

NI City and Growth Deals: Governance and Funding Arrangements – Response from BRCD Partners

This document sets out a response to the Northern Ireland City & Growth Deals: Governance and Funding Arrangements paper shared with the Belfast Region City Deal (BRCD) Partners in December 2019.

General		<p>City Deals are based on a collaborative approach from across government to the creation and development of robust projects that deliver for the region.</p> <p>In that context the new governance arrangements would mean a change in membership from NI Civil Service (NICS) on the BRCD structures. Colleagues from the NICS on the BRCD Board have made an important contribution to the development of the deal and it is vital in maintaining momentum and collective commitment that the direct contribution of the NICS to the development of the deal is retained. The BRCD Board will wish to continue discussions in relation to how best this can be achieved.</p> <p>The governance and funding document has a very specific focus, but may benefit from an introductory section on the nature and purpose of City Deals.</p>
Section 2	NI Governance	<p>The BRCD Partners wish to clarify whether, in the context of the collaborative model of city deals, there is scope for the Accountable Body to sit as an observer on some of the NI-wide governance structures?</p> <p>The BRCD Partners wish to stress the importance of pre-Deal efforts within NICS to be in supporting/engaging on the development and appraisal of high quality projects that deliver the BRCD objectives. The new governance structures will add greatest value following the development of Outline Business Cases (OBCs) and after agreement of the Deal Document.</p>
2.25	Funding Splits	<p>Section 2.25 states that the Oversight Group would be “recommending the level of NI Executive funding that will be provided to each Pillar”.</p> <p>The BRCD Partners have previously agreed principles around an approach on reducing the ask to £350m relating to the innovation & digital pillars and would wish to have strong involvement in any discussion and recommendation in decisions across all pillars, in line with the agreed vision and objectives of the BRCD. For example, Tourism and Regeneration is a key growth sector for the BRCD. A significant level of investment from local government is being allocated to Tourism and Regeneration projects and this should be an important consideration when deciding on the split between tourism and regeneration and infrastructure.</p> <p>In addition, at Para 5.21, it states that the Delivery Board determines</p>

		<p>the level of funding to be allocated to each Department. Could the Department of Finance (DoF) please clarify the respective roles of the Executive Board, the Delivery Board and the Oversight Group in determining levels of funding?</p>
2.25	Funding Profiles	<p>Section 2.25 states that “the Accountable Body” will provide “forecast expenditure profiles” for approval. As this will be prior to Deal Document agreement, should this be replaced with “the BRCD Programme Office”?</p>
2.3	Delivery Board	<p>Para 2.3 states that the Delivery Board “ensure as far as possible that projects are complementary and with no undesirable duplication”.</p> <p>Para 5.1 (which deals with a similar role for Accountable Departments) provides additional language as follows:</p> <p><i>“However, the department should also be cognisant of the policy intent behind City/Growth Deals and recognise that the funding provided is for projects falling within the geographical area for each agreed Deal.”</i></p> <p>Could this language be added to the Delivery Board role language at Para 2.3? The Executive Board believe it is important to remember the ‘placemaking’ basis of City Deals.</p>
2.4	Deal Documentation	<p>The Partners recommend the establishment of a joint group to start work on the development of Deal implementation documentation.</p>
2.44	Business Case ‘sign-off’ – Executive Board	<p>Para 2.44 states that a responsibility of the Executive Board is to ‘sign-off’ business cases prior to them being submitted to the relevant NI Department.</p> <p>In addition, Section 4.12 of latest paper reads:</p> <p><i>“The X Region Programme Board will provide assurance to the accountable department when business cases are submitted for expenditure approval. This will include assurance that the business cases are fit for purpose, proposals are technicality and financially viable and meet value for money requirements. The X Region Programme Board may ask the Accountable Body to assess the business cases and provide it with these assurances”</i></p> <p>The Programme Office will continue to engage with the Department of Finance in relation to the different stages of decision making on business cases and the role of the Executive Board. This should follow the approach applied in other City Deals, an approach that was confirmed during recent discussions with the Ministry of Housing, Communities and Local Government (MHCLG) and, as discussed at the recent meeting of the Executive Board in relation to the innovation projects, the initial consideration of business cases</p>

