

Briefing on Northern Ireland Budgetary Outlook 2018-2020

Comments by

Northern Ireland Environment Link

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Northern Ireland Environment Link (NIEL) is the networking and forum body for non-statutory organisations concerned with the environment of Northern Ireland. Its 62 Full Members represent over 90,000 individuals, 262 subsidiary groups, have an annual turnover of £70 million and manage over 314,000 acres of land. Members are involved in environmental issues of all types and at all levels from the local community to the global environment. NIEL brings together a wide range of knowledge, experience and expertise which can be used to help develop policy, practice and implementation across a wide range of environmental fields.

These comments are made on behalf of Members, but some members may be providing independent comments as well. If you would like to discuss these comments further we would be happy to do so.

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Introductory Comments

NIEL is principally concerned with working to deliver a healthy and resilient environment in Northern Ireland. Therefore we welcome the opportunity to comment on the stark scenarios outlined in the draft budgetary outlook briefing for 2018-2020. The following summary points are addressed in more detail throughout the response:

- The silo approach (ie. Separate departmental budgets) to determining the budget does not implement the 'whole of government' ethos underpinning the Programme for Government. While the protection of health and education budgets is understandable, it has a detrimental impact on the other departments. This issue needs to be addressed.
- Balancing the budget will require a combination of the three broad choices outlined - cuts to Departmental allocations; a reduction in some existing services and policies; and additional income generated from citizens.
- From a more general perspective, raising additional revenue from citizens seems to be unavoidable. This may necessitate increased household rates, household water charges, prescription charges and a reduction in concessionary fares on public transport. There are also opportunities to raise further revenue specifically for environmental work through levies modelled on the successful carrier bag levy. Means testing is the ideal option to ensure the most vulnerable citizens in society are protected from any new proposals.
- DAERA will be the Department most affected by Brexit. It has an essential role to play in post-Brexit policy development and therefore must be given the resources to ensure the best possible policy framework is delivered upon leaving the EU. Under the scenarios outlined, DAERA will not be able to deliver 'day one readiness' after Brexit. DAERA also still has an obligation to manage existing EU funds in a compliant manner, including approx. £300million of CAP funding (per annum, potentially until 2022). This situation is made more difficult given the excessive, cumulative cuts which DAERA (and predecessor Departments) has suffered in the past 4-5 years.
- DAERA is directly responsible for the delivery of 5 of 6 indicators under Outcome 2 of the draft Programme for Government. If the PfG is to achieve its ambition, adequate resourcing is essential to support delivery plans.
- Northern Ireland already suffers from weaker environmental regulation compared to other UK jurisdictions. Cuts to the DAERA budget will exacerbate these weaknesses which will have severe economic, social and environmental consequences for the region. Northern Ireland is already the UK region most at risk, in terms of failing to protect our internationally important environmental resource.
- The DAERA Environment Fund is an essential long-standing partnership between government and the environmental NGO sector. This funding arrangement represents value for money in terms of helping to deliver government's strategic objectives. Cuts to 'Environmental Programmes' will devastate the environmental sector. It must be retained to enable organisations to deliver vital functions and

management services that are provided by statutory agencies in other jurisdictions, as well as protecting jobs in the eNGO sector. It should be noted that the Environment Fund is already targeted at delivering statutory outcomes.

- The availability of European, Lottery and independent Trust funding for the environment sector is set to reduce significantly. HLF have already notified the sector that two natural heritage schemes are closing. In this context, ongoing partnership with government is vitally important.
- In the face of potential staff reductions within DAERA, the eNGO sector is a key delivery partner that can help support government functions in an efficient and cost-effective way and help 'soften the blow' of a potential Voluntary Exit Scheme.
- With a relatively small government input through the Environment Fund, NGO's tap into a volunteer workforce of over 350,000, manage over 314,000 acres of land for environment benefit, spend over £20m in the NI economy, and leverage in £3.20 for every £1 invested in core funding.
- The environment should not be treated as an 'easy target' for funding cuts. Cuts to Environmental Programmes will have negative impacts on all areas of government responsibility, such as health & well-being and tourism & recreation, undermining the outcomes-based PfG. Environmental damage is significantly more expensive to clear up than it is to prevent. Cutting Programmes now is likely to lead to much higher expenditure in the future.
- 'Asset transfer' should be explored to transfer responsibility for managing sites and parks to the eNGO sector. This could deliver cost savings and enable nominal charges to be introduced at certain sites for services like car parking.

The cross-cutting role of the environment

Investment in the environment (and hence supporting the work programme and priorities of DAERA) is strategically important as it provides the envelope within which everything else sits. Northern Ireland has outstanding natural beauty and possesses a remarkable array of special landscape, marine and terrestrial features. It has vast stretches of idyllic countryside, beautiful loughs and stunning coastal landscapes providing panoramic views as well as a rich cultural and archaeological heritage.

