

**Barnardo's Northern Ireland**

**Department of Finance**

**Consultation on Financial Context for Revenue Raising**

Barnardo's NI is the largest children's charity in Northern Ireland. In the past year we worked with approximately 18,000 babies, children, young people and families across more than 45 different services and programmes. We are a leading provider of schools-based support, reaching more than 32,000 children in schools across the UK and Ireland through our NI-managed social and emotional literacy programmes.

We deliver a wide range of services, from providing family support and early intervention, to working directly with children and families who have experienced adversity and need our support. Our goal is to achieve better outcomes for more children. To achieve this, we work with partners to build stronger families, safer childhoods and positive futures.

Barnardo's NI welcomes the opportunity to respond to the Department of Finance on the financial context for revenue raising as part of the wider departmental consultation processes. Our comments are informed by our experience supporting babies, children and families in our communities and our experience delivering publicly funded services throughout Northern Ireland.

Our response provides some general overarching comments, before providing detailed comments on the funding and delivery of public services, the delivery of better outcomes through early intervention, and the need to recognise the impact of any proposals on children and families in Northern Ireland who are living in, or at risk of, poverty.

**1. General comments**

- 1.1. Barnardo's NI welcomes that this consultation calls for input how public funds are spent, alongside how they are raised. It is essential that we re-examine the way in which public funds are spent to ensure we are achieving the best possible outcomes with monies from the public purse. The community and voluntary sector (CVS) is a key delivery partner for

public services and is well positioned to use its wealth of experience to reshape how service are commissioned and delivered more effectively.

- 1.2. Barnardo's NI recognises the extreme pressure and challenge that Departments are currently under, in terms of both decision-making and governance and the budgetary position. We believe there are positive changes that can be implemented which would result in public services being delivered more efficiently and effectively, and this consultation provides an opportunity to meaningfully explore those options.
- 1.3. The way in which public services are funded and delivered in Northern Ireland has been deteriorating over recent years, with a lack of long-term budgets, and lack of investment in early intervention and prevention. The current economic and political context in Northern Ireland has only added further pressure to a system already at breaking point. Northern Ireland's public services are now in a precarious position where many services are unsure whether they will be open in three months' time. We need action to address this situation urgently, otherwise it will be the babies, children, families, and communities of Northern Ireland that bear the consequences.
- 1.4. It is vital that government departments recognise that investment in early intervention and prevention is crucial to achieving greater efficiencies in spending and long-term budget sustainability. We recommend that this is meaningfully considered by all departments throughout this wider consultation process.
- 1.5. The financial context for revenue raising must be informed by the realities and levels of poverty in Northern Ireland, which have been compounded further by the ongoing cost-of-living crisis. Improving the sustainability of Northern Ireland's budget must not come at the cost of driving more children into poverty or increasing financial pressures on already struggling families.

## **2. The funding and delivery of public services**

- 2.1. When examining the fiscal landscape in Northern Ireland and looking forward to how we design a financially sustainable, inclusive and prosperous society, it is imperative that we examine the way we fund and deliver our public services.
- 2.2. Barnardo's NI believes that in order to ensure a better funding and delivery system for public services, the way in which services are

commissioned must be fundamentally restructured. Services delivered by the community and voluntary sector (CVS) are particularly vulnerable to the flaws in the current model as result of short-term funding and contracts.

- 2.3. Where statutory agencies are commissioning CVS organisations to deliver services, these contracts are often not awarded at full-cost recovery, meaning the voluntary sector is left to subsidise the delivery of services commissioned by the statutory sector. Furthermore, where contracts roll on to another year, there is often no uplift in line with inflation, meaning that services, commissioned years previously, are expected to deliver the same support with a real term reduction to their funding.
- 2.4. Currently, many services commissioned by statutory agencies are funded on a short-term basis. For Barnardo's NI, this results in uncertainty, not just for the children and families we support, but also the staff that work in those services. We currently invest significant time and resource into re-tendering for services that we already deliver due to the short-term funding cycles. This is time and resource that would be better spent delivering and improving our services.
- 2.5. Longer contracts would encourage a more strategic use of resources and support efficiency within departments, allowing CVS organisations to improve services, innovate and provide continuity and stability for children, families, and staff. A move to commissioning cycles of 3-5 years will allow CVS organisations to focus on service delivery, rather than funding applications.
- 2.6. Below we set out recommendations that Barnardo's NI would like to see implemented in order to address current financial issues:
  - We recommend that the minimum contract length for services commissioned by government departments is increased to three years. Barnardo's NI has previously recommended that the Department of Finance ensures successful and consistent implementation of guidelines around commissioning of services and programmes across all departments.
  - Clear guidelines from the Department of Finance on how services should be commissioned, ensuring that the contract is at full-cost recovery will mean that the great work being undertaken by CVS organisations is not constantly at risk of shutting down. The Department must ensure consistent and successful implementation of the guidelines in order for them to be effective.

