

## Response from the Committee on the Administration of Justice (CAJ) to “Building a Better Future – Draft Equality Impact Assessment carried out at a Strategic Level”

### INTRODUCTION

The Committee on the Administration of Justice very much welcomes this opportunity to comment on “Building a Better Future Draft Equality Impact Assessment carried out at a Strategic Level” (hereafter “the draft Strategic EQIA”). For some years CAJ has been of the view that any assessment of the extent to which inequality in Northern Ireland is increasing, or decreasing requires an assessment of the overall impact of decisions related to public spending in Northern Ireland as a whole. Indeed we have argued as such in our response to every single budget/programme for government consultation since 2000.

As we have also consistently argued, while equality impact assessments at individual programme level should, at least in theory, identify specific ways of addressing adverse impacts or furthering equality in relation to individual programmes and policies, it is clearly vital that an attempt be made to assess the **overall** or **aggregate** effect of what the Northern Ireland Executive is intending to do. This is particularly so given that in many cases, changes to individual programmes or policies will be contingent upon the resources which have been made available from the budget. Indeed, given that what government will choose to do over the next three years will largely be determined by the resources made available to do it, CAJ will focus mainly in this response on the budgetary aspects of this consultation document.

This is not to downplay the significance of the programme for government or investment strategy, but rather to recognise that budgetary constraints will have a significant impact on services and programmes for those in most need over the coming years. We would however wish to put on record our satisfaction at the fact that opportunities to promote social inclusion and equality of opportunity have been built into the procurement of infrastructure programmes (draft Strategic EQIA, para. 2.13), which according to the consultation document *“includes developing employment plans and building opportunities for apprenticeships into major delivery contracts in a way that contributes to the most economically advantageous outcomes”*.

Given that public procurement provides one of the relatively cost free tools by which equality and social inclusion can be advanced, we believe that in the

current tight fiscal climate the use of such tools is all the more important and we very much welcome this development.

In relation to public finances however, CAJ fully recognises, and always has done, that the Northern Ireland Executive is somewhat constrained given that it has limited powers vis-a-vis generating additional revenue. As the current consultation document points out, over 90% of public spending is allocated to the Northern Ireland Executive from the Treasury by of the “Barnett formula”, a process over which the Executive has little if any control. CAJ also fully recognises that the task of applying an equality impact assessment to a regional budget is somewhat of a novel process and that there is not a template from which the Executive can easily draw in order to assist carrying out such work. Nonetheless, we are disappointed that eight years after the first consultation on a budget/programme for government was published, so little progress has been made in relation to providing an “equality analysis” of government spending plans.

### **THE CONSULTATION PROCESS AROUND THE DRAFT STRATEGIC EQIA**

Before examining the content of the current document, we would firstly wish to make a number of points regarding the process for consultation around this draft Strategic EQIA. It is worth recalling for example that the original consultation exercise carried out by the Executive in the autumn with regard to the draft Budget/Programme for Government/Investment Strategy elicited over 9,500 written responses. Officials attended public consultation events at four locations across Northern Ireland, and in addition met with representatives from a range of organisations.

Given the timeframe provided for this consultation however, the extent to which the proposals contained therein could have been altered had the Executive been minded to do so in the time available is questionable. CAJ notes that following the launch of the final budget in the assembly, the finance Minister stated that:

*“Over the past three months we have listened to the people of Northern Ireland and I am pleased to announce that the key cornerstones of the draft Budget I presented in October remain in place”.*

One might question whether in the time allocated it would have been possible to do otherwise? Certainly the fact that the fundamental “cornerstones” of the budget remained in place may well have left some consultees questioning the value of their involvement in the process in the first place.

CAJ fully expected the consultation on the draft Strategic EQIA to have built upon the engagement developed during the consultation over the autumn however it is

clear that this did not happen. Indeed, the consultation on the draft Strategic EQIA, far from building on the work carried out to date, actually regressed.

