



Belfast City Council

Report to:	Strategic Policy & Resources Committee
Subject:	Area Working Update
Date:	17 October 2014
Reporting Officer:	Gerry Millar, Director of Property & Projects, Ext: 6217

1.0	Relevant Background Information
1.1	<p>Members are aware that there are currently a number of Council funding streams which the AWGs have played an integral role in recommending investment decisions given their knowledge of local areas. These include the Capital Programme, Belfast Investment Fund (BIF); Local Investment Fund (LIF) and the Area Interventions. However Members will acknowledge that there a number of major opportunities and challenges facing both the Council and the city currently including:</p> <ul style="list-style-type: none"> • the reform of local government and the proposed enhanced roles and responsibilities in addition to the extended boundaries including community planning, regeneration powers and spatial planning; • the emerging Social Investment Fund (SIF) projects; • a range of strategic projects being delivered across the city by partner organisations including the Rapid Transit system, the new University of Ulster, the emerging thinking around Urban Villages; • the emerging Leisure Transformation Programme (LTP) <p>An overview of these funding programmes is attached at Appendix A. Together with the continued implementation of Investment Programme, all of the above provide a great opportunity for Members to make a real difference to the economic, social and environmental wellbeing of Belfast, particularly in terms of physical investment decisions. Members agreed that given the above the Council should no longer plan in the context of its current role but should take into consideration the impact of the transferring roles and responsibilities and the enhanced boundaries of the new Council post 2015.</p>
1.2	<p>Given this changing context, Members will recall that in June they agreed that it was timely to look at the objectives and criteria of BIF and agreed that there was scope to look at how BIF/LIF could be realigned with future DSD funding as a neighbourhood regeneration fund. This was considered to be key given that the Council was proposed to become the regeneration authority for the city with a transferring regeneration budget from DSD. This had particular implications for some emerging BIF projects which required at least 50% match funding from other sources and the DSD, who were a key mechanism for many projects for securing match funding requirement under the current BIF criteria.</p>
2.0	Key Issues
2.1	<p>Members will however be aware that since this time the Regeneration and Housing Bill, which is the legal instrument for the transfer of regeneration and community development powers to local authorities from 1 April 2015, has not yet received full consideration by the NI Executive. This has a number of potential consequences for the Council. If this transfer does not happen it means that the Council will be unable to develop a combined regeneration fund and, as such, programmes including BIF, LIF, SIF and others will continue as separate programmes, thereby losing the opportunity to maximise the impact of these combined resources for local people and for city development. The opportunity to create an</p>

	integrated, strategic physical development programme for the city, linked to an agreed set of outcomes would therefore be significantly constrained.
2.2	Council officers are continuing to liaise closely with DSD with regard to the delivery of capital projects and the availability of match funding for programmes including BIF/ LIF. However given the uncertainty surrounding the transfer of functions and the on-going financial difficulties being experienced by the Executive, DSD have been unable to confirm which capital projects are being taken forward at this time. Members are asked to note that this is an evolving situation and the Committee will be verbally updated on any subsequent developments in relation to the Bill.
2.3	Members are asked to note that notwithstanding the possible deferral of the Regeneration & Housing Bill, the Council, under LGR, will be responsible for developing a community plan for the city and as part of this the new Transformation Committee will be looking at the roles, responsibilities and governance arrangements for the new Area Working Groups. There are also a number of ongoing pieces of work which will help inform future investment decisions including the development of an outcomes framework and a city vision.
2.4	However even in the context of all the above, Members will appreciate that the Council has limited financial resources and these will be stretched even further over the coming years in terms of the increased boundaries and roles and responsibilities and the Council is under increasing pressure to deliver more with less. The SP&R Committee, as the Council's investment decision maker, has a responsibility to focus on delivering the projects which can have maximum benefits and investment return for the city and local areas. Members need to properly consider the opportunity costs of approving one project over another project. This raises a number of key issues and hard decisions for Members in terms project prioritisation. It is therefore key that investment decisions are not taken in isolation and it is important the links and inter-dependencies between projects are taken into consideration.
3.0	Options for Members to consider
3.1	Members will appreciate however that in the interim the Council is continuing to come under pressure to progress a number of BIF projects which are not awaiting the outcome of DSD funding and/or which potentially have some match funding in place. Further, a key issue that is emerging in relation to BIF which is impeding the progress of a number of projects is the need to secure at least 50% match funding requirement given the scarcity of match funding sources and the competition for funding.
3.2	Members are asked to note that the South AWG has formally requested that the SP&R Committee review the match funding requirement for BIF projects which could allow projects that have a certain amount of match funding in place, but not the 50% requirement, to proceed. It is proposed that this could be reviewed on an <u>interim basis</u> until such times as the outcome of the Regeneration and Housing Bill is known, the status of DSD funding for projects is confirmed and the emerging community and area planning framework becomes clearer.
3.3	Members are asked to note that reviewing the match funding criteria does not constitute an agreement to invest at this stage in any individual project. The decision over which projects may ultimately receive funding will continue to be the responsibility of the SP&R Committee and projects will be brought forward as required for consideration.
3.4	If the DSD transfer is ultimately delayed it will be necessary to re-focus capital funding including BIF and LIF. A series of Member workshops will be organised in the near future to consider this.