- We strongly encourage the Secretary of State for Northern Ireland to take decisions about long-term funding arrangements that pose the biggest challenge to civil servants in Northern Ireland's government departments.
- We also encourage the Secretary of State to explore options to move Northern Ireland towards a longer-term budgetary environment. It is essential that budget forecasting commits to expenditure beyond an annual cycle, which had previously been the norm. This must be reflected in the way that government departments commission services and this can be done by the Secretary of State, in the absence of an Assembly and Executive.

### **3. Achieving better outcomes through early intervention**

- 3.1. Barnardo's NI strongly advocates that early intervention principles should be adopted across all departments, both as a means of ensuring better outcomes for babies, children and young people but also to creating economic efficiencies for the future.
- 3.2. Studies have demonstrated the cost-effectiveness and positive economic impacts that early intervention can have across numerous areas including crime, education, social care, employment, and future potential earnings. Research by Frontier Economics in 2022 estimated that every pound invested in youth work generates between £3.20 and £6.40 in benefits to the taxpayer due to the sector's impact on improved societal health, increased employment and education, and a reduction in crime<sup>1</sup>.
- 3.3. In Northern Ireland, evidence shows the benefits of early intervention and the costs associated with the failure to provide adequate early support to families, particularly families experiencing multiple adversities. In 2018, the cost to the public sector of late intervention in Northern Ireland was estimated at £536 million per year - equivalent to £288 for every Northern Ireland resident, or £1,166 per child<sup>2</sup>.
- 3.4. Sure Start is an example of effective early intervention and prevention. There are currently 38 Sure Starts across the region which are targeted to support children under the age of four living in the most

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<sup>1</sup> Frontier Economics & UK Youth (2022). ['The Economic Value of Youth Work'](#).

<sup>2</sup> Fitzsimons, P. and Teager, W. (2018) ['The cost of late intervention in Northern Ireland'](#), Early Intervention Foundation.

disadvantaged areas in Northern Ireland. Sure Start offers a range of services focusing on early childhood development, parenting support and family well-being. Barnardo's NI currently oversees three Sure Start projects.

- 3.5. Evidence indicates that parents agree Sure Start has had a positive impact on them and their family<sup>3</sup>, and that Sure Start helps to reduce demand on other public services, for example, by reducing hospitalisations in childhood and adolescence<sup>4</sup>.
- 3.6. This wider departmental consultation process considering Northern Ireland's budget is an opportunity to transform public spending towards a greater focus on early intervention and prevention, and work towards improving Northern Ireland's budget sustainability while also achieving better outcomes.
- 3.7. Barnardo's NI strongly endorses Recommendation 22 of the Independent Review of Children's Social Care Services in Northern Ireland<sup>5</sup>. The Review recommends that within children's social care there should be a shift away from the current dominance of crisis-based and protection-orientated services towards a greater focus on early family support.
- 3.8. In response to this Independent Review, and in collaboration with our children's charity partners in the Reimagine Children's Collective<sup>6</sup>, we have recommended that strategic, long-term prioritisation of early intervention and prevention within our communities should be supported in the following ways:
  - **Sustained and Ringfenced Funding:** We recommend that funding for family support is ringfenced to ensure investment in early intervention is prioritised and protected.
  - **Utilising the Expertise of the Community and Voluntary Sector:** The unique role of the community and voluntary sector with its focus and expertise in early intervention and prevention must be properly recognised, valued and resourced.

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<sup>3</sup> Health and Social Care Board (2021) [Sure Start Annual Report Card 2020/21](#).

<sup>4</sup> Cattan, S. *et al.* (2022). ['The health effects of universal early childhood interventions: evidence from Sure Start'](#). Institute for Fiscal Studies.

<sup>5</sup> Jones, R. (2023) [The Independent Review of Children's Social Care Services Report](#).

<sup>6</sup> The Reimagine Children's Collective (2023). ['Reimagining Children's Social Care Services in Northern Ireland'](#).

