these documents are often the central texts are contested in court by protagonists on either side of an argument over a planning decision. PPS statements bring little benefit to the community except perhaps to lawyers.

And those who can afford good lawyers can use them to flex the system so as to delay decisions and pursue appeals almost indefinitely. This activity is often on behalf of clients driven by narrow commercial gain or as part of 'spoiling' tactics.

Developer Contribution

Planning permission is in many cases the State giving away a valuable public permit, an asset for which the State or the citizen sees little in return. This is almost uniquely the case in Northern Ireland which, alone in these islands, demands no planning gain 'developer contribution' from successful applicants. This has to change.

The Executive's Programme for Government targeted an 'overhaul' of the planning system. Although there is planning reform work underway in the Department of the Environment little has come forth that addresses the fundamental problems in the system. The next Assembly must do better.

The SDLP will press for a complete redesign of our planning system in the next Assembly mandate. Our work on this has already begun.

7.5 Northern Ireland Water Service

The water service in Northern Ireland has been the subject of controversy in recent times. However, setting this controversy aside there is a huge issue around how to organise and finance this very important service.

There is no doubt that relative to other utilities, Northern Ireland Water is inefficient and has a productivity gap to close. In its defence it could be argued that the service was starved of the necessary level of investment over the years, and in relation to cost-cutting the management was forced to operate in a civil service environment which prevented management from managing. Whatever the truth, the utility will still have to get costs down in the immediate period ahead and prepare to finance a major programme of investment.

Water Service Should Not Be Reintegrated Within DRD

The SDLP believes that the Minister's current intention to reabsorb Northern Ireland Water back into the Department of Regional Development is a fundamental mistake. At a time when there is something of a consensus about rebalancing the economy, taking an arms length utility that needs to operate commercially back into the heart of the Civil Service is a very regressive step.

We believe it will be doubly difficult to make NIW efficient if it is part of the Civil Service. It needs to be able to operate commercially. For example if NIW needs to reduce staff in a particular area it may require the freedom to offer a focused voluntary redundancy package. This might prove impossible as part of the Civil Service. We do not believe that the public would be best served by some NIE- type privatisation or flotation. This would only mask the real challenges facing NIW and bring in an unnecessary requirement to find profit for distribution to shareholders.

One possible model which the SDLP is currently evaluating in detail is the Mutualisation of the water service. Under this model the water service would operate as commercially as BT or NIE, with professional incentivised management, but with no commercial shareholders to remunerate. Profits generated would be recycled to reduce the cost of the service to its customers. There are issues to be ironed out in relation to asset valuations and treasury treatment of mutualisation but at this stage it is our best option.

Water Charges

The SDLP believes it would be wrong to introduce domestic water charges. Introducing water charges now would only mask the inefficiency of the service and make an unreasonable demand on households, effectively to subsidise inefficiency.

We believe that water should continue to be financed centrally and that the entire focus must be on making Northern Ireland Water a highly efficient operation making the minimum possible demands on the public purse. We believe this may be best achievable under the mutual model.

8.0 CONCLUSION

This paper has shown, in some detail, how with certain key adjustments Northern Ireland can sustain a budget at broadly current levels despite a £4 billion shortfall over the period of the CSR.

By a combination of efficiency savings and expenditure reductions we have substantially closed the budget shortfall – and with new revenue streams and capital receipts we have found additional resources to fund and further support our absolute priorities.

Our priorities overall have been to protect vulnerable households and frontline services, while at the same time stimulating the economy with a particular focus on jobs.

The fundamental message from this SDLP budget proposal is that we can do more to help ourselves. The Executive does not need to make wholesale arbitrary cuts. We can rebalance the economy – including streamlining the public sector – without the threat of compulsory redundancies. Our analysis does envisage some difficult decisions and some reduced budgets, but we can balance the books without recourse to water charges or any hike in university fees.