To give one practical example that we are aware of, at the Equality Coalition meeting of 14<sup>th</sup> February 2008 all but one organisation present had not actually received a copy of the draft Strategic EQIA consultation document, in spite of the fact that the consultation document listed Tuesday 19<sup>th</sup> February as the date for the public meeting. Moreover, the organisations in question – including the Children’s Law Centre, Disability Action, NIPSA, and UNISON had not only submitted written responses to the original consultation, but are also well known to OFMDFM and DFP, and are on all equality consultation databases. Clearly therefore, any lack of attendance at the Belfast public meeting will be in no small measure due to the fact that some of the key target audience were unaware that it was taking place.

We also understand that not all those who provided a written reply to the initial consultation were notified that this subsequent consultation was taking place. This point is particularly significant when one considers that while there was quite a degree of media and indeed public interest in the draft budget/programme for government/investment strategy issued in the autumn, this interest substantially diminished upon approval of all three documents. Clearly, both the public and the media, along with not a few NGOs and indeed politicians, considered matters pertaining to the budget/programme for government and investment strategy closed for at least the next 12 months.

In this context, it was clearly incumbent upon the Executive to explain the relevance of this draft Strategic EQIA – and the value of contributing to this consultation. Unfortunately this did not happen, creating in our view the impression that this document was merely part of a box-ticking exercise without any real significance or value. However misplaced this view might be it is nonetheless the effect created by the way in which the consultation was carried out, and how the documents were presented. Certainly, in light of the number of public consultations that have been carried out in recent years, CAJ would have expected a much higher standard by way of consultation methodology for this document.

## **PUBLIC SPENDING AND EQUALITY ANALYSIS TO DATE**

As outlined above, the first response CAJ submitted to a consultation on the draft Programme for Government/budget was in December 2000. It is worth recalling that the consultation document issued by OFMDFM/DFP at that time had concluded:<sup>1</sup>

*“While it is possible to identify individual actions in the Programme for Government which directly promote equality objectives, it is not*

---

<sup>1</sup> Northern Ireland Executive, Draft Programme for Government, October 2000.

*possible to carry out a detailed equality impact assessment on the overall, combined impact of the actions contained within the Programme for Government. These actions form part of Departmental policies which, when they have a significant impact on equality of opportunity, will be subject to equality impact assessment by individual departments as set out in their equality schemes.”*

Looking at the current consultation document, it is clear that some progress has been made given that the document is called a “Draft Equality Impact Assessment carried out at a Strategic Level”. The principle appears to have been conceded therefore that it *is* possible, at least in theory, to carry out an EQIA on the combined impact of the actions contained within the Programme for Government, Budget, and Investment Strategy. However, when one looks at the conclusions of the current document, one might be forgiven for thinking that progress in relation to this kind of analysis has been more apparent than real.

The current document for example concludes that:<sup>2</sup>

*“Consideration of the Executive’s priorities as set out in the PfG, and the allocation of resources, as set out in the Budget and Investment Strategy, has not identified any potentially adverse impacts. Rather, the analysis concludes that the delivery of the PfG, Budget and Investment Strategy have the potential to have a positive, though differential impact on all Section 75 groups. As a result mitigating action or alternative policies are unnecessary at this stage.”*

CAJ is of the view that this statement frankly beggars belief. Firstly, we would query the level of actual analysis in the document. Secondly, the idea that there are “potentially no adverse impacts” from a process which is designed to obtain £790 million from public spending by way of “efficiency savings” over the next three years does not stand up to scrutiny. This consultation document however, while providing quite a useful overview of the current level of inequality in Northern Ireland (we welcome the data on workless households by community background provide on page 29 for example) makes no serious attempt to quantify whether, and by how much, the spending proposals and priorities will impact across the Section 75 groups.

---

<sup>2</sup> Building a Better Future: Draft Equality Impact Assessment carried out at a Strategic level, Northern Ireland Executive, P. 63.

## WHERE THE MONEY COMES FROM:

### QUANTIFYING THE IMPACT OF THE CURRENT PROPOSALS – RAISING REVENUE

One of the fundamental principles of government is that resources are raised centrally via taxation to pay for public services. Clearly the situation in Northern Ireland is somewhat different in that over 90% of the resources available to the Executive come from the Treasury by way of the Barnett formula. The sum that the Northern Ireland Executive receives via this formula is dependent upon factors outside the control of the Executive, and therefore there is little discretion over the amount available.

