

**Response to “Consultation
on Financial Context for
Revenue Raising”**



Introduction

1. NIPSA is the largest Trade Union in Northern Ireland representing over 43,000 members, employed across the whole of the public service, in organisations such as the Northern Ireland Civil Service and its Agencies, Local Government, Education, Health and Social Care, the Northern Ireland Housing Executive as well as a host of Non-Departmental Public Bodies (NDBPs). NIPSA also represents a significant number of members in the community and voluntary sector.
2. In September 2023 Chris Heaton-Harris, the Secretary of State for Northern Ireland wrote to NI Departments' Permanent Secretaries to "launch public consultations on measures to support budget sustainability and raise additional revenue, under his powers in the NI Interim Arrangements Act consultations."¹ A few weeks later the Department of Finance provided an accompanying document and opened a consultation on the "Financial context for revenue raising consultations."² This is the NIPSA response to this document.

The shifting economic context

3. The first and most telling question that has to be raised about this process is how do we square the "financial context for revenue raising consultations" at the time of their launch and the economic sums being debated within the political talks to restore devolution that broke up in December 2023? These discussions reportedly debated the immediate availability (on restoration) of a financial package of between £2.5 and £3.3 billion.³
4. The belated emergence of such an offer from Westminster emphasises how the economic picture that is presented is framed in a manner that deliberately pushes us toward certain political outcomes. In this way, we were/are invited to comment on a supposedly immovable economic framework that, when it suits them, Governments can alter at the stroke of a pen.

¹ <https://www.finance-ni.gov.uk/articles/revenue-raising-ni-consultations>

² [https://www.finance-](https://www.finance-ni.gov.uk/sites/default/files/consultations/dfp/Financial%20context%20for%20revenue%20raising%20consultations%20-%200approved-published.pdf)

[ni.gov.uk/sites/default/files/consultations/dfp/Financial%20context%20for%20revenue%20raising%20consultations%20-%200approved-published.pdf](https://www.finance-ni.gov.uk/sites/default/files/consultations/dfp/Financial%20context%20for%20revenue%20raising%20consultations%20-%200approved-published.pdf) p.2, 11/10/23.

³ <https://www.bbc.co.uk/news/uk-northern-ireland-67968994> 15/1/24.

5. Of course, this “we’ve suddenly more money than we were claiming” charade is not new. As recently as November 2023, for example, we heard reports that “stickier-than-expected inflation is leading to higher tax receipts and lower borrowing [thus increasing] the Chancellor’s fiscal headroom to around £13 billion in his Autumn Statement”.⁴ Within a fortnight this “fiscal headroom” expanded so that this Statement,⁵ informed by the political expediency of the Conservative Party shaping its pitch to the Electorate in England/Scotland/Wales for a 2024 election, could, among other measures cut the National Insurance rate and present the “space” for tax cuts worth £19 billion.⁶

6. Despite the scale of such financial flexibility, notwithstanding the actual delivery of the Secretary of State’s latest promissory note, we are stuck with the “punishment budgets”⁷ for Northern Ireland, including the future vision of additional charges across the public sector (suggested by the range of consultations that flow from this overview document). This is compounded by being patronised about our begging bowl mentality⁸ and urged to copy the privatisation route for public services that for decades has failed the people of England and Wales.

7. The sudden “discovery” of money to deal with the political crisis alluded to above, therefore reinforces the key point on the financial context for revenue raising:

There are no such things as fiscal rules. There are instead fiscal choices...politicians create what they described as fiscal rules to justify the fiscal choices that they have made with regard to the macroeconomic options that are available to them...any politician has the right to suggest that they think such choices are a reasonable course of action for the government of which they are a part to follow, but this does not make them rules that must be followed. Nor are there any such rules that are imposed upon them: they are always a matter of choice. Fiscal rules should be seen as a consequence as a narrative that reinforces particular economic choices within the chosen economic framework that a government chooses to follow. They are in this context particularly popular with politicians of neoclassical or neoliberal persuasion because both argue that it is appropriate to restrict the amount of expenditure that a government might undertake, which restriction is a preference of

⁴ <https://www.resolutionfoundation.org/press-releases/higher-inflation-will-improve-outlook-for-chancellor-but-extra-headroom-is-a-fiscal-illusion-founded-on-implausible-spending-plans/> 6/11/23.

