

Strategic Policy and Resources Committee

Friday, 4th February, 2011

MEETING OF STRATEGIC POLICY AND RESOURCES COMMITTEE

- Members present: Councillor Crozier (Chairman);
the High Sheriff (Councillor Adamson); and
Councillors Attwood, D. Browne, W. Browne,
M. Campbell, Garrett, Hartley, Hendron, N. Kelly,
Lavery, McCarthy, McVeigh, Newton, O'Reilly,
G. Robinson, Rodway, J. Rodgers and Stoker.
- Also attended: The Right Honourable the Lord Mayor
(Councillor Convery); and
Councillor Kingston.
- In attendance: Mr. P. McNaney, Chief Executive;
Mr. C. Quigley, Assistant Chief Executive;
Mr. G. Millar, Director of Property and Projects;
Mrs. J. Thompson, Director of Finance and Resources;
Mr. S. McCrory, Democratic Services Manager; and
Mr. J. Hanna, Senior Democratic Services Officer.

Apology

An apology for inability to attend was reported from Councillor Hargey.

Minutes

The minutes of the meetings of 7th and 21st January were taken as read and signed as correct. It was reported that those minutes had been adopted by the Council at its meeting on 1st February, subject to the omission of the minute under the heading "Financial Estimates and District Rate 2011/12" which, at the request of Councillor Crozier, had been taken back to the Committee for further consideration.

Local Area Based Initiatives - Underspend Proposals

(Mr. J. McGrillen, Director of Development, attended in connection with this item.)

The Committee considered the undernoted report:

“Purpose of the report

To seek approval for the local area based initiatives identified by Members for £100k of underspend from the 2010/11 budgets.

Background

As Members will recall, a report was considered and agreed at the Strategic Policy and Resources Committee meeting of 19th November 2010 regarding the utilisation of £100,000 of the 2010/11 underspend for the delivery of area-based initiatives. It was agreed that the monies would be distributed equally on a North, South, East, West basis within the current year. No decisions were made with regard to the boundary design for the North/South/East/West areas. The approach to this was Member led with Officers in support.

It is anticipated that this pilot approach will be used to inform proposals to invest £1 million in new and innovative approaches to integrated service delivery at a neighbourhood level in 2011/12 which was approved at the January 2011 meeting of the Strategic Policy and Resources Committee as part of the revenue estimate setting process. It is recognised that this investment in 2011/12 is still under consideration due to the late change in estimated rates income notified by the Land and Property Services and the implications for the 2011/12 rates setting process (separate agenda item).

Key issues

In order to drive the process forward, the following guiding principles were approved by the Committee for this pilot approach for the North/South/East/West spend:-

- Alignment with the Council’s current corporate priorities;
- Alignment to the priorities and requirements of local people;
- The process should be assured as fair and equitable;
- Initiatives should allow the budget to be spent by end of Mar 2011;
- Expenditure must be within the Council’s legal powers and subject to any criteria and financial procedures as determined by SP&R;
- Regular reports on progress to the SP&R Committee;
- All learning from the pilot to inform future development of integrated service delivery at a local level.
- Projects would be approved by the Strategic Policy and Resources Committee.

A series of meetings have since taken place in January with Members on a North, South, East, West basis in order identify a range of projects within those areas that could be delivered within the timeframe and that would provide the greatest impact at a neighbourhood level. For the purposes of the exercise, the Shankill was included within the north of the city and Members were invited to workshops on this basis.

Elected representatives from the Shankill area made it known to Officers that they were not happy with this approach and requested to have their own meetings and to submit their own projects for consideration. They have requested that funding should be apportioned from the North and West areas to accommodate these proposals. To this end, a number of proposals have also been tabled separately for the Shankill at the request of Members from that area which are in addition to those identified on a North/South/East/West basis

Proposals

A number of potential projects have been identified and agreed by Members within their area based groups. These projects are detailed in full in Appendix 1 for the Committee's consideration and endorsement. As some of the projects may not entirely fall within the range of the Council's existing statutory functions, the Town Solicitor has suggested that an appropriate resolution be made by the Council under Section 115 of the Local Government Act (NI) 1972. The Town Solicitor has also suggested that appropriate forms of legal agreement be completed in those cases where the proposed items of expenditure involve making payments to outside groups.