The one area in which the Northern Ireland Executive does have some discretion in relation to tax raising powers however is via the rates – both domestic and non-domestic. The other key area in terms of generating additional revenue identified in this budget is efficiency savings made out of existing budgets – in other words, money is going to be released via “efficiencies”, to be directed, at least in theory, to fund the new priorities. CAJ would have fundamental questions about the equality impact of both these aspects of raising revenue.

Perhaps the best attempt at *quantifying* the impact of the budget took place not within the draft EQIA, but was contained within the statement of the Minister for Finance and Personnel when he brought the budget before the Assembly. Indeed, from the point of view of this consultation, it is worth examining the Minister’s statement in more detail. In the assembly debate, the Minister claimed that:

*“I am happy therefore to confirm that domestic Regional Rates will be frozen in cash terms over the next three years, that non domestic Regional Rates will be frozen in real terms over the next three years and Industrial Rates will be capped at 30%.*

*When contrasted with the Rate increases in recent years under Direct Rule no householder in Northern Ireland will fail to recognise the benefit of the return to devolution.*

*Let those who say that devolution makes no difference explain that logic to the average household which will be £1,000 better off than they would have been if Direct Rule had continued.”*

Certainly, it is clear that looking merely at the freeze on domestic rates in cash terms, some households will indeed be better off. In fact, as the Northern Ireland Council for Voluntary Action made clear in their submission to the draft Budget in

December, a freeze in **cash** terms represents a tax cut in **real** terms. It should also be noted that this cut will apply across the board, benefiting those who are most well off in society, along with those of more modest income.

It is also worth noting that under separate proposals from the DFP (also not mentioned in the EQIA) there is a plan to reduce the maximum capital value at which domestic properties can be rated from £500,000 to £400,000. In other words, those living in a property worth £400,000 will pay exactly the same amount in cash terms as someone living in a property worth £1million pounds – and that both will in effect face a tax cut in real terms over the next three years. Those with the highest incomes, at the top end of the income and property scale will therefore pay proportionately the least percentage rate of tax in relation to domestic rates. CAJ fully recognises that not everyone living in a big house is wealthy, and that there are some people, particularly older people, who are more likely to be “asset rich and cash poor” as a result of living on a modest income in a home that has significantly appreciated in value. CAJ equally recognises however that remedial action could have been taken to address cases such as these, without providing a blanket tax cut.

### **THE COST OF A TAX CUT**

This domestic rates “tax cut”, which will apply to all those who pay rates, does not come without other consequences for public spending. As a result of the decisions taken in relation to rates, it is necessary for £790 million to be found by way of “efficiency savings” over the next three years from Northern Ireland departments. Again, as the Northern Ireland Council for Voluntary Action have pointed out, Northern Ireland traditionally has not done “efficiency savings”, but rather “cuts in public services”.

It is clear that as a result of the 3% efficiency savings per annum a number of programmes such as community education, and adult learning to name but two are facing closures. Notwithstanding the assurance that the £790 million will be obtained as a result of efficiencies, and not “cuts”, CAJ would seriously question how such a large sum of money can be delivered without impacting on services necessary for those in most need. It is also worth noting that those least well off rely to a much greater extent on public services – and in the coming years it is clear that less funding will be available to support public services partly as a result of a decision taken to give tax relief to some of those who are best off in society.

Therefore, while we might well conclude that the average household will be £1,000 per annum better off, the key question from an equality perspective will be whether a workless household, heavily reliant on public services and benefits

will also be £1,000 better off. CAJ would suggest that this is unlikely to be the case. Moreover, the essence of an “equality analysis” is recognising that many households are not “average”. As the statistics in the draft Strategic EQIA points out for example, according to the 2005 Labour Force Survey, 18% of Catholic households and 11% of Protestant households are workless. The question from an equality point of view is therefore how will these households fare as a result of the proposals announced in January 2008 – will they be worse off, or better off, and by how much? It is notable that the draft Strategic EQIA makes no attempt to acknowledge, let alone address this question.

One of the other problems with the way in which the draft Strategic EQIA has been presented is that little if any detail has been provided as to how the “efficiency savings” are to be realised in practice. While there is reference to the “High Level Impact Assessments” that were carried out on departmental spending proposals these are not published.