⁵ <https://www.bbc.co.uk/news/uk-politics-67505926> 23/11/23.

⁶ <https://www.civilserviceworld.com/professions/article/obr-autumn-statement-measures-will-cause-19bn-fall-in-public-spending-power> 22/11/23

⁷ <https://www.bbc.co.uk/news/uk-northern-ireland-66400722> 4/8/23.

⁸ NIO Minister Steve Baker MP : “If I may say so I think we’ve heard two competing visions for Northern Ireland: a vision of Northern Ireland standing with its hand out to the Republic of Ireland for subsidy and a vision of Northern Ireland standing with its hand out to Great Britain for subsidy. <https://www.belfasttelegraph.co.uk/news/northern-ireland/steve-baker-criticises-ni-politicians-for-seeking-subsidies-from-irish-and-uk-governments/a1793215764.html> 11/7/23.

those who follow those narratives. This does not, however, make them an economic necessity. They are always a choice.⁹

8. This illuminates the ridiculous nature of the broader narrative of an alleged “black hole” in public finances that now “has to be filled.” This was/is the economic illiteracy of discussing a sovereign state with its own currency as if it is a household on a fixed budget. It is a deliberate, reactionary deceit founded on the “there is no money” lie, giving a pretext for the re-introduction of austerity and presenting political choices around it as unavoidable/non-ideological when they are quite the reverse.

9. This creates the dangerous dilemma for consultees of having a debate/consultation on an economic framework that was/is illusory and has de facto been declared as such by the NIO’s promise of future, different funding streams. However, it still necessitates a response both to the assumptions within it (before a financial package was proposed) and the negative, ongoing consequences of economic negligence that political stasis is delivering.

Regressive Transformation

10. While the consultation discusses “transformation” (“the world is constantly evolving, as are the needs of the population. Government must be proactive in adapting to these changes. Embracing transformational initiatives and reimagining public services can lead to more cost-effective and impactful solutions. In many cases this will require up-front investment to realise gains”¹⁰), the re-imagining is never a broader historical analysis of for example: how far UK society has regressed since 1970s level of income distribution; how in 2023 its approach compares to Scandinavian models of tax and spend or how alternative decisions might deliver a broader vision of what constitutes a civilised society.

11. As we commented on the discussion of potential fiscal devolution, it is a mistake to continually narrow the focus to a regional or sub-regional level and ignore how Northern Ireland and other deprived sub-regions are victims of the long-term, deregulated, pro-City of London political strategy, birthed by Thatcherism and pursued by New Labour. This gave the UK the uneven development and fragmentation that rent seeking privatisation demanded and has done so much damage over decades that its creators and cheerleaders

⁹ Fiscal rules, fiscal space and fiscal choice: the mumbo jumbo that disguises a Chancellor who has no idea what they are doing 14/3/23.

¹⁰ <https://www.finance-ni.gov.uk/articles/revenue-raising-ni-consultations> p. 6.

now talk without a hint of embarrassment about “levelling up” the areas it devastated. This altered de-industrialised, privatised economy was, again, a deliberate political choice, the consequences of which are stark:

Britain used to be a fairly homogenous economy, with wealth relatively evenly spread out across its major industrial centres, much as it is in modern Germany. Not anymore. Post-industrial Britain has a very prosperous capital surrounded by equally wealthy suburbs...the rest of the country has been falling behind at an increasingly rapid rate. The result is that there are huge disparities between output per head in the south and Wales, Scotland and Northern Ireland.¹¹

12. Furthermore, if discussion of Europe was not limited to the question of the European Union, we could look at broader European comparators (in or out of the EU) to note how the UK has “one of the lowest population-adjusted levels of public expenditure in Northern Europe”¹² and challenge why the Treasury currently chooses to: facilitate employers not currently matching the equivalent responsibility expected from their European counterparts¹³ with the UK having one of the lowest levels of revenue per population, especially regarding employer social insurance contributions.¹⁴