This SDLP prospectus does not demand that every element of our proposals must be accepted by the Executive. However it does map out a better way forward for the Executive than to simply ration out cutbacks.

We can do better if we want to.

The SDLP invite all to join with us in getting the right agreed budget for the next 4 years.

A budget that will get the economy moving.

A partnership for economic recovery.

Appendix

Addressing the Budgetary Shortfall

1. CURRENT EXPENDITURE

	2011/12	2012/13	2013/14	2014/15	
(a) Finding Efficiency Savings	£'000	£'000	£'000	£'000	
Public Sector Pay Freeze	10000	20000	30000	40000	
Public Sector Natural Wastage etc.	75000	150000	225000	300000	
Senior Public Service 5% Pay cut	1000	1000	1000	1000	
Public Sector Productivity and Procurement	10000	20000	40000	50000	
OFMDFM	200	900	400	1900	
Department of Finance	1200	2000	3000	4000	
Single Economic Policy Unit	200	400	400	400	
Departmental Management Boards	100	300	300	300	
Executive Information Service	100	300	300	400	
Restructuring of Health Quangoes	500	2000	2500	3000	
Northern Ireland Water	14000	25000	35000	45000	
Northern Ireland Prison Service	1000	4000	4000	5000	
Education and Skills Authority	0	20000	20000	20000	
University Costs Reviews	1500	7000	10000	20000	
Unallocated Savings	40000	70000	65000	120000	
sub-total	154800	322900	436900	611000	4 year total 1525600

	2011/12	2012/13	2013/14	2014/15	
(b) Expenditure Reductions (Current)	£'000	£'000	£'000	£'000	
Office Accomodation Costs	800	2000	4000	5000	
Consultancy Costs	12000	20000	30000	40000	
Public Sector Advertising	1000	1500	2000	2500	
Public sector Oncost/Expenses	4000	10000	15000	20000	
Overseas Travel	300	500	700	900	
Abolition of Junior Ministers Posts	600	600	600	600	
Invest NI Budget	20000	25000	25000	25000	
NIHE Maintenance Costs	13000	13000	13000	13000	
Focus Farms	100	600	1200	1200	
Legal Aid Costs	6000	6000	10000	15000	
sub-total	57800	79200	101500	123200	4 year total 361700

(c)New Revenue Streams	2011/12 2012/13 2013/14 2014/15				
	£'000	£'000	£'000	£'000	
Unfreeze Regional Rate	6000	12000	18000	24000	
Restore Rates Cap at £500k	3000	3000	3000	3000	
ATMs Rates Increase	3000	3000	3000	3000	
Off-Licence Levy	0	2000	2000	2000	
Telephone Mast levy	0	5000	5000	5000	
Plastic Bags Tax	0	800	800	800	
Car Park Charges	400	700	700	700	
MOT Charges Increase	10000	0	0	0	
Leasing of Forestry Land	500	1000	1000	1000	
Fast-Tracking Planning Charges	500	2000	2000	2000	
Dividend from Belfast Port	0	6000	6000	0	
NIHE Interest Reprofiling	70000	70000	70000	70000	
Shared Future Investment Bond	5000	15000	25000	45000	
				4 year total	
sub-total	98400	120500	136500	156500	511900
Total Revenue Available	311000	522600	674900	890700	2399200
					2399200
Revenue Needed to meet Shortfall (DFP)	237900	447400	647200	863700	2196200
Revenue Available for Reallocation	73100	75200	27700	27000	203000

Reallocation of Available Revenue

Protecting Vulnerable Households

Social Solidarity Fund	10000	10000	10000	10000
Fuel Poverty Alleviation	3000	3000	3000	3000
Frontline Health Protection	10000	10000	5000	5000
Special Hardship Fund	2000	2000	2000	2000
Youth Employment/Engagement (NEETS)	5000	5000	0	0
Extended Schools Programme	3000	3000	3000	3000
Disaffected Youth Programme	2000	2000	500	500

subtotal	35000	35000	23500	23500
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Supporting Economic Growth