Feedback from the process

As Members will recall, it was agreed that all learning from this process would be used to inform how the council's shapes its approach to integrated service delivery at a neighbourhood level. A further report on this learning and recommended next steps will be brought to the Committee in due course but some initial feedback from the process is highlighted below:

- The tight timescales and relatively small financial allocation made it difficult to make strategic decisions on funding allocations.
- There is a need to establish ground rules from the outset in terms of the role and function of the area working groups, deadlines for tabling proposals and a process for prioritising proposals.

- There is a need to gain consensus on the key principles and priorities for each area from the outset. This will help determine what types of proposals can be considered.
- Clarity around the use of funding and additionality is essential to ensure maximum impact is achieved.
- The geographical boundaries will need to be determined and agreed in advance of future work of this nature.
- Consideration needs to be given as to how the resources are allocated to those areas.
- Expectations need to be managed when working up proposals if external organisations are to be involved.

Resource implications

£100,000 approved from the 2010/11 underspend.

Recommendations

It is recommended that the Committee:

- 1) note the contents of the report.
- 2) Approve the projects contained within Appendix 1 on a North/South/East/West basis and the associated funding requests.
- 3) Agree the preferred option for South Belfast.
- 4) Consider the proposals tabled for the Shankill area and suggest how Officers should proceed.
- 5) Adopt the foregoing recommendations of the Town Solicitor in relation to the completion of any requisite legal agreements.
- 6) Adopt the recommendation of the Town Solicitor in relation to those elements of expenditure which require to be approved under Section 115 of the 1972 Act, the Council being satisfied that the expenditure is in the interests of the Council and the relevant districts of the Council, and will bring direct benefit thereto.

Equality Implications

This project is essentially a pilot study to inform proposals for integrated service delivery in the future, given the timescales it has not been possible to conduct an EQIA on the proposed expenditure. The proposals, however, are wide ranging and cover all areas of the city. They have been politically agreed by Members at the local level and would not appear to impact on any Section 75 groups. Any future development of the Integrated Service delivery process will be subject to an EQIA.

Key to abbreviations

N/S/E/W – North, South, East, West

Documents Attached

Appendix 1: Area proposals

Appendix 1

North Belfast Proposals

Proposal	Cost
Friends of the Waterworks Purchase of a marquee (size 80-100ft = 30m long and 8m wide) with poles, covering and flooring.	£1,500
Families Waterworks Fishing and Outdoors Club Installation of a platform which will also double up as a launching area for the Wheelie Boat. Installation of 4 Gabions layered with plastic, decking panels, secure handrail and gravel pathway.	£2,000
A landscaping scheme small planting on the grassy verge outside the shop fronts and opposite the Wolfhill Centre on the Ligoniel Road. Local community and schools will be involved in the general clean-up which could be facilitated by the Community Awareness Team in Cleansing.	£3,205.46
Support for a multi-cultural cross-community event for older people on St Kevin's Hall, North Queen Street in March 2011. An initiative of the Inner North Neighbourhood Renewal Partnership - working through a joint partnership between LCAP and New Lodge CEP (covering areas including Mount Vernon, Whitewell, New Lodge and Carrickhill).	£1,000

<p>Benview Pensioners Club Royal Wedding Celebration event</p> <p>Incorporating a celebration event into their monthly tea dance to mark the Royal Wedding</p>	<p>£500</p>
<p>Installation of two additional Alleygates</p> <p>- Thorndale Ave/Duncairn Ave and Dunore Court - Alexandra Park Avenue</p>	<p>£14,000</p>
<p>Lighthouse project</p> <p>Provision of six Art Therapy classes for 70 people who have lost a family member through suicide.</p>	<p>£420</p>
<p>Suicide prevention programme – PIPS ‘Mind your mate’</p> <p>Proposal to deliver training to 120 young people in North Belfast PIPS Mind Your Mate has been developed specifically to train young people how to identify a friend who is at risk of suicide, how to talk safely and effectively to them and how to link them to the help they need. Young people saving other young people from suicide.</p>	<p>£3,000</p>
<p>Total</p>	<p>£25,625.46</p>

South Belfast Proposals

South Belfast Councillors agreed that the funding would be allocated to the development of a retail-led marketing campaign for South Belfast. There are two options that could be considered with regard to this.