The services, or 'public goods', that flow from the environment to society underpin life itself, and investment should ensure that these services and goods¹ are safeguarded for public benefit. The Programme for Government reflects the importance of the environment to delivering multiple Outcomes, including Outcome 1, 2, 6 and 11. However, the Departmental budget allocations do not reflect this and will serve to undermine the Outcomes based approach. Because of the fundamental role of the environment in delivering multiple outcomes for society, and DAERA's responsibility to work in partnership to ensure its protection and enhancement, neglect of this (in terms of lack of investment) has significant cross-Departmental, as well as wider societal, implications.

¹ <http://www.nienvironmentlink.org/cmsfiles/policy-hub/files/documentation/Eco/Ch18NorthernIreland.pdf>

For example, we support the allocation of public funds to deal with challenges around health. However, there needs to be investment in the treatment of the causes of our health problems, as well as the symptoms. Links between environmental planning and health are well established, and good planning is crucial to tackling problems such as obesity and mental health issues, *before* they impact on the NHS. We need to create the *conditions* for a healthier society (by increasing access to outdoor recreation, facilitation of recreation and a shift in attitudes towards active travel) and this requires investment in the environment. Supporting priorities in this way ensures we work towards health objectives in a strategic manner to reduce stress on the NHS in the long term. For example, the DHSSPS Strategy 'A Fitter Future for All' cites the environment, planning, design and transport as key contributing factors to obesity in Northern Ireland, that must be tackled by treating root causes. Budget allocations should reflect the direct correlation between environmental conditions and health outcomes. An evaluation of one environmental activity programme (Beat the Street) found that every £1 invested saved the Health Service £14.53.

Another example of the wider impact of the environment on government priorities, is in relation to the tourism economy. Withdrawing investment that impacts on the delivery of DAERA's responsibilities and the safeguarding of the assets upon which this economy is built, would jeopardise future tourism potential. The potential for heritage (natural and built) to be established as a key economic driver in NI is compromised under current scenarios. As the HLF report, '*Investing in Success*'², and reports on the Value of NI's Historic Environment³ and wider environment⁴ demonstrate, the contribution of heritage to the economy is, and should be much more, significant. Of the top ten visitor attractions in NI in 2016, six are built or natural heritage sites, attracting 60% of the visits to those attractions. In addition, Country Parks, parks, forests and gardens welcomed 5.1 million visits, more than the 4.9 visits to the top ten sites. Economic growth is strongest in areas with a rich historic environment. Without this historic fabric, 'places' lose their distinctiveness and hence their competitive advantage. The natural and built environment also plays an important role in facilitating reconciliation by providing 'neutral space' for community interaction.

Threatening already under-resourced regulatory structures

The environment in Northern Ireland is already under significant pressure and environmental regulation is suffering from a lack of funding and resources. Weak regulation has resulted in significant financial costs. For example, the clean-up of illegal landfill sites could cost upwards of £400million. Fuel laundering between 2009 and 2014 is estimated to have cost

² Investing in Success: Heritage and the UK tourism economy. Heritage Lottery Fund report, 2010.

³ http://www.doeni.gov.uk/niea/study_of_the_economic_value_of_ni_historic_environment_summary_report_may_2012.pdf

⁴ http://www.doeni.gov.uk/niea/valuing_our_environment_full_report.pdf

£400 million in lost revenue⁵, while illegal landfilling is estimated to have cost over £100 million in lost landfill taxes and charges⁶.

In 2015, the Department of the Environment suffered disproportionate funding cuts compared to other Northern Ireland Departments. DAERA suffered the highest resource cuts in Block in 2016/17 (5.7%) and in 2017/18 (4%). The Department also received the least additional resource allocations in 2016/17 and in 2017/18. There are concerns in the environmental sector about the devastating impact that further cuts to the DAERA budget could have on the ability of the Department to carry out its key statutory functions. These include compliance with a significant number of International agreements, including the Convention on Biological Diversity, the Ramsar Convention, the Bern and Bonn Conventions, and the Convention on International Trade in Endangered Species, all of which will still apply after the UK has left the European Union.

DAERA has an essential role to play in post Brexit-policy development and therefore must be given the resources to ensure the best possible policy framework is delivered upon leaving the EU. Under the scenarios outlined, DAERA risks not being able to deliver 'day one readiness' after Brexit. The proposed budget scenarios could result in further stripping of resources from the Department, which could jeopardise the way in which public funds are administered through existing schemes, such as £300million (approx.) of CAP funding, agri-environment schemes and the rural development programme.