13. We can use whatever lens we want to examine where this ideology has led us as a society. Globally, as Oxfam report, “the richest 1% of people have captured nearly twice as much new wealth as the rest of the world combined since the pandemic...their fortune soared \$26tn, increasing their share of new wealth from 50% to two-thirds.”¹⁵ Similarly at a UK level we now have the full evidence of what we called out at the time – how “welfare reform” was an attack on provision (“UK benefits fall short of minimum living cost by £140 a month”¹⁶) not a delivery “reform” and involved the redistribution of wealth to the top of the economic pyramid. As a consequence, “after more than a decade of austerity, the UK lives with private affluence – if only for the privileged few – amid public

¹¹ [On line] Available <http://www.moneyweek.com/news-and-charts/economics/europe/the-only-plausible-fix-for-the-euro-that-wont-work-54404> (30 June 2011). See also: <https://nipso.org.uk/publications/Asset-1.pdf>

¹² Paul MacFlynn <https://www.nerinstitute.net/sites/default/files/research/2020/NI%20Fiscal%20WP%2026-08.pdf> p. 20, August 2020. p.17.

¹³ See ICTU [no going back final document may 2020-1.pdf](#)

¹⁴ Reforming Tax and Spend in the United Kingdom and in the Republic of Ireland Paul Goldrick-Kelly, Paul Mac Flynn & Tom McDonnell NERI Working Paper Series No. 67 June, 2020. <https://www.nerinstitute.net/sites/default/files/research/2020/Tax%20and%20Spend%20WP%20no.67%20FINAL.pdf>

¹⁵ <https://www.theguardian.com/commentisfree/2023/jan/23/system-rigged-inequality-pandemic-despair-super-rich> 23/1/23

¹⁶ [UK benefits fall short of minimum living cost by £140 a month, charities say | Poverty | The Guardian 26/2/23.](#)

squalor.”¹⁷ Locally, this is exemplified by the evidence from the UK’s largest food bank network, the Trussell Trust who reported the distribution of more emergency food parcels (81,084) in the financial year of 2022/23 in Northern Ireland, 35,000 of which were for children. This is a figure “higher than the number of food parcels delivered during the height of the Covid-19 pandemic, almost a third higher than in 2021-22 and more than double the figure in 2018-19.”¹⁸

The “doom-loop”

14. References in the Department of Finance document shaped by the longstanding myth of our improperly measured privilege (“super-parity”) inevitably lead to discussion on water charges, rates, other regional disparities etc. As the Nevin Economic Research Institute emphasise, however, we are in a “doom loop” with “the region needing reform to keep a handle on spending, but [requiring] more funding...before there can be reform”¹⁹. In addition, on the traditional “headline” revenue–raising tropes they emphasise:

- Water charges are deeply regressive form of taxation and any attempts to make them more progressive or to add an environmental dimension to them introduces massive complications.
- The rates system is well overdue for overhaul and the last NI executive began this task. However, even if that reform is brought to completion, the system of rates at present, both domestic and commercial, only raises about £600m each for local councils and the NI Executive. There are limits to how much more can be raised from a property value-based tax.
- Many people point out that council tax, the equivalent of the rating system in Great Britain, is substantially higher than the average rates bill in Northern Ireland. This is true, the average council tax bill in England in 2019 was £1,746. The average domestic rates bill in Northern Ireland in 2019 was almost half that. However, there is a good reason for this. Local government in Northern Ireland provides significantly less services than their equivalents in Great Britain...for Northern Ireland, we should seek to have a fair and progressive rates system for both local government and the Executive. However, imagining that this is a silver bullet for the Northern Ireland public finances would be a grave error.²⁰

¹⁷ A decade of austerity: Tory austerity ‘has cost UK half a trillion pounds of public spending since 2010’ | Austerity | The Guardian 3/3/23.

¹⁸ <https://www.bbc.co.uk/news/uk-northern-ireland-65386628>

¹⁹ <https://www.belfasttelegraph.co.uk/opinion/news-analysis/we-need-change-at-westminster-before-we-solve-nis-troubled-public-finances/208256397.html> 6/6/23.

²⁰ <https://www.nerininstitute.net/blog/we-need-change-westminster-we-solve-northern-irelands-troubled-public-finances> 8/6/23.