SME Triage Loans	2000	3000	0	0
Microfinance Loans	2000	3000	0	0
Social Economy Sector	1000	1000	0	0
Training (Agri-Food Sector)	1000	1000	1000	1000
Graduate Apprenticeships	2000	2000	0	0
Assistance for Recently Unemployed	2000	2000	0	0
Retraining Upskilling Programme	2000	2000	0	0
Skilled Person's Initiative	2000	2000	0	0
Tourism Marketing	1500	1500	0	0
Hospitality Industry Training	1000	1000	0	0
Come Ye Back' promotion	500	1000	500	0
Creative industries - Arts/Tourism	1100	700	700	500
Green New Deal	20000	20000	2000	2000

subtotal	38100	40200	4200	3500
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TOTAL REVENUE REALLOCATED	73100	75200	27700	27000	203000
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2. CAPITAL EXPENDITURE

Sale of Assets/Capital Receipts	2011/12	2012/13	2013/14	2014/15	2016/17
Sale of DRD/NITHC Car parks	2500	25000	25000	23000	
Sale of DRD Highpark Centre	16000	0	0	0	
Privatisation of MOT Centres	0	50000	0	0	
Sale of Forestry Assets	0	15000	15000	20000	
NIHE HQ Sale and Leaseback	17000	0	0	0	
Receipt from Belfast Port	50000	0	0	0	
Receipt from Housing Association Reserves	20000	20000	0	0	
Agricultural College Receipt	0	0	0	20000	
Sale of Speaker's House Stormont	200	0	0	0	
Sale of Allotments	0	900	1300	3200	
Privatisation of Rates Collection	0	30000	0	0	
Deferral of non-priority Projects	40000	50000	50000	110000	
Non Priority Roads Projects	10000	15000	40000	85000	
Planning Gain Developer Contribution	20000	30000	30000	40000	
Local Government Borrowing	15000	15000	15000	20000	
New Long Term Borrowing	150000	150000	150000	150000	
Other CART Asset Sales	40000	60000	60000	80000	
Sale of Derry Port/Airport				37000	
Privatisation of Belfast Port	0	0	200000	0	
Total Capital Available	380700	460900	586300	588200	2016100
Capital Required to meet the Shortfall	342700	415900	527300	538200	1824100
Capital Available for Reallocation	38000	45000	59000	50000	192000
Reallocation of Capital					
Tourism Signature Projects	3000	4000	5000	0	
Green New Deal	4000	6000	8000	8000	
Fuel Poverty	5000	5000	5000	5000	
Social Housing	20000	20000	20000	20000	
National Art Gallery	2000	5000	13000	8000	
Natural Gas Network Extension	3000	3000	3000	3000	
Renewable energy Connectivity	1000	2000	5000	6000	
TOTAL	38000	45000	59000	50000	192000

3. SUMMARY OF BUDGET PROPOSAL

Current Budget

Shortfall (DFP Figures)	-237900	-447400	-647200	-863700	2196200	-
Efficiency Savings	154800	322900	436900	611000	1525600	
Expenditure Reductions	57800	79200	101500	123200	361700	
New Revenue Streams	98400	120500	136500	156500	511900	
Net resources available	73100	75200	27700	27000	203000	
Additional Spending	73100	75200	27700	27000	203000	
Surplus/Shortfall	0	0	0	0	0	0

Capital Budget

Shortfall (DFP Figures)	-342700	-415900	-527300	-538200	1824100	-
Asset Sales/Capital Receipts	380700	460900	586300	588200	2016100	
Additional Capital Available	38000	45000	59000	50000	192000	
Additional Capital spend	38000	45000	59000	50000	192000	
Surplus/Shortfall	0	0	0	0	0	0
Additional Spending (Current and Capital)	111100	120200	86700	77000	395000	

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