Given the absence of published, and detailed individual departmental efficiency savings plans, CAJ would seriously question the statement in para. 6.6.19 that

*“The departmental allocations set out in the Budget, therefore will enable departments to maintain and where possible enhance the current level of frontline service provision in key areas while ensuring that any reprioritisation of resources does not result in significant adverse impacts.”*

Certainly, this statement would appear to run contrary to anecdotal evidence which already exists of cuts within departmental budgets which are impacting on those in most need.

In summary therefore, CAJ would argue that there is a fundamental problem with the budget/programme for government/investment strategy at a strategic level. This problem is that a decision was taken to finance public spending over the next three years by providing blanket tax relief to some of the wealthiest people in Northern Ireland, and to finance public spending by cuts in existing programmes and services to the tune of £790 million.

### **WHERE THE MONEY GOES:**

### **QUANTIFYING THE IMPACT OF THE CURRENT PROPOSALS – SPENDING PRIORITIES**

In addition to the key question of where will the money come from, the other major aspect to the budget is of course, where will the money go? Clearly, one of the fundamental assumptions underpinning the budget will be that everyone, but in particular those in most need, will benefit from a growing economy. CAJ would have a number of concerns about this assumption – not least because

many leading economists have predicted that the UK economy in general may well be entering a period of recession rather than growth.

Assuming that there is growth in the Northern Ireland economy however, CAJ would be concerned at the fact that the draft Strategic EQIA (and indeed the budget/programme for government/investment strategy as a whole) translates economic growth into conclusions and/or findings which fail to take into account the reality of patterns of economic growth, and indeed deprivation, in the past.

For example, we note that there is a useful overview in the consultation document of regional differentials across NI, using deprivation data published by NISRA that shows quite well the “regional inequalities” that currently exist. This section of the document however concludes by stating that (para. 5.6):

*“in light of the variations at sub-regional level, effectively addressing poverty, exclusion and inequality **may** (our emphasis) require consideration of measures to specifically promote economic growth and job creation, particularly in high value sectors, in areas of economic disadvantage”.*

CAJ would be of the view that the current regional inequalities identified most certainly **would** (as opposed to “**may**”) require specific measures to promote economic growth and job creation in areas of economic disadvantage, particularly in light of recent trends.

We also note that in relation to assessment of impacts, the current document states that (para. 6.1.6):

*“It is assumed that the implementation of the Executive’s economic priority has the potential to impact on a number of Section 75 groups where there is a greater risk of unemployment or economic inactivity. However, there is no evidence to suggest the priority will have a significant negative impact on any groups. Rather it is anticipated that growing a dynamic, innovative economy alongside a commitment to ensure that everyone has the opportunity to contribute to and benefit from increased prosperity, has the potential to deliver real benefits for all and make a significant contribution to the promotion of good relations.”*

While growing the economy might indeed *potentially* benefit those who are unemployed or economically inactive the experience to date in Northern Ireland has shown this not to be the case. Moreover, CAJ is of the view that there is *evidence* to show that growing the economy will have a significant negative impact on some groups in terms of relative disadvantage – the groups in question being those who are already economically inactive or unemployed.

For example, our recent report “Rhetoric and the Reality” published figures from OFMDFM found that over the period from 1997 to 2004, the proportion of workless Protestant households increased from 14% to 16%, while there was a very slight drop in relation to the equivalent figures for the Catholic community (20% to 19%). Significantly, this occurred during a period of general economic growth. Moreover, a recent report by the organisation Oxford Economics found that<sup>3</sup>:

*“the extent of disparities within Belfast today are remarkable and based on our research unlikely to change significantly over the decade ahead. In the 2001 Census year, differences in resident employment rates ranged from 77% (Orangefield) to 32% (Falls), while the difference in the graduate share of working age population ranges from 59% (Malone) to 2% (Crumlin). In 2001 the Census reported 14 wards with less than 50% resident employment. By 2015 we forecast 12 to remain in this classification. At this level of employment these areas will remain acutely disadvantaged and largely unaffected by Belfast’s strong economic performance.”*

This report concluded that significant interventions on the part of government were required to change the existing patterns of deprivation within Belfast – interventions which have hitherto not been considered and which are in fact absent from the budget/programme for government.