15. As we stated in our response to the NI Affairs Committee’s examination of “the funding and delivery of public services in Northern Ireland”²¹, notwithstanding the need for the restoration of an Executive, the danger of such a focus is that implies the lack of a fully functioning Executive is wholly abnormal or that its operation/restoration in and of itself would readily address the scale of budgetary crises it faces. Secondly and more importantly, the question of funding, however “efficiently” it might be administered locally, must not ignore where the real (financial) power lies. Good or better “housekeeping” can only scratch the surface of Northern Ireland’s key strategic problems. A genuine re-set requires a new relationship between the NI Executive and the Treasury to rebuild a post-conflict society. This emphasises the key point – while we can discuss local (devolved) financial management, ultimately “debates about the proper funding of NI public services are a discussion best directed at UK revenue and expenditure levels.”²²

“Increasing revenue” – not just in or for Northern Ireland

16. In this way, if we want public finances to be more sustainable we should follow the guidance of Tax Justice UK and protect “public spending by taxing wealth properly”²³. By doing so: £37 billion could be raised by: equalising capital gains with income tax rates (raising £14 billion a year); £8.6 billion a year could be raised by applying national insurance to investment income; a 1% wealth tax on assets over £10 million would raise £10 billion a year; ending the inheritance tax loopholes that benefit the already wealthy would raise up to £1.4 billion a year and reforming the rules on non-dom status, could raise up to £3.2 billion a year.²⁴

17. In addition, if we want to avoid waste, we need to tackle corporate corruption and incompetence. There is no shortage of evidence of how this has been facilitated. For example note: the amount the UK government wasted on PPE contracts (“the Covid pandemic [spawning] one of the greatest wastes of public money, running to many billions of pounds, in modern British history”);²⁵ the £11bn then Chancellor Rishi Sunak wasted by

²¹ <https://committees.parliament.uk/work/7313/the-funding-and-delivery-of-public-services-in-northern-ireland/>

²² Ibid.

²³ <https://www.taxjustice.uk/blog/five-policies-that-could-raise-37-billion-in-tax> 12/1/23.

²⁴ Ibid.

²⁵ Private Eye Issue No. 29/10/21-11/11/21.

not insuring against interest rate rises on the Government's Qualitative Easing debt;²⁶ the continuing laxity in relation to non-dom. tax avoidance that currently costs the Exchequer over £3bn a year or former Health Secretary Hancock in April 2020 writing off hospital debt for 100 hospitals in England/Wales²⁷ equivalent to nearly **thirteen and a half billion** pounds. The latter figure of course is larger than the full annual Treasury subvention to Northern Ireland.²⁸

18. The discussion of "alternative options for increasing revenue in Northern Ireland which could be open to the NI Executive or UK Government in bringing NI's finances onto a more sustainable footing" again needs to shift focus to the key question of "who can afford the heavy lifting?" in terms of tax at a UK level. We could also then question: the tax breaks for a mere 70,000 individuals that costs £4 billion;²⁹ the failure to collect £42 billion in tax;³⁰ tax fraud that cost the supposedly "cash-strapped" Treasury £20 billion in 2018/9 alone (more than 9 times what is lost through benefit fraud).³¹

19. This is the real background to these consultations. The loaded questions (on "reducing/stopping services") are a cloak for cuts (not transformation) and completely ignores both the holistic need for public services to be universal and the destructive consequence of breaking universal, not-for-profit links in their delivery chains. Without such an approach we are left with the situation reported by the Chief Executive of the NHS Confederation, Matthew Taylor, who states that "tens or even hundreds of lives are being lost every week in Northern Ireland as a result of not tackling urgent health and social care issues."³²

²⁶ <https://www.theguardian.com/politics/2022/jun/10/rishi-sunak-wasted-11bn-by-paying-too-much-interest-on-uk-debt> 10/6/22

²⁷ <https://www.gov.uk/government/news/nhs-to-benefit-from-13-4-billion-debt-write-off> 2/4/20.