Proposal 1	Cost
<p>The first proposal is a campaign that would focus on already established neighbourhood shopping areas including - Lisburn Rd, Sandy Row, Botanic Avenue, Ormeau Road, Stranmillis Road, Queen’s Quarter and Donegall Pass. This programme will capitalise on the distinctive character and offerings of bespoke districts. It will be delivered in conjunction with BVCB.</p>	<p>£25,000</p>

Proposal 2	Cost
The second proposal that has been brought forward is to allocate £12,500 to the Lisburn Road Retailers' Association for retail marketing support on the basis that match funding is provided from the Association. The remainder of the monies would be allocated to support other shopping areas as detailed above.	£25,000

East Belfast Proposals

Proposal	Cost
EBCDA – Templemore Avenue School development Proposal to travel to the US for meetings with potential investors to secure donations of £100,000 or more towards the development of the Network Centre on the site.	£7,500
Social Economy Care project A Partnership has been established with Short Strand Community Centre, Oasis, Orchardville, East Belfast Partnership and EBCDA to establish a social economy project which would create employment opportunities for long term unemployed people through the provision of health and social care services such as domiciliary care etc. The project requires support for start up preparations.	£5,500
Alleygating Provision of funding for the installation of alleygates in the Pottinger and Victoria areas. Exact locations will be agreed with East Belfast members.	£12,000
Total	£25,000

West Belfast Proposals

Proposal	Cost
West Belfast Partnership Board Support requested to help facilitate the delivery of 2 conferences, one to be held in West Belfast and one in Shankill. The conferences will focus on the West Belfast and Great Shankill Task Force and the projects associated with them.	£3,000

<p>Tar Anall Older Person's Project & Intergenerational Project</p> <p>Funding will be used for a 6 week ceramic course and an intergenerational project involving a series of intergenerational workshops culminating in an event to coincide with St. Patrick's Day</p>	<p>£2,000</p>
<p>First Steps Playgroup</p> <p>Funding will be used to purchase new equipment which will be age appropriate and will support the different stages of learning and development</p>	<p>£1,000</p>
<p>Kids Together - Out of School Project</p> <p>Support for an Out of School project which will run from 7th February – 12th March 2011. The programme of activities will include; Drama workshops – 6 sessions; Music & Movement workshops – 6 sessions and Purchase of equipment.</p>	<p>£1,680</p>
<p>Half Moon Lake</p> <p>Funding will be used to carryout further works to the lake that will contribute to the regeneration of the facility and help achieve the long term goal of opening the facility and getting local people and schools using the site for educational, recreational and environmental purposes. Works that will be funded include environmental and historical artwork and signage.</p>	<p>£2,320</p>
<p>Upper Andersonstown Community Forum</p> <p>Funding will be used for a series of facilitated planning session with the Forum and its affiliated groups that will result in the development of a 3 year strategic plan.</p>	<p>£4,500</p>
<p>Clonard Residents' Association</p> <p>Funding will be used to draft architect plans for the development of a community centre on land set aside at the Site A facility on Springfield Avenue. The plans will be used to support efforts to secure funding for a capital build project</p>	<p>£2,000</p>

Blackie River Group	£1,200
Support for the development of and Older People's project by engaging them in healthy living activities	
St James' Forum – Kidspace project Development of a small green space known locally as the 'Kidspace'. Funding will be used to remove trees, carry out soft landscaping including the planting of beds for growing vegetables.	£1,200
Relatives for Justice – Therapy Room	£1,200
Funding will be used to purchase equipment for the Therapy Room including the purchase of sinks and therapy tables	
Black Mountain Shared Spaces project	£3,000
Funding will be used to facilitate a series of action planning days as part of a feasibility study.	
Newhill Youth and Community Centre	£1,900
Funding proposed for two projects – Equipment support for First Steps Childcare which operates out of the centre and the delivery of inter-generational project for the 50+ group and the youth group.	
Total	£25,000

Shankill Proposals

Proposal	Cost
Greater Shankill Partnership	£3,000
Funding support to deliver a conference that will consider the Greater Shankill Task Force Report, Neighbourhood Renewal Action Plan, Strategic Regeneration Framework and agree a set of development priorities for the area. This conference will run in parallel to the West Belfast Task Force conference and both areas will come together following this to agree a way forward.	
North & West Belfast Parades Forum	£3,910
Funding support required to deliver two training courses on Community Safety Stewarding/Parade marshalling, purchase of materials such as high visibility jackets etc and delivery of three public consultation events	

Provision of hanging baskets on the Shankill Road	£2,000
Funding requested to provide hanging baskets for an area of the Shankill Road (to be determined). Approximate number of baskets for consideration – 16.	
Provision of bunting, memorabilia and event support to celebrate the Royal Wedding for local groups	£2,000
Development of a booklet profiling the Lower Shankill and Glencairn	£1,000
Total	£11,910”

After discussion, the Committee agreed to approve proposal 1 in relation to South Belfast, that is, to provide £25,000 for already established shopping areas across the district.