It is also worth recalling that in general, labour market interventions to date have in some cases been wholly inadequate to deal with the scale of the problem, while in other cases, actually perpetuate inequalities. Statistics from the New Deal programme for example show that New Deal works least well in areas in which the level of disadvantage is greatest – another example of government funding programmes which disproportionately leave those in most need relatively worse off.

CAJ would also have a number of concerns about how spending proposals in general across departments will genuinely impact on those in most need. We note for example that the Department for Regional Development proposes spending over £640 million on roads over the coming years, while the figure for public transport is just under £270 million. Again, evidence from around the world indicates that spending on roads tends to benefit most those who have the resources to use them, primarily the wealthier car owning section of society, while spending on public transport tends to benefit poorer people. Evidence from around the world also indicates that statistically women and children rely on public transport more than men. None of these points are alluded to in the EQIA however. Certainly, we would hope that such information would be in the High

---

<sup>3</sup> Belfast skills demand and supply, Final Report, January 2008, (Regional Forecasts).

Level EQIA of the DRD's spending plans, but since this is not included in this document, one does not know.

Overall, in terms of public spending plans, CAJ has encountered the same problem here as with every other budget – namely that there are headline figures announcing how much is to be spent, without information on commensurate level of need. In other words, the approach to this budget is somewhat akin to being told that someone has paid £100 off their monthly credit card bill – but without being told how much they owe overall. Basic housekeeping dictates that paying £100 off a bill that amounts to £200 in total will have a much greater impact than paying £100 off a bill which amounts to £10,000 in total. One way in which this could be rectified would be if the amount allocated to each department were to be published alongside how much each department asked for in the first place – with an explanation note indicating the exact impact of the shortfall. Again, this is something which CAJ has requested at every budget consultation since 2000 – to date unsuccessfully.

Overall therefore, CAJ is of the view that from an equality perspective, the current spending plans from the Executive will provide most benefit to those living in the most expensive property, and those who are best placed to avail of opportunities provided by growth in the economy – typically persons who are already in employment. Equally, there is strong evidence for concluding that the proposals as a whole will impact negatively on those in most need, who are more reliant on public services, and are thus most susceptible to any “efficiency savings” which translate into cuts in services. Moreover, there is actual evidence to suggest that those living in areas of greatest deprivation in Northern Ireland, primarily located in North and West Belfast, will largely miss out on benefits that would accrue from an overall growth in the economy as a whole.

In relation to processes within government, clearly much more detailed analysis is required in order for this document to be considered remotely like anything called an Equality Impact Assessment. CAJ has outlined a number of questions below which we believe are necessary in order to determine more accurately the impact of the budget/programme for government/investment strategy agreed by the Executive in January 2008. We would hope to receive answers to these questions as soon as possible in order for this consultation to be any way meaningful.

### Suggested Questions for an EQIA

#### Revenue

How much revenue would have been obtained had domestic rates been frozen in *real* (ie increased in line with inflation) rather than in *cash* terms?

How much revenue would have been raised had industrial rating been increased from 30% to 50% as the law allows?

How much revenue would have been obtained had other banded systems been introduced which would have created higher tax bands for those living in property worth over £500K, £750K, and £1million?

How was the figure for determining that the average household in Northern Ireland would be £1,000 better off as a result of this budget reached?

If the average household would be £1,000 better off, how much better off would a workless household, living in social housing and on social security benefits fare?

What were the findings of the individual departmental High Level Impact Assessments of the proposed efficiency savings?

How will the impacts of the £790million savings be measured?

Where, in geographic terms across Northern Ireland, will the impact of the £790 million savings likely to be greatest?

### **Spending**

A recent study by Oxford Economics concluded that based on their evidence the disparities within Belfast today are unlikely to change significantly over the decade ahead – is this the view of the Executive? If not, what evidence is there to suppose that this will not be the case?

Based on all current available evidence what Section 75 groups in Northern Ireland are most likely to benefit from growth in the Northern Ireland economy, given that the recent Oxford Economics report found that those in most need living in Belfast were unlikely to benefit from general economic prosperity?

What was the difference between each departmental bid and the amount actually received? How will the difference be provided for?

Who are the projected beneficiaries of the current public transport spending plans?