²⁸ See NIPSA <https://nipisa.org.uk/publications/O40313.pdf>. p. 20. While the source of political contention about how this is most appropriately measured, it is estimated at between (£9-£10 billion). It was "calculated" at £9.2 billion in 2013/4 according to Fact Check NI <https://factcheckni.org/fact-checks/how-dependent-is-stormont-on-westminster-subvention/>

²⁹ <https://www.resolutionfoundation.org/press-releases/five-terrible-tax-breaks-are-costing-taxpayers-4-billion-a-year/> 12/1/23.

³⁰ <https://www.theguardian.com/politics/2023/jan/11/tax-collectors-lack-ambition-say-mps-as-42-billion-remains-unpaid> 11/1/23.

³¹ https://www.taxwatchuk.org/tax_crime_vs_benefits_crime/ Feb 2021.

³² [NHS at 75: 'Lives being lost by not tackling health issues' - BBC News](#) 3/7/23.

Real reform is holistic and long term

20. While it is perfectly valid to talk of “reform” it is important not to pretend that this is easy, quick or cheap. Again, on health:

The Bengoa report on health service reform outlined that the current system needs a 6% real terms increase in spending every year just to hold steady. This means that in order to be able to make any meaningful reforms, health spending needs to increase beyond 6%. How many times did that happen in the 10 years before Covid? Once. We’re caught in a doom loop. We need to make the reforms in order to get a handle on spending, but we can’t make the reforms because all our funding is going into maintaining the existing system.”³³

21. In this way, while we hear the call to “implement Bengoa”, what does that mean exactly? It clearly does not address what Bengoa makes explicit - that public health extends far beyond what an individual Department is asked to do as “only about 20% of health outcomes are related to clinical care: 10% is related to physical environment (air and water quality, built environment, etc.); 40% is related to socio-economic factors (education, employment, social support, community safety); and 30% is related to behaviours”).³⁴ This emphasises how, in the broadest sense health and social care – what used to be called “social security” cannot be delivered by an individual Departments but starts from the fundamental acceptance that “there is such a thing as society”.

22. In this way stating we need “reform” has to make clear that reform has to be preceded by structural repair. A clichéd exhortation to “implement Bengoa” will not reverse the scandalous reduction in hospital beds, for example, that has seen the “number of available hospital beds...decrease[d] from roughly 7,266 in 2009/10 to approximately 5,672 in 2020/21.”³⁵ Instead, in some circles “implement Bengoa” suggests that instead of dealing with these huge structural issues we will drift towards a charging regime that is currently hiding in plain sight within local health policy. For example, accompanying Bengoa was the local Health Service’s “Power to People” document (December 2017). This provides a market makeover of the NHS’ adult social care discussing both the “true cost of care” and “agreement of a ‘sustainable return’ for providers.”³⁶

³³ <https://www.neroinstitute.net/blog/we-need-change-westminster-we-solve-northern-irelands-troubled-public-finances> 8/6/23.

³⁴ <https://www.health-ni.gov.uk/sites/default/files/publications/health/expert-panel-full-report.pdf> p. 15.

³⁵ <https://www.statista.com/statistics/388589/available-hospital-beds-in-northern-ireland/> 15/9/21.

³⁶ <https://www.health-ni.gov.uk/sites/default/files/publications/health/power-to-people-full-report.PDF> p.7.

23. Given the now accepted established facts of our under-investment here, there should be an automatic break on any measure that entrenches further disadvantage – including what appear to be merely gestures to prove to the Treasury that the Administration will “act” - such as on prescription charges or any other measure that is clearly “counter-strategic”.³⁷

24. In addition, at the other end of this spectrum, we should not lose sight of ‘sub-parity’, where childcare stands out as an area that lags behind other parts of the UK. While the Executive does receive a Barnett consequential as a result of UK Government spending on childcare provision (which we receive through the block grant) such monies are not currently being used to provide parity on these areas of policy.