After further discussion, it was

Moved by Councillor McCarthy,
Seconded by Councillor N. Kelly,

That the Committee agrees to approve the projects contained within the proposals for North, East and West Belfast and that the amount of funding to be made available to undertake the Local Area Based Initiatives be increased to £115,036 in order to:

- (a) cover the potential overspend of £625.46 for the North Belfast projects;
- (b) enable the Waterbabies Scheme at Short Strand, in the sum of £2,500, to be included within the East Belfast proposals; and
- (c) enable the schemes proposed for the Shankill area to be funded.

On a vote by show of hands sixteen Members voted for the proposal and one against and it was accordingly declared carried.

The Committee agreed further:

- (i) that appropriate forms of legal agreement be completed in those cases where the proposed items of expenditure involved making payments to outside groups; and
- (ii) to approve, where necessary, those items of expenditure under Section 115 of the Local Government Act (Northern Ireland) 1972, it being the opinion of the Committee that the expenditure would be in the interest of, and would bring direct benefit to, the District and the inhabitants of the District, with the Committee being satisfied that the direct benefit so accruing would be commensurate with the payments to be made.

Local Government (Finance) Bill Regulations and Guidance

The Committee considered the undernoted report:

“1.0 Relevant Background Information

- 1.1 **Members will recall that in October 2009, the Strategic Policy and Resources Committee approved a corporate response to the Department of the Environment consultation on the ‘*The Draft Local Government (Finance) Bill*’ which set out high-level proposals to modernise the legislative framework for local government finance in Northern Ireland.**
- 1.2 **The Local Government Finance was introduced to the Assembly on 19th April 2010 with the Environment Committee concluding the ‘Committee Stage’ consideration on 2nd December 2010. It is understood that the Bill will come into operation on 1st April 2011.**
- 1.3 **The essence of the financial element of the Bill is to modernise the existing local government financial framework to ensure councils, as autonomous bodies, have increased financial flexibility and responsibility and therefore greater accountability for their own affairs. In broad terms, the Bill seeks to:-**
 - **remove the requirement for district councils to gain DOE approval for borrowings and the application of their funds or any proceeds from the sale of capital assets;**
 - **introduce a prudential regime for capital finance (refer to para 2.7 below), along similar lines to that which operates in England and Wales;**

- Introduce a code of practice on Treasury Management (refer to para 2.7 below)
- introduce new financial powers including the power to invest;
- seek to replace the general grant currently received by councils with a rates support grant and de-rating grant;
- sets out proposals in respect to the circumstances and rates by which councils can make payments to Councillors; and
- the creation of a Councillors' Remuneration Panel.

1.4 In its response to the initial Finance Bill proposals, the Council requested that as part of a due diligence process, local government should be afforded the opportunity to review and comment on the detailed subordinate legislation (i.e. Regulations) which are to underpin the Local Government (Finance) Bill.

2.0 Key Issues

2.1 Subsequently, correspondence has been recently received, dated 17th December 2010, from the DOE setting out proposals for consultation on the draft technical regulations and guidance which will underpin three important parts of the Local Government (Finance) Bill including:

Part 1 – Financial Administration

2.2 The proposals as set out under these regulations seek to:

- introduce a new financial management regime which is based on the CIPFA Prudential Code on Capital Finance and the CIPFA Treasury Management Code; which seeks to liberalise the ability of councils to both borrow and invest within appropriate affordability limits;
- relax the Departmental controls for the financial management of council affairs;
- update the circumstances whereby expenditure can or cannot be treated as capital expenditure;
- provide for certain sums received by a council to be treated, or not to be treated, as capital receipts; and
- outline the circumstances whereby capital receipts can be used.

Part 2 – Grants to Councils

- 2.3 The proposals as set out under these regulations seek to:
- replace the general grant currently received by some councils with a rates support grant and a de-rating grant.

Part 3 – Payments to Councillors

- 2.4 The proposals as set out under these regulations seek to:
- specify the circumstances in which councils can make payments to Councillors; and
 - make provisions for the creation of a Councillors' Remuneration Panel and the composition and operation of such a panel.
- 2.5 Members will note that in terms of DoE seeking comments on the draft proposals, general comments have been sought on the draft regulations and guidance as set out under Part 1 and 2 above, whereas, a series of specific questions have been posed as part of Part 3. Comments on the draft proposals are to be submitted to the DoE by 24 February 2011.

