



## Belfast City Council

<b>Report to:</b>	Strategic Policy and Resources (Transition) Committee
<b>Subject:</b>	RPA – Transfer of Functions
<b>Date:</b>	15 <sup>th</sup> April 2010
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1.0	<b><u>RELEVANT BACKGROUND INFORMATION</u></b>
1.1	Members will be aware that detailed discussions have been ongoing between central and local government officials, under the auspices of the Transfer of Functions Working Group, regarding the transfer of functions to councils (refer to Appendix 1) as a result of the RPA and the associated operational and financial implications.
1.2	The Transfer of Functions Working Group was established to provide greater clarity in terms of the scope of the functions to transfer and the associated resources (where known). The Working Group comprises of senior officials from both transferring function Departments and local government including Belfast City Council with the Chief Executive as Chair of the group.
1.3	Constructive discussions have taken place over recent months to scope the transferring functions that Government Departments are to transfer; the resources attached, and to identify those operational and implementation issues which need to be addressed or require further clarification prior to transfer. This has cumulated in a suite of draft reports being prepared which set out detail on each transferring function area – copies of which are attached at Appendix 2.
2.0	<b><u>KEY ISSUES</u></b>
2.1	<p>Transferring function Departments are finalising draft proposals with regard to how functions will transfer to local government and it should be noted that the following working assumptions seem to be emerging:</p> <ul style="list-style-type: none"> <li>i) transfer will be on the basis of an 11 council delivery model which will inevitably result in resources being drawn out of Belfast, towards other parts of the region;</li> <li>ii) funding will be transferred on the basis of grant aid for initial 3 years which will bring with it a degree of centralised scrutiny/oversight.</li> </ul> <p>The Council will clearly need to give full consideration to the emerging Departmental proposals and the potential resource implications for Belfast. There appears to be a trend whereby central government departments are reviewing how resources can be redistributed from Belfast across the 11 new councils albeit the core funding/policy drivers (e.g. social and economic need) and stakeholder expectations remain unchanged. This is a major risk for the Council which needs to be managed carefully. The core principles for moving forward should be that transferring functions should be rates neutral at point of transfer with service continuity paramount.</p>

2.2	<p><b>STRATEGIC ISSUES</b></p> <p>While constructive engagement has taken place over recent months, there still remains the need for detailed work and negotiation on a range of issues, particularly pertaining to funding. Discussions on transferring functions cannot be progressed in isolation from crucial decisions yet to be finalised on:</p> <ul style="list-style-type: none"> <li>i) Establishing the true costs of the transferring functions – <i>issues around the transfer of resources and budgets are becoming increasingly complex as the process of due diligence continues to highlight the lack of clarity/detail on the true cost of delivering the services</i></li> <li>ii) How to ensure there is no adverse impact on the rate base at point of transfer – <i>potential need for some form transitional rates support grant may be required</i></li> <li>iii) Timetable for the transfer of functions – <i>clarity required as to the timetable and critical milestones</i></li> <li>iv) Confirmation on how services will transfer to local government on Day1 – <i>working assumption that functions will transfer on basis of 11 councils</i></li> <li>v) Future sustainability of funding for transferring functions and CSR process – <i>significant uncertainty remain around the future level and sustainability of funding given the fact that a large number of the proposed functions to transfer will be subject to bidding for resources under new Comprehensive Spending Review in 2011. Council officials are strongly advocating the need for a single CSR budget line for transferring functions.</i></li> <li>vi) The disaggregation of funding and resources – <i>a decision is yet to be taken as to how budgets and resources are to be disaggregated across the 11 new councils</i></li> <li>vii) Confirmation of transferring staff numbers and grades where possible - <i>this is necessary to inform any future consideration to be given to potential organisation design and service delivery models.</i></li> </ul>
2.3	<p>In the absence of any firm decisions and clarity regarding each of the aforementioned issues it will be impossible for local government and Transition Committees to undertake any effective due diligence review of the potential resource implications resulting from the transfer of functions and enable them to consider within the context of the incoming financial planning cycle for 2011/2012.</p>
2.4	<p>A number of these issues will undoubtedly be considered and negotiated at a regional level and set the broad parameters/framework for the transferring functions and any consideration given to potential service delivery models. The Council will ensure that it remains centrally involved in such discussions.</p>
2.5	<p><b><u>DSD Functions</u></b></p> <p>While detailed information is set out at Annex 1 to this report in regards to the DSD related functions to transfer to local government, the table overleaf provides a summary of the estimated budget and staff attached to the functions. It should be noted the revenue for 2010/11 is subject to confirmation of baselines following the NI Executive review of Spending Plans for 2010/11 as part of CSR process.</p>