25. We also need to deal more broadly with the democratic deficit – exemplified by the proposal to re-introduce hospital car parking charges (repealing a rare piece of Assembly legislation before it has even been introduced) again to save what in the context of the full health budget is a relatively irrelevant sum. This affront is part of the other “punishment budgets” all facilitated by the fact that “there are no Conservative Party seats at stake in any upcoming election in Northern Ireland.”³⁸

26. The Covid pandemic proved that our public services are the spine of our society and provoked the popular view that there should be “no going back” to the failures of the neo-liberal order that had enfeebled it. Instead, it appears the plan is for public servants, their families and wider society is to be force-fed a new age of austerity. This is exemplified by the imposed or “low ball” pay offers that continue to ignore the fact that Government “spend” on pay is a virtual circle of re-circulation within the local economy and a return to the paymaster via tax. Instead of such an investment in staff recruitment and appropriate pay we continue to serve the needs of those (agencies) who profit from an insecure labour market at colossal cost. In Health and Social Care in 21/22 alone, this was £320 million.³⁹ Similarly, if paybill pressures are problematic, why tolerate a 2 year spend on agency staff of £46 million⁴⁰ in the NICS or a 3 year contract “to provide a range of

³⁷ [Consultation Paper - Hospital Parking \(health-ni.gov.uk\)](#) 14/11/23. P.2

³⁸ <https://www.instituteforgovernment.org.uk/comment/northern-ireland-water-charges-heaton-harris> 31/8/23.

³⁹ See Robin Swann’s statement to Assembly: “In 2012/3, the HSC spent approximately £69m on agency staff and by 2019/20 this had risen to £255m. The total expenditure in 2021/22 had increased further to £320m.” 13/10/22.

⁴⁰ [Vacancy crisis sees NICS agency staff spending hit £46m a year \(civilserviceworld.com\)](#) 27/11/20.

generic learning and development services”⁴¹ at the cost of £425 million? Meanwhile Whitehall spend on agency staff over a 3-year period was £3 billion.⁴²

27. The questions raised about “services/programmes that should be stopped or reduced to divert funding to more critical services” represent the traditional, false, self-defeating “robbing Peter to pay Paul” approach that has dominated mainstream discussion of public services. Similarly, on the question of whether public services could be delivered in a different way i.e. “delivered by others (e.g. local government, voluntary & community sector or private sector) or...areas in which greater collaboration could deliver better outcomes?” we should not ignore an inherent risk in potentially fragmented delivery. In this way, while it is reasonable to explore the possibility of collaboration, in terms of cohesion, equality at work etc. - accountable, public ownership and the centralised terms, conditions and provisions that this would guarantee is required.

28. On revenue raising more generally as we stated in our response to the consultation on reversing the Assembly Hospital Charges Act 2022 the idea of “citizens being asked to make a greater financial contribution to the services they are accessing”⁴³ continues to ignore the wholly disproportionate, regressive weight being borne by the broad mass of the population because of current economic policies. In other words, how many times are we all expected to pay? For the mass of the population who have a life of National Insurance payments, who pay as they earn and don’t avoid/evade tax, endure decades of unfulfilled pay increases, endure deliberately depleted public services, suffer broken promises on pensions etc. – what is at the end of this lifelong contribution – more charges?

A fiscal floor and the misuse of “super-parity”

29. The political talks, if not this consultative process, may signal a shift from the illusion of how “privileged”⁴⁴ we are and how we should “accept and be grateful for our lot”. In short there now appears to be a consensus that a change to the Barnett process and a new “fiscal floor” is required. However, on this particular point and in order to stop the

⁴¹ <https://www.finance-ni.gov.uk/articles/provision-temporary-agency-workers-northern-ireland-civil-service-agencies-and-non-departmental>

⁴² [Government spent over £3 billion on temporary agency staff to do civil service jobs | The Independent 9/10/22.](#)

⁴³ [Consultation Paper - Hospital Parking \(health-ni.gov.uk\) p.3.](#)

⁴⁴ <https://www.nerininstitute.net/blog/we-are-not-partying-super-parity> 28/9/23.

onset of a new myth that *marginal* alteration to the Barnett formula is enough, we should both welcome the “acceptance that Northern Ireland public services are currently underfunded [and] a fiscal floor is necessary to arrest the decline in public spending, but [also recognise]...that this alone will not be sufficient to support public services.”⁴⁵

30. This point is proven when we consider how little effect previous much celebrated spending packages had on our deep rooted problems as a society. For example, the NI Fiscal Council commented that “as recently as 2018-19, the Northern Ireland premium [i.e. the percentage above Barnett spend in England] was as high as 40% due to pots of one-off funding related to various political deals.”⁴⁶ Given this, does anyone regard this period as some sort of public sector golden age? Does anyone remember it at all in fiscal terms? Or was its quantum merely used to try and deal with the long-term damage of austerity and the mitigation costs of diluting aspects of the attack on social security provision from Westminster that dressed itself up as “Welfare Reform”?

