



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Department for Social Development – Capital Programme/Funding – Update
Date:	19 June 2014
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1	Relevant Background Information
1.1	Members will be aware that responsibility for Urban Regeneration and Community Development will transfer to the new Councils on 1 April 2015.
1.2	<p>Whilst DSD will retain responsibility for the overarching policy on urban regeneration and community development, and will be responsible for regionally significant interventions, the transfer will incorporate four main areas:</p> <ul style="list-style-type: none"> • Area Based Regeneration – Neighbourhood Renewal, Masterplans and Frameworks • Physical Development – Comprehensive Development, Public Realm / Environmental Improvements and Urban Development Grants (UDGs) • Community Development – Community Support Programmes, Belfast Area Partnerships & Community Investment Fund • Transfer and Maintenance of Assets – This consists of the current DSD land bank, public spaces, the management and maintenance of the Lagan Weir and the management of the river between the Lagan and Stranmillis Weirs
1.3	<p>In order to facilitate effective change management, a two stage transfer process has been agreed through the former Statutory Transition Committee and with DSD:</p> <ul style="list-style-type: none"> • Transition – to focus on the practical arrangements/decisions necessary for Council to maintain and deliver agreed transferred services and resources on 1 April 2015. This will provide service continuity and allow planning to take place for transformation over the 2015-2017 period. • Transformation – to focus on developing the future vision, outcomes and

delivery models for urban regeneration and community development and to align with the Community Planning process, post 2017.

2 Key Issues

2.1 In preparation for the transfer of functions, DSD has formulated a resource allocation model to distribute its current resources across the 11 new Councils. This distribution model is principally based on urban population and levels of deprivation. A prospective budget reduction of 4% across the NI Executive Departments was also factored into the model.

2.2 Under this Regional Allocation Model the new Belfast City Council area will receive a total allocation of £20,418,000(indicative at present) as set out in Table 1 below. The allocation will however transfer as part of the rate and it will be for the new Council to decide how this money is ultimately allocated.

Table 1: DSD Allocation for Belfast City Council:

Component	Draft Allocation
Tackling Disadvantage	£8,700,000
Physical Regeneration Component	£5,585,000
Community Development	£1,715,000
Total Programme	£16,000,000
Laganside (ring-fenced for Belfast)	£2,592,000
Salary and GAE costs	£1,826,000
Total Allocation	£20,418,000

2.3 Over the last number of weeks, Council officers have been conducting a due diligence exercise which has involved analysing the average DSD expenditure in the new Council areas over the past seven financial years. This analysis is set out in the table below which clearly indicates that Belfast is the only area which will experience a reduction in the level of resource allocation in comparison to previous years. It should be noted however that expenditure (particularly capital) varies significantly from year to year in some areas.

Table 2: Summary of DSD's Historic Spend within new Council Cluster Areas:

New Council Cluster	REGIONAL BUDGET MODEL ALLOCATION (£,000s)	Average Spend 2007-2014 (£,000)	SURPLUS/ DEFICIT compared to Average (£,000s)
Antrim & Newtownabbey	£4,532	£1,026	£3,506
Armagh, Banbridge & Craigavon	£6,663	£5,314	£1,349
Belfast	£20,418	£26,952	-£6,534
Causeway Coast & Glens	£4,890	£2,352	£2,538
Derry & Strabane	£7,453	£7,248	£205
Fermanagh & Omagh	£2,568	£1,931	£637
Lisburn & Castlereagh	£3,495	£3,188	£307
Mid & East Antrim	£4,609	£1,619	£2,990
Mid Ulster	£3,467	£1,687	£1,780
Newry, Mourne & Down	£4,989	£4,029	£960
North Down & Ards	£5,043	£1,891	£3,152