A failure to adequately resource the Department that deals with climate change, waste, pollution, air quality and habitat protection increases the risk of non-compliance with international and national environmental treaties and laws, as well as EU Directives. This could result in legal action and hefty monetary fines which will increase pressure on public services in the medium-long term.

Our sector has grave concerns about the scenarios set out in the briefing Paper. Swingeing cuts to an already under-resourced Department (DAERA) which has responsibility for environmental regulation, will further erode the ability of Department to carry out its functions. Reform and further investment is required to enhance environment governance and regulation. This in turn will help prevent regulatory failure and deliver financial benefits in terms of reducing lost tax revenue, avoiding the imposition of fines and the costs of environmental clean-up.

Funding for the Environmental NGO sector

Under all three scenarios, DAERA has indicated that cuts to 'Environmental Programmes' could be required. Even under scenario two, which is described as the '*least difficult to*

⁵ HL Deb 15 July 2014, vol 755, col 501, Question: Northern Ireland: Illegal Petrol and Diesel'

www.publications.parliament.uk/pa/ld201415/ldhansrd/text/140715-0001.htm#14071553000425.

⁶ 'It is impossible to evaluate the exact landfill tax that has been lost with any accuracy as the precise tonnage of waste dumped is unclear and not all the waste that has been buried would have been subject to landfill tax. A crude estimation, if closer to one-and-a-half million tonnes has been buried at Mobuoy Road, is that the lost tax revenue could be over £100 million. Adding the further 561,000 tonnes of waste that has been discovered at the other 89 NIEA enforcement cases at various stages in the investigative/legal process, then this could potentially add another £35 million to the total figure of tax evaded' (Brennan et al. 2017).

manage for DAERA, *'scaling back'* of environmental programmes is deemed necessary. We are concerned about the vague nature of this statement, which makes it difficult to respond in detail.

The eNGO sector currently receives support from DAERA through the Environment Fund (EF). This eNGO/government funding arrangement builds upon an impressive track record, established over many years, of working together to deliver environmental outcomes. Indeed, environmental NGOs in Northern Ireland are relied upon to deliver vital functions and management services that are provided by statutory agencies in other jurisdictions. For example, unlike other regions of the UK, Northern Ireland depends on non-statutory arrangements and charitable bodies to deliver management arrangements for Areas of Outstanding Natural Beauty and other special landscapes. These bodies are already relatively poorly resourced in their extent and security of funding. Any reduction in funding would further erode these management arrangements, jeopardising the integrity of our most precious landscapes and undermining the future economic potential that these areas can unlock.

EF funding also enables organisations to deliver outcomes which fulfil the strategic aims of other government Departments. For example, the DfC aims to *'protect, conserve and enhance our diverse built heritage and to support principles of sustainable development'* and *'improve the physical, economic, community and social environment of neighbourhoods, towns and cities'*.

The importance of the eNGO sector in delivering value for money for government, and delivering government objectives in a cost-effective manner should not be under-estimated. Funding for this energised and productive sector can bring significant added value through match and co-funding, accessing the passion and energy of volunteers, the involvement of students and young people, and managing extensive areas of land for public benefit.

With a relatively small government input through the Environment Fund, NGO's tap into a volunteer workforce of over 350,000, manage over 314,000 acres of land for environment benefit, spend over £20m in the NI economy, and leverage in £3.20 for every £1 invested in core funding.

In 2015, budgetary pressures facing the Department of the Environment, resulted in a knee-jerk political decision to immediately remove longstanding government funding arrangements for eNGO's in Northern Ireland. Discussions between government and the sector led to a growing realisation of the critical role of our sector which resulted in funding being reinstated. Environmental NGO's have been able to continue to work with government to deliver vital functions and environmental outcomes through the DAERA Environment Fund.

The eNGO sector is able to deliver outcomes more efficiently than the public sector by the ability to leverage in significant additional finance, and also through the use of a major volunteer workforce. NGOs in NI have been very successful in accessing non-government funds. A good example is the HLF Landscape Partnerships of which there are now at least 7

in NI, all drawing in significant leverage. This leverage is, on the one hand, evidence of the quality and potential of the NI environment and, on the other, a good example of what will be lost if the NGOs are diminished.

Cuts to Environment Programmes would have a devastating impact on the environmental NGO sector. Any such decisions would represent false economy and there is a concern that the eNGO sector could again be vulnerable if DAERA is forced to adopt the scenarios outlined.

All three budget scenarios could also have a huge impact on the rural community development. The paper proposes to scale back existing Rural Development and Environmental Programmes. These proposals seem to take little account of the need for strong rural community support in light of the implications of BREXIT for rural and border communities.

