



## Belfast City Council (SHADOW)

<b>Report to:</b>	Shadow Strategic Policy and Resources Committee
<b>Subject:</b>	<b>LGR Transfer of Functions Budgets – Due Diligence and Reconciliation</b>
<b>Date:</b>	28 November 2014
<b>Reporting Officer:</b>	Suzanne Wylie, Chief Executive Designate
<b>Contact Officer:</b>	Ronan Cregan, Deputy Chief Executive & Director of Finance & Resources Ext 6148 Mark McBride, Head of Finance and Performance Ext. 3261

<b>1</b>	<b>Relevant Background Information</b>
1.1	Members will be aware that over recent months there have been ongoing discussions within the NI Executive and transferring function departments to identify and quantify the proposed resources (budgets, staff, assets and liabilities) which would be attached to the functions transferring to local government as a result of the local government reform programme.
1.2	It had been initially anticipated that on 1 April 2015, local government would be given operational responsibility for spatial planning, regeneration and community development, off-street car parks, additional regulatory housing functions including Houses of Multiple Occupations (HMOs) and housing unfitness, as well as an enhanced role in supporting local economic development and tourism.
1.3	The Minister for Social Development, Mervyn Storey MLA, recently submitted a Written Ministerial Statement to the NI Assembly confirming the deferral of the transfer of DSD's regeneration and community development responsibilities to councils to 1 April 2016. The Statement also confirms that the regulatory housing related functions (i.e. registration of housing of multiple occupancy and the ability to issue repair and demolition notices) will remain the responsibility of the NIHE until a new transfer date is agreed. <b>N.B - a separate report is on the Committee's agenda.</b>
1.4	The transfer of such functions, coupled with new statutory community planning powers, will further enhance the ability of councils and local elected members to respond to the needs of local communities and shape, in partnership with others, the future development of their city.
<b>2</b>	<b>Key Issues</b>
2.1	Members will be aware that Deloitte had previously been commissioned by the Regional Transfer of Functions Working Group to undertake a detailed due diligence review of the resources to accompany the transfer of functions from Central to Local Government as part of LGR. A Due Diligence Findings Report (May 2014) had been submitted to the Council's Shadow Strategic Policy and Resources Committee in June 2014.

2.2	Subsequently, in August 2014, the DOE submitted a further report to the Regional Transitional Operational Board (RTOB) outlining revised budget allocations for transferring functions. The report also included proposals in relation to notional cost budgets (e.g. accommodation, ICT, HR support costs) attached to the transferring functions. In some areas, the revised budget proposals differed from the May 2014 Due Diligence Report.
2.3	In order to ensure that proper assurances could be provided to elected Members of the Shadow Councils on the robustness and adequacy of the proposed revised budgets, the Local Government Chief Executive's Group (comprising of the Chief Executives of the 11 new Councils) commissioned Deloitte to undertake further due diligence on the revised budget allocations proposals. The objective of the due diligence work was to critically examine the budget proposals, reconcile with previous figures presented and importantly identify any specific issues and/or areas of concern.
	<b>Deloitte Reconciliation Report</b>
2.4	Attached at <b>Appendix 1</b> is a copy of the Deloitte Reconciliation report recently received. It should be noted that the this report provides a regional overview of the resources to transfer and does not set out the proposed resource (budget, staff, asset) allocations for the 11 new councils (including Belfast). The allocation of resources to the 11 Councils will be a decision to be taken by the Minister with responsibility for each transferring functional area.
2.5	In reviewing the Deloitte report, there remain a number of key issues which require further engagement and negotiation with the specific transferring function departments and DFP. These include: <ul style="list-style-type: none"> <li>• <b>Planning Portal</b> - There is currently no budget identified to transfer for the operation and maintenance of the Planning Portal, as well as for any future capital replacement costs for the Portal (subject to renewal in 2019).</li> <li>• <b>Local Development Plans</b> - concerns regarding the limited budget currently proposed to transfer to each Council for the preparation of Local Development Plans (e.g. £26k per council per annum proposed to cover required technical assessments/advice including retail and sustainability assessments).</li> <li>• <b>Planning Legal Costs</b> – no budget currently proposed to transfer for potential legal costs attached to the planning process and which could substantive (e.g. Judicial Reviews).</li> </ul>
2.6	At a regional level, a letter has been issued to the DOE Minister on behalf of the Local Government Chief Executive's Group (attached at Appendix 2) picking up on a number of the key issues highlighted in the Deloitte Reconciliation Report and seeking urgent engagement with DOE, DFP and relevant transferring function departments to bottom out the concerns of local government.
2.7	Members should note that it is unlikely that there will be final agreement by the NI Executive on the actual overall transfer of functions budget (and subsequently the individual 11 council budget allocations) reached until early 2015. Clearly this will impact upon the Council's own budget setting processes.
2.8	Notwithstanding, Council officers are in intensive engagement with respective transferring function departments (including, DOE Planning, DRD, DETI and DSD) to carry out its own due diligence around the potential resources to transfer to the council. Detailed work is also underway to start to build the budget estimates for the transferring functions which will be brought forward for Members consideration as part of the estimates process in January 2015.
<b>3</b>	<b>Resources</b>
3.1	There will clearly be both financial and HR implications emerging from the transfer of functions to the Council. Detailed due diligence work is underway in liaison with the respective transferring function departments to inform the development of the budget estimates. A detailed report will be

	submitted to Committee in January 2015.
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<b>4</b>	<b>Equality and Good Relations Implications</b>
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4.1	There are no equality implications contained within this report. The deferral of the transfer of regeneration and community development powers to the Council means that DSD will continue to have responsibility for the delivery of the powers up until 1 April 2016.
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<b>5</b>	<b>Call-in</b>
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5.1	This decision is subject to call-in
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<b>6</b>	<b>Recommendations</b>
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6.1	The Committee is asked to note the contents of this report and the appendices attached.
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<b>7</b>	<b>Documents Attached</b>
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<b>Appendix 1</b> Deloitte Reconciliation Report	
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<b>Appendix 2</b> Letter to DSD Minister on behalf of Local Government Chief Executives Group	
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