31. It is well-established therefore that throughout the Peace Process and stop-start devolution, budgetary allocations have been reflective of “sticking plaster” one-off payments linked to particular Deals (Stormont House/New Decade, New Approach) rather than strategic investment. This contextualises current discussion in relation to “transformation” and “stabilisation” funds needed to address both the immediate crises and provide the foundation for these necessarily long-term investments. It is also accepted the scale of this overdue investment is considerable:

- The Northern Ireland Fiscal Council have estimated that public spending in Northern Ireland should be set at 27-30% of the equivalent spending in England. The current proposals in the UK government proposals only offer 24%. It should be noted that these numbers are not an objective assessment of public spending needs in Northern Ireland. They are based on a report that was commissioned for public expenditure in Wales. That report was based on how funding arrangements are agreed for regions in England. The Welsh model does adjust for certain demographic differences between regions, but it cannot capture the totality of difference in spending needs, especially in a Northern Ireland context.
- While the Fiscal Council report does make an adjustment for policing and justice spending in Northern Ireland, it is clear that the unique public spending requirements for Northern Ireland’s societal cohesion extends to all areas of public expenditure and not just policing and justice. Before reaching

⁴⁵ NERI briefing note for NICICTU on fiscal floor debate.

⁴⁶ [Stormont budget: £800m needs to be found in cuts and charges - report - BBC News 2/5/23.](#)

agreement on what level of spending Northern Ireland might get, we first need an assessment of what the current level of spending in Northern Ireland is. A target cannot be reached unless there is clarity as to where the starting point is.⁴⁷

- We also need clarity on how Northern Ireland public spending would be increased. Under the Welsh model, an uplift of 5% was added to each Barnett consequential in order to bring the overall level of spending to 15% higher than the equivalent in England (the recommendation of a similar report). This would be achieved incrementally over a number of years...however, if the uplift were to be brought in with Barnett consequentials, we would argue that the percentage increase would need to be significantly larger than 5% in order to achieve the required spending totals in a reasonable timeframe.⁴⁸

32. Most importantly, any re-assessment of a “new Barnett” arrangement, has to recognise what distinguishes our experience from that of even the most deprived other regions i.e. no region has been through Northern Ireland’s experience of inter-communal conflict with its continuing repercussive effect, inter alia:

indirect costs in terms of the diseconomies of conflict – inefficient labour and housing markets generated by intimidation and community division – the lack of social capital, the complex matrix of trust, collaboration and shared responsibility that some argue is a necessary precondition for successful development – community segregation that inhibits the scale on which local development can take place thus inhibiting opportunities for success.⁴⁹

Conclusion

33. As stated at the start of this consultative process, the economic picture with which we are presented and the economic choices that flow from them are a construct designed for a particular purpose. They are neither the whole picture nor are the options that flow from them as limited as they appear. The new economic package proposed by the Secretary of State for Northern Ireland within the talks process at December 2023 (about which there is not a hint in the consultative documents of October 2023) proves as much. In this context, a wider debate on economic policy is essential and feasible. Our starting point is that we need to look at the whole picture of tax and spend and where real economic firepower lies (in the UK Treasury). We can then decide how, most fairly, we fund publicly owned/democratically run universal public services. In the workplace our vision starts with the basic building blocks of investing in having a sufficient number of appropriately trained/rewarded/publicly accountable staff across our public services.

⁴⁷ NERI briefing note for NICICTU on fiscal floor debate. January 2024.

⁴⁸ Ibid.

⁴⁹ See ICTU (2006) in NIPSA (<https://nipso.org.uk/publications/Asset-1.pdf>)

Thereafter their expertise is drawn upon to shape the service they deliver for the society they serve. This investment is the true basis of “reform”. As for its funding, these decisions are about political choices protecting, not inflicting “punishment budgets” on those most in need and progressively taxing those currently enriching themselves at the expense of general society by their profit-gouging speculation.