

# **NI Draft Priorities and Budget Consultation**

## **2006-2008 - Institute response**

17 Dec 2005

### **DRAFT PRIORITIES AND BUDGET 2006-2008**

Consultation response from The Institute of Public Health in Ireland.

#### **1. INTRODUCTION**

The Institute of Public Health in Ireland works to combat health inequalities and influence public policies in favour of health in Ireland, North and South. The Institute applies a holistic model of health which emphasises a wide range of determinants, including economic, educational, environmental, social and biological factors, as well as public services. The Institute's work is based on the premise that improving health and reducing health inequalities in a sustainable way can only be achieved through addressing these broader determinants of health.

We believe that the strategic direction of public spending in Northern Ireland has enormous potential to impact on people's health, well being and prosperity. We welcome the opportunity to comment on the draft priorities and the associated budget for 2006-2008 as set out in the consultation document.

In summary, we recommend that:

- Tackling economic, social, educational, environmental and health inequality should be a key government priority
- The three new funding streams should be tied closer together and provide a source of funding to existing government strategies, such as the strategies regarding children and young people, anti-poverty and fuel poverty
- The Northern Ireland Government should take an active role in advocating for high level fiscal policies with potential to reduce inequality
- Prevention measures makes economic sense and prevention of social problems should be given higher priority
- Joint working between different sectors is of benefit both economically and socially, and adequate resources to the community and voluntary sectors are necessary to enable them to continue to play an active role in such collaborations.

## **2. LEARNING FROM THE EVIDENCE: THE IMPACT OF INEQUALITY IN SOCIETY**

The consultation document outlines some central issues which formed the strategic direction of the draft budget. They relate to how economic and social intervention can contribute to building equality, securing community cohesion and delivering sustainable, high quality services. It is recognised that substantial investment is needed.

In the analysis of the current situation, the document emphasises that Northern Ireland has a higher level of economic inactivity and higher levels of public spending per person than in the UK as a whole, and that substantial fiscal transfers are needed from the Exchequer to maintain current levels of public services. The case for higher levels of rate payments may be justifiable, but it is essential that a systematic analysis is conducted of why Northern Ireland has substantial social problems, so that fiscal and other public policy is directed to their root causes, rather than requiring a population on low incomes to pay more for their services.

Inequality is detrimental to social capital and social relationships. High levels of inequality reduce the quality of the social environment, which is central to the development of our society and personal and social growth. The American economist Robert Frank has shown that inequality creates unhappy and less prosperous societies, and he argues that more equal societies are better for everyone as well as having hugely beneficial impacts on the economy [1]. The correlation between social status and health outcomes is now firmly established [2, 3]. The Institute of Public Health has demonstrated how mortality and morbidity rates are closely linked with socio-economic status in Northern Ireland. There is a clear gradient in health outcomes, with those of lowest socio-economic status carrying a disproportionate burden of ill health [4, 5], which impacts on their ability to participate in society.

In our view, inequalities right across society are the root causes of the social problems identified by Government. In particular, the high proportion of people living in poverty is an issue that needs to be tackled in order to address the range of government priorities. For reasons of social justice as well as the benefits to our economy, it is essential that these issues are tackled in a systematic, structural and sustainable way. We strongly recommend that tackling inequality becomes a central priority for all government spending plans.

## **3. THREE NEW FUNDING STREAMS**

We welcome the three new spending programmes, and share the view that these are areas which, if tackled in a sustainable way, offer considerable potential to impact on the root causes of

inequalities in Northern Ireland. To maximise the positive outcome of spending it is critical that planning involves close co-ordination between government departments and existing government policies. The consultation document does reflect a degree of cross departmental thinking and activities, but the scope for synergy, in particular between the three new spending areas and existing governmental policies, could be better utilised.

### 3.1 Children and young people

Children and young people constitute, in many instances, a vulnerable group within society and therefore special effort is needed to ensure they are able to maximise their potential and live healthy, fulfilling lives. The biggest threat to children's welfare and life chances is poverty.

Currently, nearly one in three children in Northern Ireland live in poverty [6]. We know that poverty impacts on health, educational achievements, employment opportunities and on social status, which in turn have strong impact on self-esteem and confidence. Moreover, tackling childhood poverty will also tackle many of the issues associated with low economic activity and benefit dependency.