4.0	Equality Implications
Emerging equality implications to be considered as further details emerge of projects	
5.0	Recommendations
<p>Committee is asked to note the contents of this report and consider the proposal put forward by the South AWG that the 50% match funding requirement for BIF projects be reviewed, on an <u>interim basis</u>, until such times as the outcome of the Regeneration and Housing Bill is known, the status of DSD funding for projects is confirmed, and the emerging community and area planning framework becomes clearer.</p>	
6.0	Appendices
<p>Appendix 1 – Overview of Funding Streams Appendix 2 – Belfast Investment Fund objectives</p>	

Appendix 1 – Overview of Funding Streams

Funding stream	Issues for Members to note
INTERNAL	
Capital Programme	<ul style="list-style-type: none"> - The Investment Programme 2012-2015 outlines plans for a £75million Capital Programme. This level of investment is supported with a capital financing budget of £10.14m. - The Capital Programme is ONLY for Council assets and cannot be used for other purposes - There are currently over 60 projects either underway or planned under the current capital programme which means that the affordability limit is already very stretched.
BIF	<ul style="list-style-type: none"> - BIF was designed to enable the Council to take a lead role and work in partnership to deliver key investment projects. 22 emerging BIF proposals have been agreed by SP&R to date. The timescale for BIF was intended as being over three Council terms – i.e. up to 2020 - From April 2014, BIF is financed through an annual £2.77m rate contribution and capital receipts. - The planned target of £20m will be reached by the end of 2014/15 . - Under the current criteria BIF projects must secure at least 50% match funding from other sources. None of the projects currently have full guaranteed match funding in place. - BIF funding is not intended to be used for Council assets
LIF	<ul style="list-style-type: none"> - £5million fixed fund which was designed to support the delivery of local regeneration projects in neighbourhoods. LIF was financed through a financed through re-allocation of existing resources. A fixed fund means that this is a ‘one-off’ pot of money and that there are no budget allocations for this beyond the current commitments - LIF projects should be completed by end of March 2015. To date 50 projects worth £3.45m have been through the Council’s rigorous due-diligence process. Funding worth £936k has been paid out - There are a number of LIF projects which have already decommitted monies due to not being able to complete the DD process. To date over £300k has already been decommitted from projects and it is likely that this figure will increase across the 5 Area Working Groups as projects either fail to get through the DD process or as match funding from sources including SIF and DSD does not materialise. A number of the AWGs also have not yet committed their full LIF allocation - LIF was not intended for use on Council assets
Area interventions	<ul style="list-style-type: none"> - £440,000 fixed programme to address particular problems or take advantage of opportunities which had been identified by the AWGs. This was financed through under-spend. - To date £357,500 has been committed to initiatives by the AWGs
EXTERNAL	
DSD projects	<ul style="list-style-type: none"> - Status of projects unconfirmed - The Council is awaiting further details of the projects which have been prioritised for spending
SIF	<ul style="list-style-type: none"> - An £80million ringfenced fund managed by OFMDFM. £37m is being invested in Belfast via SIF at both a capital and revenue level across the 4 zones.
City wide projects	<ul style="list-style-type: none"> - There are a wide range of regeneration projects being delivered on a city wide basis supported by both central government and other partner agencies including the private sector. It is important that these are also considered in the context of any

Appendix 2 – Belfast Investment Fund Objectives

The City Investment Fund (now BIF) was designed to enable the Council to take a lead role and work in partnership to deliver key investment projects which:

- Promote the image of Belfast as a place to visit
- Enable and/or promote the city as a place in which to do business
- Bring financial or other economic returns to the city which help to build the city's rate base
- Promote Belfast as a city in which its citizens have pride and belief in a brighter future.
- Enhance the city's strategic, social, cultural and environmental infrastructure.
- Provide a lasting legacy for future generations.

The objectives for the City Investment Fund were agreed in December 2007:

- create a focal point for the Council to play a leading role in the development of the city;
- create a 'can do' attitude amongst its citizens and create a sense of place and pride;
- encourage investment from and engagement of public, private and voluntary sectors, in the achievement of that aim; and
- to contribute to the Council's priorities and vision for the city.

These objectives were reconfirmed by the SP&R committee in March 2012. The SP&R Committee in **March 2012** also agreed to use the funding to support transformational/ iconic programmes or clusters of capital investment as well as single iconic projects. In **November 2012** Committee agreed an approval process for BIF projects (see appendix 2) and stipulated that projects must be at least 50% match funded from other sources and with no revenue consequences for council. It was further agreed that the time horizon for BIF was to be three council terms (2007 through to 2019/20).