**In this context Members will be aware that central government expects the next CSR process to be extremely challenging.**

**Table 1: Summary of estimated DSD Budget and Staff to transfer**

<b>Function</b>	<b>Budget (Rev/Capit Grant) £'000</b>	<b>Staff Costs £'000</b>	<b>Accom Costs £'000</b>	<b>Other Costs £'000</b>	<b>Income £'000</b>	<b>Staff Nos</b>
Tackling Urban Deprivation	20,000	2,780			(400)	79
Town and City Centre Regeneration	44,000	2,040	-	-	-	58
Local Community Development	7,000	176	-			5
Houses in Multiple Occupation	-	700	-	500	(500)	33
Housing Unfitness	-	8	-		-	-
Local Energy Conservation	-	-	--		-	-
Living Over the Shop Initiative	tbd	tbd	-	-	-	tbd
<b>Total</b>	<b>71,000</b>	<b>5,704</b>	<b>658k</b>	<b>500+</b>	<b>(900)</b>	<b>175</b>

2.6 While no decision has yet to be made as to the allocation of such resources, Members will note that under the current DSD policy and operational arrangements around 60% (approx) of its effort and resources, particularly pertaining to urban deprivation and Town and City Centre Regeneration, are administered within Belfast. It is estimated that 20% is targeted in the North West and 20% across other regional towns and cities.

2.7 The ongoing engagement with DSD officials has raised a number of important issues which need to be brought to the attention and consideration of Members. These include the following:

- 2.8
- **Allocation of Funding:** Whilst the methodology for the allocation of capital funding is still to be agreed, DSD departmental officials has suggested that in terms of 'Town and City Centre Regeneration' that the funding be distributed across all councils who could then direct these resources as they see fit to meet local requirements within agreed overall priorities. Belfast would receive an additional allocation to reflect its regional status and its ongoing commitments in respect of Laganside. Based on current budgets it has been suggested by Departmental officials that this would be something in the order of £2 million per new Council with an increased figure of about £4 million for Belfast to reflect its regional status (plus additional funding for Laganside).
  - **Investment Fund:** DSD has indicated that consideration is currently being given to the possible establishment of an investment fund which would administer the remaining capital funding held by the department to priority regeneration projects across N. Ireland.
  - DSD has also indicated that consideration is also being given to the possible retention of a large proportion of capital funding (subject to CSR bids being secured this potentially may be in excess of £20m) against which councils would submit bids for projects. Funding would be allocated on the basis of agreed criteria which remain to be finalised but are likely to include a project's impact on the relevant Council area and the wider region, contribution to meeting PSA targets and on its leverage of other funding.
  - Further clarification is required from the DSD on the current proposals for the creation of