Other sources of funding

The **carrier bag levy** has succeeded in helping to reduce single use carrier bag consumption. The funds raised in Northern Ireland have been used to deliver environmental outcomes through the eNGO sector. Given the scale of the plastic waste challenge facing the UK, additional levies should be introduced to reduce other forms of plastic waste. For example, deposit return schemes for plastic and glass bottles, a levy on polystyrene take-away food containers, plastic knives and forks as well as disposable coffee cups would help raise further revenue for environmental projects, while helping to tackle a growing environmental problem. Northern Ireland is the ideal geographic size for piloting such schemes.

The carrier bag funds have become a vital source of money for environmental organisations and projects delivering management and enhancement on the ground. Similar schemes should be extended to other waste products to deliver win-win outcomes for the environment and society and raise additional revenue that can be re-invested to deliver environmental good.

The proceeds of **UK dormant bank accounts** are set aside for environmental and social purposes (under the Dormant Bank and Building Society Accounts Act 2008). The Unclaimed Asset Register (UK) estimates that there is approximately £400m of unclaimed funds in UK banks and building societies. NI will be allocated a portion of this money, according to the Barnett formula. No money has yet been administered in NI.

In accordance with recent proposals by the UK government, a '**sugar tax or levy**' should be introduced in Northern Ireland. This would enable some of financial costs associated with treating obesity related diseases to be recouped by the public purse. These funds could be directed towards green prescriptions programmes or used to support the Department of Health budget. This would help ensure other Departmental budgets are not eroded by

demand for allocation of a further proportion of the overall budget to the Department of Health.

License fees for regulatory industries should be reformed to ensure that the fees are appropriate to cover the entire regulatory and enforcement costs incurred by NIEA. It is also worth ensuring that money generated through landfill tax should be spent by local and central government within the locality of the landfill site.

NIEA should retain the maximum financial value possible from the **confiscation of assets** belonging to those involved in serious and persistent, commercial-scale environmental offending such as unauthorised land-filling, fuel laundering and waste tyre disposal. As well as serving as a deterrent to those considering participating in organised environmental crime, these confiscated assets should be used to help fund environmental enhancement.

We understand that currently NIEA does not gain financially from any of the **environmental fines** imposed in the prosecution cases it oversees as they are passed directly to the Exchequer. The NI Executive should consider options for retaining as much of this income as possible within Northern Ireland for environmental good.

There is considerable scope for **energy consumption savings** across the civil service, particularly heating and lighting. It is essential that government puts its own house in order if it is to have any credibility in the widespread campaigns that it runs to encourage energy conservation. We encourage the adoption of Environmental Management Systems (EMS) throughout government. NI Water has adopted such a scheme and make considerable efficiency savings.

View on Other General Cost Saving Measures

Additional income generation is a necessary measure to help balance the budget and this will require increased contribution from citizens. Means testing should be used where possible to ensure the most vulnerable in society are protected from any new proposals. It would be preferable to develop a one stop means testing model for all citizens through which a range of schemes (winter fuel allowance, household rates, water charges, prescription charges, free dental treatment, concessionary transport etc.) could be processed.

In terms of the options detailed in the briefing paper, we would support the extension of controlled parking zones, charging for civil service car parks and reform of concessionary transport in line with England. We would also endorse higher fines for environmental crimes and the introduction of toll charges for major roads.

The Department for Infrastructure and Department for the Economy also have a direct role in delivering key environmental outcomes for society, such as water quality, sustainable infrastructure, resilience and public/active transport improvements.

Conclusion

NIEL is very concerned about the implications of the proposed budget scenarios for the unique environment and heritage of NI. Reducing investment in protecting and enhancing our internationally important environmental assets puts NI at risk of undermining the Prime Minister's assurances that the nation will remain a "leading actor" on climate change and environmental policy following Brexit' and her commitment to ensure the Government becomes the first "to leave the environment in a better state than we found it".

The environment should not be treated as an 'easy target' when it comes to budget scenario planning. The environment is the foundation for our society and economy and is the critical resource upon which future well-being and prosperity depends. Inadequate resourcing will lead to grave long-term social, economic and environmental consequences.

This is a critical moment that requires investment not disinvestment to strengthen the partnership between government and the eNGO sector to deliver win-win outcomes for our society. Disproportionate cuts to the DAERA budget could threaten this important relationship, which will further jeopardise the delivery of environmental outcomes in Northern Ireland. Funding cuts to the environment and heritage sectors represent false economy.

Given the need to retain investment levels in the environment, Government should progress new revenue raising schemes, such as additional levy's on plastics and deposit return schemes, as a matter of urgency. We would be pleased to work with DAERA to progress new opportunities and to continue to work in partnership with government to ensure that the capacity of environmental organisations is retained in the context of this challenging budget situation.