- **Better Co-operation and Collaboration:** The development of multi-agency early intervention and prevention services in local communities should be supported by the Children's Services Co-operation Act (Northern Ireland) 2015. Under this legislation, every Children's Authority has a duty to co-operate with other service providers in order to contribute to the well-being of children and young people, including through the pooling or sharing of resources. Unfortunately, the potential of this framework has never been fully realised. A refreshed, updated mandate to support and improve effective collaboration between all service providers is required.
- 3.9. As the Review states, there is an urgency required to move beyond accepting early intervention and prevention as a concept in theory or purely an ambition for a distant future<sup>7</sup>. The concept of 'invest to save' must be recognised as a solid foundation by which our public sector services should be delivered.
- 3.10. By adopting early intervention principles across all departments and public sector bodies, we can both improve outcomes for children and families while simultaneously creating savings in cost-heavy services, such as the prison service. This should be a key consideration when determining how to move forward in relation to revenue raising and expenditure of public funding.

#### **4. The impact of poverty in Northern Ireland**

- 4.1. Finally, it is crucial that poverty is meaningfully considered when assessing Northern Ireland's fiscal context – both in terms of its impact on Northern Ireland's public spending and the ability for families to realistically cope with any additional financial pressures that may arise from revenue raising measures introduced by departments.
- 4.2. Barnardo's NI is concerned that the introduction of revenue raising measures would place an additional burden on families who are already struggling, particularly for those children and families already living in, or at risk of, poverty. Children are more likely to be in poverty than any other age group in Northern Ireland, it is important that the introduction any revenue raising measures does not have disproportional negative impact on them.

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<sup>7</sup> Jones, R. (2023) [The Northern Ireland Review of Children's Social Care Services Report](#). P271.

- 4.3. This is particularly concerning given that the lack of an Executive has resulted in stagnation in strategic decision making and policy development in relation to poverty. The development of an Anti-Poverty Strategy was prioritised by the previous Executive and Minister for Communities, with the production of an Expert Panel report and creation of a Co-Design Group. However, that work has now stalled without a Minister and Executive to sign-off on the next steps.
- 4.4. As a result, the Co-Design Group produced their own paper of recommendations<sup>8</sup>, separate to the Department for Communities, in order to progress this important work. While the recommendations were an important milestone in the process, without sight of a draft strategy, or further engagement by the Department for Communities with the Co-Design Group, it is unclear to what extent these recommendations will be reflected in the Draft Anti-Poverty Strategy.
- 4.5. It is essential that work is undertaken across all departments to ensure that the Anti-Poverty Strategy is in a position to be progressed as a day one priority on the restoration of an Assembly and Executive. We will continue to advocate for the adoption and implementation of an overarching, comprehensive Anti-Poverty Strategy developed on a cross-departmental basis.
- 4.6. Furthermore, addressing the underlying structural causes of poverty and lifting children and families out of poverty, is clearly aligned to the aim of improving budget sustainability in Northern Ireland. As identified by the Independent Review of Children's Social Care Services, the impact of poverty in Northern Ireland is a main driver of demand for social care services and is highly correlated with poor mental and physical health. By reducing poverty in Northern Ireland, we will not only improve short and long term outcomes for those children and families, but this will also reduce demand on public services in the long-term, which will benefit wider society.

Barnardo's NI welcomes this opportunity to reexamine the funding and delivery of public services in Northern Ireland. It is essential that we take action to address the weaknesses within our current system. This is particularly the case for public services delivered by the community and voluntary sector as they are particularly vulnerable as result of short-term funding and contracts.

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<sup>8</sup> NICVA. (2022). ['Members of the DfC Anti-Poverty Strategy Co-Design Group produce Key Recommendations Paper'](#).

In considering revenue raising measures, the Department of Finance must ensure that it is not the CVS, who deliver so many valuable services directly to communities, who suffer the brunt of efficiencies and instead look to public sector service delivery reform, which will allow for more strategic and long-term delivery and the opportunity for more cost-saving early intervention.

We welcome that this consultation is also examining how public funds are spent, and not just how to raise additional revenue. Early intervention should be recognised as a key lever to move Northern Ireland towards a sustainable budget. Investment in early intervention has been shown to achieve better outcomes and reduce expenditure in the long term.

Finally, the impact of any revenue raising on families living in, or at risk of, poverty must be assessed. Children and families are already stretched and placing an additional financial burden on their household finances could be hugely detrimental. We urge the department to ensure this is considered throughout this process. Action must be taken to address poverty on a structural level in Northern Ireland. This will have a positive impact on our children, families and communities, and also improve the delivery of public services in the long-term.

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