2.4	In addition to the analysis above, Council officers working alongside DSD officials have identified that some £15.7m will be spent in supporting neighbourhood renewal and community development activity in Belfast during the 2014/15 financial year. The STC, recognising the fact that there was no time to put a new delivery model in place prior to transfer, previously agreed that the current levels of revenue support would be made available between 2015-2017 to meet the needs of communities across the city and to address the chronic levels of deprivation in 14 Neighbourhood Renewal areas.
2.5	Almost £2.6m has been allocated to Belfast for the Lagan Weir. Officers estimate however that the annual cost is likely to be £2.7m (consisting of £1.95m annual maintenance and £750,000 towards the sinking fund). The sinking fund provides the resources for seven yearly dredging and replacement of the rams every ten years.
2.6	Officers also estimate that the current sinking fund has a shortfall of circa £3.5m which would require a one off capital injection from DSD.
2.7	If one assumes that the salary allocation of £1.82m for posts associated with the services transferring from DSD to the Council are realistic (current DSD salary costs in Belfast are circa £2.6m), there will only be £300k available for the delivery of capital projects.
2.8	The consequences of this and a number of associated recommendations are set out in an associated report prepared by the Director of Property & Projects attached to this report.
<u>Transitional Funding</u>	
2.9	One of the principles of Local Government Reform is that functions should transfer at 'nil cost' to Councils. The due diligence work done to date demonstrates that whilst this might apply for 10 of the new Councils, Belfast City Council will lose out substantially in comparison to expenditure in previous years.
2.10	There is clearly a case therefore for transitional funding to be made available to Belfast City Council for the 2015-17 period given the likely reduction in resources, the fact that 8 out of 10 of the most deprived wards in NI are in Belfast and 14 out the 36 Neighbourhood Renewal Areas are in the new Belfast city Council Area.
2.11	A 2 year Transitional Funding period would allow the Council to provide appropriate support to communities whilst giving time to restructure service delivery and align resources with the new Community Planning Process.
2.12	BCC officers are currently preparing a case for Transitional Funding to be presented to DSD at a future meeting with the Minister as a follow up to the previous meeting with Party Leaders on 28 April 2014
<u>Projects of Regional Significance</u>	
2.13	When the Party Leaders previously met with the DSD Minister on 28 April 2014, Members made the case that there were a number of physical projects currently being progressed by DSD which the Council could not possibly fund from the resources due to be allocated under the Regional Allocation Model. In particular, Members referenced the next phase of Belfast Streets Ahead (BSA3) which

	alone has a projected cost of £37m.
2.14	<p>At the Minister's suggestion Council officers, in consultation with DSD officials, are currently working on a policy paper which will set out the key principles that could define 'Projects of Regional Significance'.</p> <p>This policy will consider specific references to Projects of Regional Significance within NI Executive policy documents including the DRD Regional Development Strategy and DSD's own Urban Regeneration and Community Development Framework. Officers will also draw on examples elsewhere, particularly in Scotland and Australia.</p> <p>The policy will be based on two key principles:</p> <ul style="list-style-type: none"> • Scale – i.e. where the scale of the project is such that it would be unreasonable to expect the funding to come from the notional allocation from DSD to Local Government e.g. Streets Ahead 3 • Impact – i.e. where the project is associated with schemes which will have impact and benefit beyond the Council's boundaries eg the relocation of the University of Ulster, Transportation Hub, Rapid Transit, York Street Interchange and the National Stadia
2.15	It is intended that this policy would apply to the whole of local government across a range of Executive Departments and deal with existing and future large scale projects.
2.16	It is intended that this paper would be presented to the DSD Minister and potentially the DFP Minister requesting that there should be an ongoing process for defining major projects as regionally significant which would enable them to be financed by the Executive (many delivered in partnership with Local Government).

3	Resource Implications
3.1	Council officers are currently working with DSD officials to extend revenue funding to existing recipients of DSD grants for the period up to 31 March 2017 in line with the decision previously taken by the Statutory Transition Committee.
3.2	In the absence of Transitional Funding or funding for Projects of Regional Significance there will be little, if any finance available to support capital projects currently being taken forward by DSD.

4	Equality and Good Relations Considerations
4.1	There are no equality or good relations implications identified at present.

5	Recommendations
5.1	<p>Agree to the development of position papers to support requests for both Transitional Funding and funding for Projects of Regional Significance, including University Ulster/Royal Exchange/BSA3, National Stadia and Belfast Rapid Transit;</p> <p>Seek a further meeting with the DSD Minister to make the case for Transitional</p>

	Funding for the period 2015 -2017 and the allocation of resources for Projects of Regional Significance
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6	Decision Tracking
Further detailed reports will be prepared for presentation to the DSD Minister prior to the proposed meeting.	

7	Key to Abbreviations
DSD – Department for Social Development BSA3 – Belfast Streets Ahead 3	

8	Documents Attached
Report on LGR – DSD Capital Projects Update –Neighbourhood Renewal and PREI Schemes- Proposed Prioritisation	