



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Area Working Groups: Governance and expenditure procedures
Date:	14 December 2012
Reporting Officer:	Ronan Cregan, Director of Finance and Resources Gerry Millar, Director of Property and Projects
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1.0	Relevant Background Information
1.1	At the Council meeting on 3 December 2012, it was agreed that a report be submitted for consideration by the Strategic Policy and Resources Committee at its meeting on 14 December to provide assurances regarding the governance and expenditure procedures overseeing the work of the Area Working Groups.

2.0	Key Issues
2.1	<p>Investment Programme governance</p> <p>At its meeting on March 23 2012, SP&R Committee agreed that it had full responsibility for the delivery of the Investment Programme, including the allocation of resources, in line with Council’s current Standing Orders and Scheme of Delegation. In this context, it agreed to establish Member-led Area Working Groups to assist in the identification and prioritisation of projects, and to make recommendations to SP&R on the allocation of resources at a local level.</p>
2.2	<p>Area Working Groups (AWGs) – terms of reference</p> <p>At its meeting in April 2012, the SP&R Committee agreed the terms of reference for the Area Working Groups to:</p> <ul style="list-style-type: none"> i. Act as community advocates to identify local priorities and support effective ‘place-shaping’; ii. Make recommendations to SP&R Committee on investment decisions for the local area; iii. To offer advice and guidance to SP&R Committee and officers in the development and implementation of local projects; iv. Participate in and facilitate community engagement and communications activities with a wide range of groups on investment in local areas; v. Consider other area-based issues as referred by SP&R Committee; vi. To monitor progress and produce an annual report on performance. <p>Members should note that although the AWGs have no delegated decision-making powers, they are still subject to the Council’s governance arrangements including its corporate declaration of interests policy.</p>
2.3	<p>Development of the AWGs</p> <p>As anticipated, the operations and issues for consideration by the individual AWGs continue to evolve.</p>

	<p>Three key issues have resulted from this early work. Firstly, the role of the AWGs in the identification of emerging Council Capital Programme projects. Secondly, the governance arrangements supporting the allocation of monies through LIF and BIF. Finally, the equality obligations in of the Council in relation to the implementation of the LIF. These issues are examined below.</p>
2.4	<p>Council Capital Programme</p> <p>As agreed in the terms of reference, AWGs are able to make recommendations to SP&R Committee on investment decisions, not limited to LIF or BIF. In the case where an AWG identifies the need for potential investment in a Council-owned asset, the AWG must make a recommendation to SP&R to include the proposal as an emerging project under the Council’s Capital Programme. These proposals will then be subject to the governance arrangements in place to support the allocation of capital programme resources, like any other proposal.</p> <p>This will include the development of an outline business case for the consideration by the relevant Service Committee and subsequently SP&R.</p>
2.5	<p>Local Investment Fund</p> <p>The Local Investment Fund (LIF) initiative was developed to support the delivery of key local regeneration projects in neighbourhoods and as a means for Members to connect with local communities across their area, in preparation for their formal role in community planning under RPA.</p> <p>SP&R Committee agreed on 23 March 2012, there was a minimum level of investment through the LIF of no less than £15,000 and unlikely to exceed £250,000 to ensure focus on more local investments and the opportunity for a broad spread of investment across the city. North, South, East and West Area Working Groups (AWGs) were allocated £1,127,500 each, with a proportionate amount of £490,000 for the Shankill area.</p> <p>Further information on the AWGs and the LIF process was agreed by SP&R Committee on 22 June 2012, integrating legal advice from Senior Counsel. This report is appended for Members’ information.</p>
2.6	<p>Role of SP&R Committee</p> <p>Notwithstanding the important role for AWGs, Members are reminded that SP&R Committee agreed that it retained full responsibility for the Investment Programme and has a key role to play in challenging, improving and prioritising capital projects, in line with the Council’s current constitution and Standing Orders, and determines all matters relating to capital and revenue financing and borrowing.</p> <p>A separate report examining the governance implications of the reform of local government and area working is also being presented to Committee for their consideration.</p>
2.7	<p>Decisions to date</p> <p>54 LIF projects have been approved in principle by SP&R Committee at its meetings in June, August, September, October and November. The first letters to groups have been issued to clearly outline the conditions of the offer in principle and to seek clarification in respect of detailed project elements and the ability of groups to meet any additional conditions arising from specific AWG recommendations. The provision of support is subject to agreement of detailed terms and conditions and final confirmation that the proposed works fall within the scope of the Local Investment Fund eligibility.</p>
2.8	<p>Due diligence</p> <p>In order to move towards finalising support for project proposals, groups are asked to provide written confirmation and clarification of issues identified or detailed information that remains outstanding. This includes:</p> <ul style="list-style-type: none"> – Governance: constitution; appropriate policies; minutes of Board meeting to confirm grant