Belfast City Council Draft Response

- 2.6 Whilst a detailed draft response to the proposed regulations and guidance is attached at Appendix 1, for Member's consideration, the following key issues raised in the response should be noted:
- (i) Belfast City Council is supportive of the need to modernise the legislative framework relating to local government finance and welcomes the opportunity to comment on the regulations and guidance.
 - (ii) Implementing new Financial Regime: The Council would be concerned that it would be the intention that the Finance Bill would be implemented from 1 April 2011 and that, in the first year, capital budgets and the rates will have already been set for 2011/12 in the absence of the guidance and regulations. The Council would highlight that the proposed lead in time is too short to have all aspects of the Prudential Code in place before April 2011 e.g. medium term financial plan, treasury management strategy, capital financing strategy, etc.

- (iii) The Council would therefore ask that DOE recognises this in the regulations and guidance and treats 2011/12 as a year of transition, with full implementation of the new financial regime, as set out within the draft regulations and guidance (e.g. Prudential Code etc) being implemented from 2012/13 onwards.
- (iv) Capital Finance: Members will be aware that the Council is currently investigating alternative methods of financing its capital investment in the city. It will therefore be important that the content of any new legislation that is passed in relation to local government finance takes account of the need to facilitate and not preclude novel capital financing methods currently under consideration.
- (v) The draft Local Government (Payments to Councillors) Regulations (Northern Ireland) 2011 – the consultation on the draft regulations asks whether councils would agree that no Councillor should be paid more than one special responsibility allowance. It is suggested that the Council states its opposition to this unnecessary restriction. In making the appointment of Chairmen and Deputy Chairmen the Council employs the d'Hondt system of proportionality and the level of remuneration paid to the Party Group Officers is based upon the Groups' relative size within the Council. Therefore, there is complete fairness and transparency in the allocation of the Special Responsibility Allowance in the Council. There might be very good reasons why, within a Party Grouping on the Council, it might be considered to be appropriate to pay more than one special responsibility allowance to an individual Member.
- (vi) whether councils would agree to simplify the scheme for Members' travel allowance by the introduction of a single category for all motor cycles and a single category for all motor cars. The response is supportive of the suggestion on the basis that it is likely to benefit more Members than it would disadvantage, is in line with the Council's commitment to seek to reduce carbon emissions and would simplify the administrative arrangements for the Council. Obviously, the introduction of a single category of motor mileage for Members should be followed by the introduction of a similar scheme for Council officers.

- (vii) The draft Local Government (Councillors' Remuneration Panel) Regulations (Northern Ireland) 2011 - seeks to set up an independent panel to make recommendations regarding the framework and level of allowances payable to Members. Currently, the Department determines the rates of allowance payable to Members and this proposal is viewed as being a positive step forward and mirrors schemes which have been in place for several years in Scotland.

The Strategic Policy and Resources Committee, when considering a report recently on planning reform, made the point that the potential for the return of significant planning powers to local Councils should be accompanied with a review of the level of allowance payable to elected Members. The proposed response to the consultation asks that the Remuneration Panel give urgent consideration to the level of allowances paid to elected Members.

Organisational Considerations

- 2.7 Members will note that the proposals as set out within the draft regulations and guidance will result in a number of organisational consequences which the Council will need to prepare for and manage. For example:

Implications of the Prudential Code

- The need to revise/update the Council's Standing Orders and/or financial regulations that enact the provisions of the Bill when it becomes law
- Requirement for the Chief Financial Officer to submit a report to Council on the robustness of the estimates of the Council, the adequacy of the financial reserves and affordable borrowing limits.
- The Council will need to consider indicators of affordability in relation to the authority's capital plans, capital expenditure, external debt and treasury management.
- The Council will need to put in place a medium-term financial plan, an agreed capital programme and financing strategy and a treasury management strategy.
- The Chief Finance Officer is required to establish procedures to monitor performance against all forward-looking prudential indicators and to highlight significant deviations from expectations.

Implications of the Treasury Management Code

- The code recommends that local authorities adopt four clauses as part of their standing orders/financial regulations. This will result in the local authority having to:
 1. Create and maintain a treasury management policy statement, stating the policies, objectives and approach to risk management if its treasury management activities
 2. Create and maintain treasury management practices, setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities
 3. The Council will receive reports on its treasury management policies, practices and activities, including an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, with the scrutiny role delegated to a committee.
 4. Delegation of responsibility for implementation and reporting to an office of the Council, usually the Director of Finance and Resources

2.8 Further, the Treasury Management Code requires all this to be in place prior to the start of the financial year. As the budget approval process is already nearing completion for 2011/12, there will therefore be transition issues for 2011/12.

