

31 January 2024

Neil Gibson
Permanent Secretary
Department of Finance
Clare House
303 Airport Road
Belfast BT3 9ED

Sent by email: 31 January 2024

Dear Neil,

RE: Urgent concerns regarding potential budget cuts for the Department for Communities

We are writing to express our collective concern about the potential budget cuts facing the Department for Communities (DfC) in the upcoming fiscal year. As leaders of organisations representing housing and homelessness interests, we believe that any proposed reductions in the budget could have severe consequences for some of the most vulnerable members of our society. Our primary worry is that these cuts may undermine the progress towards promoting health and wellbeing and would hinder DfC in achieving its strategic objectives.

In 2022, we wrote to Dr. Jayne Brady, the head of the civil service, regarding the absence of a standalone housing outcome in the Programme for Government (PFG) Draft Outcomes Framework – a pivotal factor influencing strategic funding decisions. In response, Dr. Brady acknowledged that the idea of a standalone outcome was recognised through a commitment to its inclusion as part of New Decade, New Approach. Also acknowledged was the significance of housing, not only in supporting the most vulnerable members of our communities but also as a fundamental catalyst for social wellbeing, economic prosperity and the cultivation of sustainable communities at large.

While we understand the challenges in balancing budgets, we fundamentally assert that budget allocations for DfC must be prioritised in consideration of the above and to meet the diverse needs of the department. An inadequate allocation may force vulnerable groups to compete for limited funding, exacerbating existing challenges.

We urgently wish to highlight several areas of concern:

Capital budget

We note with concern a potential outcome where the DfC capital allocation is determined according to a baseline position established by the last Executive. Recognising the DfC's responsibility to provide new-build social housing amid double digit construction industry inflation, we are

apprehensive that real terms cuts will impede the construction of much-needed housing. The potential shortfall against the required funds raises worries about the ability to meet housing targets and address the growing demand for social homes.

Impact on the supply of social housing, the economy and net-zero

The potential decrease in the number of new social homes due to possible budget cuts is a cause for serious concern. In the preceding fiscal year (2022-23), construction began on 1,956 new social homes, slightly exceeding the set target of 1,950. However, the inadequate capital budget for the current financial year is projected to result in the commencement of fewer than 1,500 homes. This presents a substantial impediment, especially considering the ambitious objective outlined in the draft housing supply strategy, which aims to build an average of over 2,200 homes annually.

Against this backdrop, there are currently 45,615 households on the social housing waiting list as of September 2023. Among them, 33,587 are experiencing housing stress, representing an increase of 51% over the last decade. The number of households with homelessness status now stands at 27,566. This number has increased by 122% over the last decade. The number of households living in temporary accommodation provided by the Housing Executive has more than doubled since January 2019 with 4,469 households living in such accommodation in September 2023.

A further reduction in the target for new social homes in 2024-25 would fall short of meeting the current demand. It is imperative to address the social housing waiting list to prevent homelessness and sustain tenancies. Any decline in housing supply would only exacerbate the existing crisis.

A budget reduction would have far-reaching implications for the housing market and the economy at large. Research indicates that investment in social housing has a significant multiplier effect on the economy. The social housing sector, historically at the forefront of setting environmental standards, also requires adequate budget to deliver viable, low-carbon homes in areas of housing need.

Implications for public health and people in housing need

The potential impact on addressing the social housing waiting list, coupled with the rising costs of living along with any other budget reductions, raises concerns about an increase in homelessness. The number of households with homelessness status has been rapidly increasing in recent years, signalling a renewed urgency in the need to address it. Strengthening efforts to prevent homelessness and sustain tenancies, including housing advice services and financial support, is essential to avoid the human and financial costs associated with homelessness.

Housing makes a significant contribution to addressing homelessness, and to overall health outcomes; a lack of investment will add to the challenges within our health system. Poor housing in Northern Ireland is known to cost the NHS tens of millions of pounds per annum.

Resource budget

Any proposed cuts combined with additional resource requirements presents a funding gap that may significantly impact DfC's ability to deliver public services in the upcoming fiscal year. We stress the importance of carefully considering the implications of any funding gaps on the department's operations.

Supporting People programme

We express deep concern about the possibility of cuts to the Supporting People programme. The programme plays a vital role in supporting vulnerable people, preventing homelessness and delivering essential bespoke support services. Despite its proven social value, the lack of consistent resource increases over the years has diminished its potential impact. For fifteen of the last sixteen years, the programme has not received inflationary uplifts. In 2023/4, the only way in which the baseline for Supporting People could be maintained was through the recoupment of restricted reserves from organisations who are often already facing highly challenging financial circumstances. Providers across the four thematic groups are struggling with the recruitment and retention of staff. The level and complexity of needs for housing support has continued to rise but the commensurate funding has not risen accordingly. Furthermore, many housing support services funded through Supporting People are not stand alone, and provide care funded by the health trusts. The underfunding of Supporting People therefore presents wider risks to health service provision. We strongly urge the Department of Finance to consider this when considering DfC resource allocations, given the growing gap between need and available support.

Homelessness Services Budget

The homelessness services budget held by the Department for Communities is under unprecedented pressure. At a recent briefing given to the All-Party Group on Homelessness, senior representatives of the Housing Executive spelt out the challenges they were facing due to the level of need for temporary accommodation amongst households in Northern Ireland. While the homelessness services budget has risen in recent years, the Housing Executive are still facing a substantial projected deficit of £1.3 million in 2023/4. Spending on temporary accommodation (outside of the accommodation provided through the Supporting People programme) has gone from just under £5 million in 2017/8 to a projected £30 million in 2023/4.

The pressure on the budget has been such that funding for a range of important preventative spending programmes and measures, such as the Homelessness Prevention Fund, has been cut. Rather than engaging in the preventative spend seeking to prevent homelessness before it happens, the Housing Executive is locked into a reactive posture, having to spend increasing amounts of money on the provision of temporary accommodation.

We would urge the Department of Finance to pursue every avenue to ensure that the homelessness services budget is sufficiently funded to allow the Housing Executive and their community and voluntary sector partners to engage in the preventative work we so urgently need to see.

Northern Ireland Housing Executive

Proposed cuts to all Arm's Length Bodies, including the Northern Ireland Housing Executive (NIHE), should also be avoided. Recognising NIHE's critical role in responding to homelessness and upholding fundamental human rights, we again request careful consideration of this when determining DfC resource allocations. We emphasise the potential adverse effects and long-term costs to health, justice and education services.

In light of the above concerns, we urge you to carefully review the potential impact of budget cuts on the Department for Communities and engage in a constructive dialogue to find solutions that

prioritise the well-being of our communities. We are available for further discussion to ensure the best outcomes for all stakeholders.

Thank you for your attention to this critical matter.

Sincerely,



Justin Cartwright
National Director Northern Ireland
Chartered Institute of Housing



Nicola McCrudden
Chief Executive
Homeless Connect

Endorsed by the following organisations:

Alpha Housing
Apex Housing Association
Ark Housing Association
Choice Housing
Clanmil Housing
Connswater Homes
Grove Community Housing Association
Housing Rights
Newington Housing Association
Northern Ireland Federation of Housing Associations
Radius Housing
Rural Housing Association
St. Matthew's Housing Association
Triangle Housing
Woodvale and Shankill Community Housing Association