The Government will launch a Strategy for Children and Young People in Northern Ireland early in 2006. In the draft strategy there was, however, no core funding allocated to implementation, which gives the impression that the strategy is not a Government priority. With the introduction of the new funding stream of Children and Young people it would seem appropriate that the good foundation that the upcoming strategy represents is maximised through directing a proportion of the new funding towards its implementation.

The issues identified under this priority funding package (paragraph 72) seem appropriate. We would, however, recommend that a stronger focus should be directed to the provision of high quality early years education, as the evidence show clear correlation between receiving a high standard of education early in life and people's ability to overcome many of the effects of living in poverty. A focus on increasing the opportunities for play and physical activity should also be considered.

We believe that high level fiscal policy is necessary to tackle the consequences of inequality on children's lives. Evidence from the US shows that the Tax Relief policies put in place by the Clinton administration, have had unsurpassed success. Following 6,000 children over 9 years, research showed that with an extra \$1,000 to family income, tests scores rose by 2.1% in maths and 3.6% in reading. With \$4,000 extra, reading scores rose by 16% [7]. Such significant results will have huge impact on the lives of the children, their communities and society as a whole. The

existing Tax Relief policies in the UK have similar potential and the Northern Ireland Government and should promote and advocate for the extension of these schemes.

### 3.2 Skills and science

The spending programme on skills and science provides a good focus for work to tackle economic inactivity and unemployment. The aims and objectives for this funding package are largely compatible with the Government's proposed anti-poverty strategy for Northern Ireland. Like the strategy for children and young people, a lack of funding will severely limit the impact of the anti-poverty strategy. The new funding package could go some way to remedy this by being explicitly linked to the strategy and it is essential that a proportion of this funding is allocated to strategy implementation.

### 3.3 Environment and energy

We welcome the introduction of this spending programme, which seeks to contribute to sustainable development both within Northern Ireland and globally. The eligible actions identified (point 72) seem appropriate. We recommend, however, that initiatives aimed to reduce the number of people living in fuel poverty should be incorporated here. Such a focus would ensure higher degree of synergy between the new spending programmes as it would simultaneously address poverty (including child poverty) and energy efficiency. Moreover, such an approach would also contribute to improvements in public health and winter pressures on services, as well as having huge potential for preventing diseases [8].

The Northern Ireland Housing Executive is currently piloting a range of domestic energy efficiency appliances. This programme should be supported and mainstreamed where appropriate as this has the potential to contribute to energy efficiency, the environment as well as improving the economic situation of low-income households.

The link between this spending programme and the Fuel Poverty Strategy for Northern Ireland is recognised, but reference is only made to the target of eliminating fuel poverty in vulnerable households by 2010. The strategy also includes a target of eliminating fuel poverty in all households by 2016. Both targets have a caveat of availability of resources. The spending programme of environment and energy has therefore potential to enable the Government to reach its targets set out in the Fuel Poverty Strategy.

## 4. KEY THEMES

The consultation document identifies a number of key themes for government action. We wish to make specific comments on two of these.

#### 4.1 Building equality and community cohesion

A link to the anti-poverty strategy should be made under the key theme of building equality and community cohesion. The main mechanism for combating poverty is identified as supporting people from welfare to work. While a steady income from work is desirable, it has been pointed out by the Northern Ireland Anti-Poverty Network that many people live in poverty because they are either working on very low incomes, or they are unable to work. What is needed are therefore better paid jobs and levels of social security benefits that ensure that people who receive them are not left in poverty.

In a recent article, Hilary Graham [9] compares levels of poverty in western countries before and after the effects of fiscal policies are calculated in. Before these effects are taken into account, the level of poverty is similar across all countries. After taking the effect into account, however, clear differences emerge between the Nordic countries and the rest. In the Nordic countries, fiscal and social security policies reduce poverty rates to under 10%, whereas in the UK and the USA, the levels are reduced much less, and remain well over 20%.

Welfare systems do, therefore, play a significant role in determining levels of poverty and in mediating inequalities in social position. Economic, educational social, environmental and health inequalities need to be tackled at a structural level to reduce the huge differences in our society. The Northern Ireland Government has an important role in advocating for fiscal policies that can reduce poverty and inequality.