3.0 **Resource Implications**

The financial and human resource implications attached to the effective implementation of the Local Government Finance Bill are being considered and a further report will outline the resource implications in due course. In order to support this process, there may be a requirement to enlist some independent specialist advice and support.

4.0 **Equality and Good Relations Implications**

There are no Equality or Good Relations implications contained within this report

5.0 Recommendations

Members are asked to:

- i) note the contents of this report; and, in particular, the proposed organisational consequences which are to result from the Finance Bill;
- ii) consider the draft response attached at Appendix 1 and agree that it can be submitted, subject to any amendments proposed by Members, to DoE by 24th February 2011; and
- iii) approve the commission of independent advice/support, up to a maximum value of £30,000, in regards to assisting with implementing certain elements of the Finance Bill.

6.0 APPENDIX

Appendix 1 – Draft Council response to Finance Bill Regulations and Guidance

Appendix 1

Belfast City Council Response

DRAFT FINANCE BILL REGULATIONS AND GUIDANCE

1. INTRODUCTION

Belfast City Council is supportive of the need to modernise the legislative framework relating to local government finance and welcomes the opportunity to comment on the draft regulations and guidance.

The following response sets out both general commentary on the implementation of Finance Bill and detailed commentary on the individual draft regulations and guidelines were appropriate.

2. GENERAL COMMENTS

Enacting Finance Bill

The Council would be concerned that if the Finance Bill comes into force on 1 April 2011, that in the first year, capital budgets and the rates will have already been set for 2011/12 in the absence of the guidance and regulations. The Council would highlight that the proposed lead in time is too short to have all aspects of the Prudential Code in place before April

2011 e.g. medium term financial plan, treasury management strategy, capital financing strategy etc.

The Council would therefore ask that DOE recognises this in the regulations and guidance and treats 2011/12 as a year of transition, with full implementation of the new financial regime, as set out within the draft regulations and guidance (e.g. Prudential Code etc) being implemented from 2012/13 onwards.

3. COMMENTS ON DRAFT REGULATIONS & GUIDANCE

DRAFT REGULATIONS AND GUIDANCE TO BE MADE UNDER PART 1 OF THE LOCAL GOVERNMENT FINANCE BILL – FINANCIAL ADMINISTRATION

Local Government (Capital Finance and Accounting) Regulations (Northern Ireland) 2011	
	Belfast City Council Comments
Part 1 – Preliminary	No comment
Part 2 – Accounting	The Council notes that regulation 6 (a) and (b) refers to the requirement on Council to determine its minimum revenue provision. The Council would highlight that in both GB and Wales, detailed statutory guidance on ‘Minimum Revenue Provision’ has been issued, and it would suggest that it would be beneficial if similar guidance was considered for Northern Ireland.

Part 3 – Borrowing	<p>The Council would support the application of the CIPFA Prudential Code for Capital Finance in Local Authorities' by councils to ensure that their capital investment plans are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice.</p> <p>The Council notes that Clause 24 of the Finance Bill, as introduced into the Assembly, precludes councils given any consideration to the use of LABV's (Local Asset Based Vehicles) as a means of securing capital investment. The Council would reiterate its previous concerns, as raised in responding to the draft Finance Bill consultation, in regards to this issue and would request that a council's ability to utilise other forms of securing capital funding (such as LABVs) should not be precluded in legislation and should be considered on the basis of a council's prudent borrowing.</p>
Part 4 – Credit Arrangements	No comment
Part 5 – Capital Expenditure	No comment
Part 6 – Capital Receipts	No comment
Part 7 – Supplementary	No comment

**Capitalisation Direction -
Guidance Notes**

The Council notes that the draft guidance is prescriptive in dealing with the capitalisation issue. Whilst it is accepted that this is unavoidable it should also take account of the current issues that the local government sector faces.

The limit as set out within the draft guidance for local councils in Northern Ireland is set at £3.4m. Further guidance states that capitalisation will only be allowed where costs exceed 5% of available reserves and also separately exceed 0.25% of budgeted expenditure for the year in which expenditure is incurred.

If, as is likely, there is any reform or rationalisation of the local authorities in Northern Ireland in the future, will special provision be made to set aside these limits? It would appear that this would be necessary to facilitate any likely redundancies situation and other necessary adjustments that might occur?