		<p>will result in a decision as to whether business cases can go forward for review by the NI and UK Governments.</p> <p>Requiring the Board to authorise grant claims which will already have been approved by the Accountable Body adds an unnecessary layer of bureaucracy.</p>
Section 3	Profiling	<p>In previous discussions with the Department, it has been indicated that they will work flexibly and provide capital funding profiles matching profiles based on the OBC Financial Cases, in so far as is possible, to inform the Financial Plan & Agreement. They have also confirmed that this can and will be an iterative process, constantly being refreshed to reflect timing need.</p> <p>NICS have confirmed that the profile between NI Funding and UK Funding does not necessarily need to be the same. They have further added that whilst UKG funding comes to DoF over 15 years, it does not need to flow from DoF on same basis and is likely to come over a shorter time period.</p> <p>Can the Department please confirm that this is the case?</p>
3.7/3.11	Alternative Projects	<p>The current language used re alternative projects in proposed arrangements '<u>same VfM requirements</u>' needs to be discussed.</p> <p>The BRCD Partners have discussed principles around revising projects and they are wider than 'same VfM requirements'.</p> <p>Could the language be amended from 'same VfM requirements' to 'same City Deal requirements' or "which meets the same objectives and has been considered in accordance with the agreed OBC process".</p>
3.12	ALB Funding	<p>Para states "Where appropriate the accountable department may delegate this (funding) role to an ALB".</p> <p>It has been indicated verbally that post-approval funds flow would be as streamlined as possible.</p> <p>Para 3.12 indicates that an ALB could be used.</p> <p>Could it be confirmed that the preferred approach is to reduce the number of bodes involved in funding flow? For example, can the Department state that Tourism NI and Invest NI would not be involved in the funding flow for tourism and for innovation projects respectively, due to the potential level of complexity and delay that it adds? The Board would welcome the opportunity to discuss further the funding flows with the view of minimising cash flow costs.</p>

3.14	Reduction of funding outside BRCD	The BRCD Partners consider that in relation to the final sentence, the impact of the City Deal on capital DEL depends on other budgetary decisions and that this is really a matter for the Executive and question the need for its inclusion within this document.
3.18	OBCs	Given the delivery period of the Deal is ten years, is it realistic to require, “An OBC must be approved for each project before the City/Growth Deal document can be agreed”?
3.20	Early Release of Funds & Capitalisation	NICS have previously agreed that they would provide a high-level principles paper by way of guidance around the early release of funds and capitalisation policy. Could the Department please provide us with confirmation as to when this paper will be provided?
3.21	Pillar-level Flexibility – Grant offer letters	<p>The BRCD Partners believe it is imperative that the Accountable Body has appropriate flexibility to manage the City deal funding flows which are subject to the Grant offer letters (and particularly given the labour-intensive role assumed by Accountable Body at 3.22)</p> <p>Previous discussions have indicated that this flexibility would be in the way of budgetary flexibility on a pillar level (including potentially combining innovation and digital as these would both be through the same NI Department). We understand that this will be subject of the Financial Plan & Agreement – but can we get confirmation now that this will be the approach?</p>
3.25	Under / Overspends	Further discussion is required on the management of under / overspends at both project and pillar levels.
4.11	Delays in Approval	The BRCD Partners request the following language is added at the end of Para 4.11: <i>“including through the early engagement by Departments on individual projects through a workshop approach”</i>
4.12	Accountable Body	Could the Department please confirm the timing of the establishment of the ‘Accountable Body’. Our understanding is that this will commence at the point of Deal Document signing. “The X Region Programme Board may ask the Accountable Body to assess the business cases and provide it with these assurances.” It should be noted that the Accountable Body will not exist at the time OBCs are submitted.
Section 5	Business Case Approval	It would be helpful to have further clarity on the assessment process to be used in relation to innovation projects, for example, in relation to innovation projects, whether Invest NI will be used, and whether Invest NI will employ technical appraisers/ consultants. With MHCLG doing likewise in seeking UK advice there is the potential for duplication.

5.5	Accountable Body presentations	<p>Section 5.5 states that:</p> <p>“The lead department should convene and chair a casework committee to review the business case. The lead department may ask the Accountable Body to lead the presentation of the proposal to the Casework Committee”</p> <p>It is our expectation that the presentation of specific project proposals to a Casework Committee would be done by project sponsors and that these would also be done in advance of the Deal Document being signed and therefore in advance of an Accountable Body being in place. Could the Department please consider amending this paragraph to reflect this understanding?</p>
5.16	Business Case submission	<p>The BRCD Partners believe that this is an error and it should read ‘Executive Board’ instead of Accountable Body.</p>
General	Grant Offer letters	<p>The current paper does not cover the Letters of Offer/ Grant Letter content in any detail and it would be useful to have an indication of how this would sit alongside a monitoring and evaluation framework for the Deal. While it may seem early to consider, this can be a major source of delays. The Programme Management Office, with the support of the Finance Directors group, will commence liaison with DoF on this issue.</p>