



Belfast District Council (Shadow)

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| <b>Report to:</b>         | (Shadow) Strategic Policy and Resources Committee   |
| <b>Subject:</b>           | DoE Expenditure Controls  |
| <b>Date:</b>              | 26 September 2014   |
| <b>Reporting Officer:</b> | Ronan Cregan, Deputy Chief and Director of Finance and Resources Ext 6184<br>Gerry Millar, Director of Property and Projects Ext 6217 |
| <b>Contact Officer:</b>   | Mark McBride, Head of Finance and Performance, Ext 3261<br>Donal Rogan, Head of Contracts, Ext 2460                                   |

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| <b>1.0</b> | <b><u>Relevant Background Information</u></b>   |
| 1.1        | In May 2014 The Department of the Environment issued to all Councils, a Departmental Direction and Guidance in relation to the introduction of expenditure controls for the period during which the 11 new councils will operate in shadow form. A copy is attached at Appendix 1.  |
| <b>2.0</b> | <b><u>Key Issues</u></b>  |
| 2.1        | <p>The Departmental Direction is made under Section 10 of the Local Government (Miscellaneous Provisions) Act (Northern Ireland) 2010 and states that existing councils may not, without the written consent of the new council:-</p> <ul style="list-style-type: none"> <li>(a) make any disposal of land, if the consideration for disposal exceeds £100,000;</li> <li>(b) enter into any capital contract where <ul style="list-style-type: none"> <li>i. under which the consideration payable exceeds £250,000</li> <li>ii. which includes a term allowing the consideration payable to be varied</li> </ul> </li> <li>(c) enter into any non-capital contracts where consideration exceeds £100,000. Such contracts may include <ul style="list-style-type: none"> <li>i. employment contracts (e.g. individual employment contracts over £100,000 over annum and fixed-term contracts of employment exceeding £100,000 in total over the fixed-term period)</li> <li>ii. service contracts (e.g. asset maintenance contracts);</li> <li>iii. revenue contracts (e.g. accountancy or legal services)</li> </ul> </li> </ul> <p>Members will note that a similar expenditure controls process was introduced by the DoE during the operation of the Statutory Transition Committee period.</p> |
| 2.2        | It is important to note that the release of this guidance does not preclude the necessity to follow Belfast City Council Standing Orders and the associated processes for entering into contracts and land disposals, requiring approval through the Strategic Policy and Resources Committee and Full Council.   |
| 2.3        | The guidance states that “Councils should have their three year capital plans and revenue expenditure forecasts examined and approved by the new council (in shadow form) at the beginning” which would mean that only those transactions above and beyond what are in the three year capital plans and relevant expenditure forecasts would be subsequently have to be   |

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|     | referred to the new council (in shadow form).  |
| 2.4 | The guidance further states that all other disposals, capital contracts and non-capital contracts and borrowings outside of the three-year capital plans and revenue expenditure forecasts should comply with the DoE Direction as set out above.  |
| 2.5 | <b>Capital Contracts</b><br>In July as part of the expenditure control process the Shadow Council endorsed the Capital Programme for 2014/15 – 2016/17 as formally agreed by the Statutory Transition Committee. Capital contract commitments are processed in accordance with the agreed stage approval process within the capital programme reports. |
| 2.6 | <b>Non-Capital Contracts</b><br>Appendix 2 outlines the list of proposed non-capital contracts which have secured or are due to seek BCC approval. These are submitted for consideration and consent of the Committee and new council (operating in shadow form).  |
| 2.7 | <b>Land disposals/acquisitions</b><br>There are no land disposals or acquisitions for consideration this month.  |

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| <b>3</b> | <b>Resources</b>   |
|          | <b><u>Finance</u></b>  |
| 3.1      | The financial resources for these contracts will be met within the current departmental budgets.             |
|          | <b><u>Human Resources</u></b>  |
| 3.2      | There are no additional human resource implications  |
|          | <b><u>Assets and other implications</u></b>  |
| 3.3      | The asset and other implications associated with this report are covered within the capital programme update |

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| <b>4</b> | <b>Equality and Good Relations Implications</b>      |
| 4.1      | There are no equality implications from this report. |

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| <b>5</b> | <b>Call in</b>                       |
| 5.1      | This decision is subject to call in. |

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| <b>6</b> | <b>Recommendations</b>   |
| 6.1      | The Committee is recommended to: <ul style="list-style-type: none"> <li>(i) give consent to the contracts as set out at Appendix 2 which have already been presented to BCC Strategic Policy and Resources Committee;</li> </ul> |

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| <b>7</b> | <b>Decision Tracking</b>  |
| 7.1      | Both, Ronan Cregan, Deputy Chief Executive and Director of Finance and Resources and Gerry Millar, Director of Property and Projects will be responsible for ensuring the council decision is adhered to. |

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| <b>8</b> | <b>Abbreviations</b>  |
| 8.1      | DoE; Department of Environment<br>BCC; Belfast City Council |

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| <b>9</b> | <b>Documents Attached</b> |
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**Appendix 1** DoE Guidance and Direction 'Expenditure Controls'

**Appendix 2** List of proposed capital and non-capital contacts