If no account is taken of this then the sector may be extremely limited in facilitating any period of adjustment that might result from a reorganisation.

Whilst the Council would agree in principal with the guidance note on Capitalisation Directions, however, greater guidance is required to ensure consistency across councils in their application.

**DRAFT REGULATIONS TO BE MADE UNDER PART 2 OF THE LOCAL
GOVERNMENT FINANCE BILL – GRANTS TO COUNCILS**

Draft Local Government (Rates Support Grant) Regulations (Northern Ireland) 2011	
	Belfast City Council Comments
Regulation 3 - Rates Support Grant	<p>The Council notes that in the covering letter received from Mr John Small, reference is made to the recommendation made by the Environment Committee, as set out within its report on the Committee Stage consideration of the Finance Bill, that the Bill should be amended to prevent in-year cuts to the Rate Support Grant. The Council would support this amendment.</p> <p>The Council would also recommend that any future consideration to be given to a potential reduction in the rates support grant should be discussed in detail with councils so as to establish the potential implications on service delivery.</p>

**DRAFT REGULATIONS TO BE MADE UNDER PART 3 OF THE LOCAL
GOVERNMENT FINANCE BILL – PAYMENTS TO COUNCILLORS**

Draft Local Government (Payments to Councillors) Regulations (Northern Ireland) 2011	
	Belfast City Council Comments
<p>Question 1</p> <p><i>Do you agree that a special responsibility allowance should be made to no more than half of the councillors of a council? If you do not agree with this restriction, what alternative would you suggest?</i></p>	<p>Agree. Special Responsibility Allowance payments recognise 'significant additional duties' undertaken by a Member and it is considered to be reasonable that it is not awarded to more than half of the Councillors on a Council.</p>
<p>Question 2</p> <p><i>Should the special responsibility allowance paid to the chairman or the vice-chairman be excluded from the restriction of payment of that allowance to no more than half the members of a council?</i></p>	<p>Agree. This is currently the position and a change in regulations is not necessary.</p>

Question 3

Do you agree that no councillor should be paid more than one special responsibility allowance?

Disagree. It should be noted that the Minister for the Environment has released a consultation document on Local Government Reform and part of the Minister's proposals deals with the requirement for all Councils to appoint Members to their Committees etc on the basis of proportionality. Belfast City Council uses the Special Responsibility Allowance to remunerate its Committee Chairmen and Deputy Chairmen and also the Party Group Leaders, Deputy Leaders and Secretaries (depending upon Group size).

In making the appointment of Chairmen and Deputy Chairmen the Council employs the d'Hondt system of proportionality and the level of remuneration paid to the Party Group Officers is based upon the Groups' relative size within the Council. Therefore, there is complete fairness and transparency in the allocation of the Special Responsibility Allowance in the Council.

To enforce a regulation which restricts the operation of reasonable control by a Party Grouping within its own Grouping on the Council would be viewed as unnecessary and overly restrictive.

There might be very good reasons why, within a Party Grouping on the Council, it might be considered to be appropriate to pay more than one special responsibility allowance to an individual Member and this proposal seeks to impose a restriction which is unnecessary.

<p>Question 4 <i>Do you support the Department's proposal to simplify the scheme for travel allowance by the introduction of a single category for all motor cycles and a single category for all motor cars?</i></p>	<p>Agree. This would simplify current processes and would follow the existing practices in place in Scotland and Wales. It should be noted that the Council would urge that a similar scheme is introduced for officers' mileage claims.</p>
<p>Question 5 <i>Do you support the proposal that councils should publish their scheme of allowances to councillors on the council website and, at the end of the year, the payments made to councillors?</i> <i>If you do not agree, what alternatives would you propose to encourage transparency?</i></p>	<p>Agree. This was recommended by the Councillors Remuneration Working Group who, in addition, recommended that a common template should be used by all Councils in Northern Ireland to illustrate their scheme of allowances.</p>
<p>Draft Local Government (Councillors' Remuneration Panel) Regulations 2011</p>	
<p>Question 6 <i>Do you agree with the proposed composition and the tenure of the panel?</i></p>	<p>Agree. This would be in line with best practice in Scotland where the Scottish Local Authorities Remuneration Committee (SLARC) is appointed by Scottish Ministers following a competitive interview process. The work of SLARC is taken forward independently of Government.</p> <p>It would be important that individuals appointed to a Remuneration Committee would have a sound knowledge of how Local Government works as well as experience of dealing with pay and remuneration issues.</p>
<p>Question 7 <i>Do you think that the regulations as drafted ensure sufficient impartiality and independence?</i></p>	<p>Agree. The use of the Public Appointments Procedure to appoint members to the Remuneration Panel will help ensure impartiality and independence. In general terms, the regulations are drafted in such a way as to ensure they are impartial.</p>