#### 4.2 Health and personal social services

Health is an essential theme for any government planning. The current Review of Public Administration and the recent Appleby report address the need for increased efficiency in the HPSS. We agree with the principle that the cost-effectiveness savings should be re-allocated to front line services, and we welcome the focus on suicide prevention, smoking cessation and teenage pregnancies as we believe that progressive action on these issues has the potential to impact on inequalities. To avoid narrowly focused action that does not recognise the links to wider social determinants and change, these issues should be set in broad public health policies.

We think it essential that all government planning for health take on board what was learnt from the Wanless review of the future of the health service [10]. In his comprehensive review, Wanless concludes that in order to make the NHS's tasks achievable and affordable it is essential to

allocate considerable resources towards prevention of disease and improvements in public health. Likewise, the Acheson report on health inequalities focuses attention for action mainly on issues outside the remit of the Health and Social Services [11]. We are concerned that the current climate in Northern Ireland is one that places too much emphasis on treating preventable disease instead of tackling its root causes. Preventing disease makes sense for the quality of life of individuals, their ability to engage in the workforce, the need for HPSS services, and, ultimately, the economy. Prevention makes economic sense. Likewise, preventing people from joining waiting lists represents the best way of reducing such lists.

We strongly recommend that prevention measures, regarding health and other social issues, are given higher priority in the Government's strategic spending plan. The Investing for Health public health strategy for Northern Ireland has been successful in bringing together agencies and organisations from a wide range of professions and sectors, and with its focus on prevention and tackling health inequalities, we believe this policy should be strengthened and resourced to continue to serve as the overarching framework for public health.

## **5 OTHER ISSUES**

### **5.1 Community and voluntary contribution**

The consultation document recognises that there are limits to what public spending on its own can achieve, and recognises the need for actions that promotes economic growth and a confident and outward looking community.

We share this view and strongly believe that the voluntary and community sectors, which traditionally have delivered important and constructive contributions to our society, have central roles to play in the future. It is therefore crucial that this role is recognised in government planning and that a strategic analysis of their contributions result in adequate funding for the sectors.

There are some existing cross-cutting programmes with strong partnership working between statutory, community and voluntary sectors that make direct impact on many of the issues identifies in the consultation document as key priorities. Such initiatives, including the four Health Action Zones, Sure Start initiatives, and Healthy Living Centres, many of which take a holistic view of the needs of families, has potential to maximise existing resources.

### **5.2 Targets**

The document sets out PSA targets for each key theme. This is helpful as it enhances the accountability and transparency of the budget process. We recommend, however, that further

work is undertaken to improve this part of the document. For example, some places (e.g. under HPSS) it is not made clear whether the target reductions represent percentage points. Other places the targets could have been more ambitious to maximise the impact on inequality, such as more challenging targets for reduction in smoking rates among those in manual occupations. Furthermore, a number of the identified targets are, in fact, processes and not measurable targets. This is regrettable as it makes accountability difficult for both departments and the public. For example, with regard to building equality and community cohesion, “supporting the Equality Commission” is not a target, but an ambition which, although laudable, does not enable rigorous monitoring.

## **6 CONCLUSION**

The strategic direction of government spending has huge potential for impacting on the lives of individuals and for us all as a society, and we welcome the opportunity to comment on the draft document. We are concerned, however, about the short period of time between the close of the consultation and the completion of the final documents, and would urge Government to make it clear how responses have been taken into account.

We firmly believe that all government economic planning should be based on the principle of social justice and that tackling inequalities should be a key priority. The scope for synergy between Government policies should be maximised and prevention measures should be given higher priority. The Northern Ireland Government should take an active role in advocating for high level fiscal policy with potential to reduce inequality.

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#### **CONTACT DETAILS**

Dr. Jane Wilde, Director, or Ms. Jorun Rugkåsa, Research Officer  
The Institute of Public Health in Ireland, Forestview, Purdy's Lane, Belfast BT8 7ZX.  
Tel: 028 90 648494 Fax: 028 90 646604.  
Email: [jane.wilde@publichealth.ie](mailto:jane.wilde@publichealth.ie). [Jorun.rugkasa@publichealth.ie](mailto:Jorun.rugkasa@publichealth.ie).  
Website: [www.publichealth.ie](http://www.publichealth.ie)