	<p>application</p> <ul style="list-style-type: none"> - Security of tenure: confirmation of ownership and/or permission to carry out the proposed works and occupy the land - Capacity to deliver the proposed project and approach including timescales - Proposed approach to procurement - Financial: dedicated bank account; audited accounts; insurance cover; VAT eligibility; evidence of match funding offer(s); contract documentation and any conditions attached to partner funding - Statutory consents: site plan; details of site appraisal; confirmation of planning permission; building control approval; adherence to Construction (Design and Management) Regulations 2007 - Sustainability: whole life costs; community use plan; maintenance plans; business plan/project management plan/marketing plan - Legal provision to support the proposal – Vires - Accessibility and secured community access - Equality/good relations screening - Any other supporting evidence e.g. topographical surveys, contaminated land surveys. <p>The checks will also ensure that the support is eligible under the Local Government Finance Act 2011 and the Local Government Accounts and Audit Regulations (Northern Ireland) 2006.</p> <p>Confirmation will also be sought in relation to the anticipated project delivery method and who will be appointed to undertake delivery, including whether there is any anticipated support needed from the Council.</p> <p>The individual projects will be assessed by a Due Diligence Group which has been established, comprising Officers from relevant disciplines (e.g. legal; financial) to scrutinise documentation from groups and ensure that the Council’s investment is properly protected. This will be prior to the final letters of offer being issued by the Director of Finance. Members are asked to note that no payments will be made to project promoters until the letter of offer and legal agreements are signed by both parties. This is in accordance with the financial governance arrangements for LIF agreed by Committee at its meeting on 21 September 2012 – see appendix with LIF flowchart - Delivery and LIF flowchart - Prioritisation and Initiation.</p>
2.9	<p>Equality process</p> <p>An EQIA was carried out at the outset of the Investment Programme. Now, as part of the due diligence process, officers will equality screen all the LIF projects, both individually and as a whole programme. Where any adverse equality impact is identified, either at individual project level, or at a programme or area level, mitigating actions will be devised for inclusion in the letter of offer, and/or for the consideration of the AWGs.</p>
2.10	<p>Legal Agreement</p> <p>Officers are also undertaking further work on the appropriate payment schedules, performance management and potential claw back arrangements for inclusion in the formal of legal agreements that will need to be drawn up between the Council and the project proposers. These agreements will ensure that the Council is able to provide defined support to the project proposals and monitor the ongoing community benefit of the proposed investment. Any significant modifications to the proposals arising from the additional consideration under due diligence or arising from changes proposed by the group</p>