	<p>such an investment fund and how it would be created, administered and evaluated.</p> <ul style="list-style-type: none"> <li>▪ <b>Asset Transfer:</b> DSD currently hold very significant working assets including land banks. DSD has stated that the working assumption in moving forward is that all assets will transfer to local government. DSD officials have indicated, however, that some 'high value' assets may transfer with conditions attached e.g. in terms of their potential future use and/or the Departments ability to claw back a proportion of monetary gain in the event of a major capital windfall being secured as a result of the asset being sold. More detailed discussion with the Department will be required.</li> <li>▪ <b>Policy Framework:</b> DSD is currently reviewing its strategy and policy framework for urban regeneration and community development and for the housing functions being transferred. Again, this may have potential implications for the future allocation and prioritising of funding. When more substantive information becomes available in regards to this review, it will be brought to the attention of Members for consideration.</li> </ul>
2.9	<p><b><u>DoE Planning Functions</u></b></p> <p>Members will note that the regional discussions with the Planning Service to date have been predicated on the following assumptions. Firstly the transfer of planning functions will take place in the context of 11 local councils each of which will have a separate planning function. Secondly, that the planning functions which are to transfer are those which were set out by the Environment Minister in March 2008, which are that district councils will take on responsibility for delivering the following key planning functions:-</p> <ul style="list-style-type: none"> <li>• local development planning, which replaces the current Area Plan arrangements;</li> <li>• development management (formerly known as development control) – in practice this will involve the councils making decisions on over 90% of planning applications; and</li> <li>• enforcement.</li> </ul>
2.10	<p>Members will be aware that the Planning Service has received a lot of negative press coverage over recent months in regards to its performance, effectiveness and value for money. As the service is primarily self-financed through planning application fees, the current economic downturn has had a significant adverse impact on the service i.e. estimated to be running at an annual operating deficit of £7million.</p>
2.11	<p>There remains uncertainty around the level of staffing and resources which are likely to transfer to local government and whether or not their will be any streamlining/rationalisation in advance of transfer.</p>
2.12	<p>In regards to the Belfast situation, discussions with Planning Service officials has indicated that under the current structure there is approximately 60+ professional staff dealing with Belfast planning related work. There are 20 additional administrative and support staff based in the Belfast Divisional Office, however, they also provide support to Castlereagh and Newtownabbey. Again, the Council will need to engage with the Department and Minister to ensure that appropriate resources transfer with functions.</p>
	<p><b><u>RPA REFORM TIMETABLE</u></b></p>
2.13	<p>Members will be aware that the Environment Minister, Edwin Poots MLA is locked in ongoing negotiations with Ministerial colleagues within the NI Executive regarding the RPA local government reform process and progressing necessary legislation including the Local Government Boundaries (NI) Order and the Local Government (Reorganisation) Bill. Discussions are also ongoing in relation to how the reform programme will be funded.</p>

2.14	It is understood that if there is no political agreement around these critical issues secured within the coming weeks, then the already tight legislative timetable would be unachievable and the local reform programme (in its current form) could be at significant risk.
2.15	In the event that the reform programme would not proceed as originally planned in 2011, there is potential scope for some functions still to transfer to councils e.g. DSD and DoE Planning related functions. The DSD Minister is already progressing the necessary legislation (e.g. draft Regeneration and Housing Bill) to enable the transfer of functions to councils. The DoE Planning Service has indicated also that it would be minded to transfer elements of Planning to councils notwithstanding any delay in the overall RPA programme.
2.16	Within this context, the Council should consider accepting the early transfer of such functions subject to a number of fundamental conditions such as transfer should be rates neutral at the point of transfer and that services being transferred should be adequately resourced. Authority is sought for engagement with the relevant departments in regards to the practical implications of handover and integration of the functions within the Council. Consideration should also be given to the potential for the Council to take forward pilots or partnership projects with central government departments in advance of the transfer to ensure the most efficient and effective transfer of functions and maximise any possible synergies which can be achieved through this process.
2.17	<p>It is suggested that in moving forward there are a number of common principles which we should all seek to achieve as part of the transfer of functions process:</p> <ul style="list-style-type: none"> <li>○ <b>Providing strong local government</b> with service performance and costs of delivery in line with national best practice;</li> <li>○ <b>Adding value for citizens</b> with increased citizen satisfaction with services and value for money;</li> <li>○ <b>Attracting developing and retaining high quality and dedicated staff</b> with increased satisfaction levels and reduced staff turnover; and</li> <li>○ <b>Providing value for money</b> with minimum rate increases and decreased costs.</li> </ul>
2.18	Detailed design work is now needed to develop viable options as to how the transferring functions may transfer and be assimilated within councils. The Council should take a lead role in driving forward such work. Council officials are continuing to engage with transferring functions departmental officials (e.g. DSD, DoE Planning, DRD Roads) to examine what is proposed to transfer to BCC. An initial officer workshop had been held in November 2009 to establish a shared understanding of the functions proposed to transfer to BCC (a copy of the workshop report is attached at Appendix 3) and it is proposed that a workshop should now be organised for Elected Members to further explore those issues.

#### 4.0 Resource Implications

There are no Human Resource or financial implications contained within this report.

#### 5.0 Recommendations

Members are asked to:

- a) note the contents of this report and the appendices attached; and
- b) agree that the Council continues to explore the potential for the early transfer of functions, notwithstanding any potential changes in the RPA reform timetable, subject to the conditions outlined above.

## **6.0 Appendices**

Appendix 1: Summary of functions transferring to local government

Appendix 2: Detailed reports on the transferring functions

Appendix 3: Copy of workshop report on discussions with transferring function departmental officials