	<p>will be brought back to the AWG for further consideration and ratification of the original decision to provide support.</p>
2.11	<p>Council-owned property and/or assets</p> <p>At its meeting on the 22 June 2012, the S&PR Committee was referred to guidance previously issued to Members whereby the LIF was to ‘only fund capital projects which are not owned by the Council.’ In general terms, the view had been taken to date that projects which fall within this category are likely to be funded through the Council’s own capital development scheme and should therefore be ineligible for funding through LIF. However the SP&R Committee clarified that a proposal in respect of a Council asset could be eligible if it was subject to a lease of reasonable duration from the Council. There are now various projects in LIF both approved and pending which involve Council assets. Some of these are being delivered by the Council directly on behalf of the third party group with no additional funding requirement or may not require a lease as a condition of match funding.</p> <p>Previous experience in the Council has shown that granting a lease to a third party group may not always be the most appropriate way forward either for the group itself, the Council or the wider community in terms of wider public access issues, the ability of the group to take on the various responsibilities and legal liabilities that come with the ownership and management of the asset and its long term sustainability.</p> <p>At its meeting on the 12 November 2012, the Parks and Leisure Committee agreed a draft policy in relation to the use of playing pitches and pavilions by the third sector/community groups. In the report it was highlighted that the draft policy reflects the environmental and governance changes, the principles of the Investment Programme, the LIF and evolving area working and project management boards. It was highlighted that there are at present a variety of arrangements in place including FMAs, leases, licence arrangements, funding agreements, project management agreements, ‘out of hours use’ agreements, agreements for service provision and agreements for individual club use. It was felt that any new arrangement needs to find a balance between preserving the best interests of the public access and the dedicated use by a particular organisation. The Committee agreed to authorise officers to continue with the next steps as outlined in the report and move towards ‘Agreements for Use’ for grass pitches and pavilions.</p> <p>It is therefore considered that the LIF criteria regarding Council assets should be amended to provide that a proposal is eligible in respect of an asset which is subject either to a lease from the Council to a third party or the most appropriate alternative arrangement between the Council and the third party depending on the particular circumstances. This could for example include ‘Agreements for Use’ type arrangements as agreed by the Parks and Leisure Committee at its meeting on the 12 November 2012 or other similar arrangements.</p>
2.12	<p>Belfast Investment Fund</p> <p>It is agreed that the AWGs continue to play a central part in the decisions related to the BIF. They will prioritise potential investment, which will be rigorously and independently in a 3-stage appraisal process, tested in line with standard ‘Green Book’ economic appraisal requirements, to test the socio-economic and social benefits of projects to the city of Belfast, as well as financial returns to the city.</p> <p>A prioritisation framework based on the information contained within the appraisals will allow SP&R Committee to consider investments on a like-for-like basis across the city. This framework will be presented to SP&R for their consideration, in due course.</p> <p>The final decision to invest remains with SP&R Committee.</p>
2.13	<p>Maximising impact</p>

	<p>Work is ongoing in relation to a corporate outcomes framework and, in a series of workshops, the AWGs are in a process of identifying priority outcomes for their areas, and any gaps in delivery.</p> <p>Further to this, Members and officers are closely involved with the area planning process for the OFMDFM Social Investment Fund (SIF). This is to ensure that maximum benefits for each area and the city are delivered, and the appropriate synergies are created with the Belfast Investment Fund and Local Investment Fund.</p> <p>Consequent to a decision of SP&R, a meeting was convened with party group leaders and those Members participating on the SIF Steering Groups. It was agreed that it was a useful meeting and, following the publication of the draft SIF area plans, another meeting with this group should be arranged to ensure a co-ordinated and strategic approach across the city.</p>
2.14	<p>Conclusion</p> <p>In a relatively short space of time, Members have enthusiastically embraced the potential presented by local area working. It is an evolving process and regularly presents issues for existing Council processes and procedures.</p> <p>Officers continue to review and monitor the processes established to ensure that they can facilitate the shared political ambition to deliver change at a local level as well as being fit for purpose, value for money and fulfil the Council’s current legal, financial and audit frameworks and obligations.</p>

3.0	Equality Implications
<p>The overall programme of AWG investments is to be screened at regular intervals to ensure that the Council is fulfilling its obligations as part of the Equality Scheme, as well as ensuring that it is in line with the Investment Programme’s underpinning principles related to good relations and balanced investment.</p>	

4.0	Resource Implications
<p>There are no resource implications arising directly from this report. Resources for the delivery of the Local Investment Fund (up to £5m) and the Belfast Investment Fund (up to up to £26.5m by March 2015) have previously been agreed by SP&R Committee.</p>	

5.0	Recommendations
<p>The Committee is asked to:</p> <ol style="list-style-type: none"> 1. Note the information above, specifically: <ul style="list-style-type: none"> – Role of the AWGs in the identification of emerging Council Capital Programme projects (2.4) – Governance arrangements under authority of the SP&R Committee (2.6) – LIF due diligence process (2.8) – Equality screening process (2.9); and 2. Agree that the LIF criteria regarding Council assets be amended to provide that a proposal is eligible in respect of an asset which is subject either to a lease from the Council to a third party or the most appropriate alternative arrangement between the Council and the third party depending on the particular circumstances. 	

6.0	Abbreviations
AWGs – Area Working Groups	
LIF – Local Investment Fund	
BIF – Belfast Investment Fund	

7.0	Appendices
1. Local Investment Fund process map	
2. <i>“Investment Programme – Local Investment Fund”</i> 22 June 2012 Report to Strategic Policy and Resources Committee	