GENERAL COMMENTS	The Council would urge the Remuneration Panel to give urgent consideration to reviewing the level of allowances paid to elected Members in Northern Ireland. It is proposed that considerable new powers will be given to local Councils over the next year, including significant planning powers, and a review of the level of allowances is necessary given the change in levels of responsibility which elected Members will be expected to undertake.”
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The Committee adopted the recommendations, subject to an additional comment being included in relation to the reasons why the Department should not include within the draft Local Government (Payments to Councillors) Regulations (Northern Ireland) a restriction on the payment of more than one special responsibility allowance to a Councillor, to reflect that such payments could be used to compensate the Chairpersons of the Policy and Community Safety Partnerships, for which separate remuneration was to be removed and also that the Northern Ireland Executive allows for more than one payment to be made to its Members in relation to Special Responsibilities.

Response to the NICS Draft Departmental Spending Plans

The Committee considered the undernoted report and associated appendix:

“Purpose of the report

- 1. To provide Members with a summary of the issues arising out of the various NICS Departmental Spending Plans 2011–12 to 2014-2015 which could have an impact upon the work of the Council.**

NICS Draft Departmental Budget Plans 2011-2012 to 2014-2015

- 2. The NI Executive has produced a set of draft spending plans for the years 2011-12 to 2014-15 as part of the Budget 2010 process. These spending plans have been presented to the Assembly and are now available for public consultation. The deadline for responding to each of the plans has been extended to the 16th February 2011.**
- 3. It is proposed that the Council respond to each of the spending plans individually. Officers have therefore reviewed each of the plans with a view to highlighting those issues which have the potential to impact upon the work of the Council over the next 4 years and beyond.**

Key issues arising out of the NICS Spending Plans

4. Members will be aware that the UK Spending Review announcement on 20th October 2010 presented the Executive with a much reduced funding envelope for the coming four year period. A demand has therefore been placed on Departments to reduce the level of expenditure within their spending plans to ensure that the £4bn budget reduction in real terms over the four year period is achieved.
5. Members will be aware that the implications of this budget include the potential for additional cost to local government, but may also negatively impact on the Council's ability to deliver some of the capital project work currently identified in plans and programmes.
6. A summary of the issues identified within each of the departmental spending plans is attached at Appendix 1. The summary contains a précis of what appears in each budget consultation document and an overview of both the positive and negative implications from each of the spending plans.

Some of the potential key concerns for the Council include:

- Removal of £200m capital allocation for strategic waste infrastructure
 - Emergency Planning Grant (reduction £200,000)
 - A reduction in DCAL capital funding
 - The impact of DEL funding deficit on competitiveness in the city
 - No capital provision for exhibition or conference facilities
 - No capital funding for the further development of existing business parks
 - No specific addition to NITB for 2012 events
 - NITB budget to reduce by 17% over the 4 year period
 - No allocation for York Street Flyover or Sydenham Bypass widening
 - Significant reduction in walking and cycling schemes
 - £0.55m reduction in Play Policy Implementation
 - DSD budget reductions in neighbourhood renewal
 - Lack of clarity around DSD capital spend in Belfast
 - Lack of clarity regarding part funded capital projects
7. However the spending plans do contain a number of positive proposals for investment in the city, which provides the Council with opportunities for collaborative working with Departments and Agencies to maximise investment and regeneration.

The most notable capital provision is £110m in the DCAL budget earmarked for substantial upgrades to Windsor Park, Casement Park and Ravenhill.

A further report will be brought to the next meeting of SP&R, detailing a process to create a Resourcing Strategy for the Council, and setting out how this might be used to support the delivery of key projects within the city, identified through the preparation of the Corporate Plan, Masterplan and City Investment Framework.

Council Response / Next Steps

8. Based on the issues raised above, officers have prepared detailed consultation responses to each of the individual departments in respect of their Spending Plans. The draft consultation responses are attached at Appendix 2. In addition, Members will be able to raise specific issues with Ministers at upcoming cross party meetings scheduled with DSD, DCAL and OFMDFM.

Recommendation

9. Members are asked to:

- (i) note the contents of this report;
- (ii) note the comments on each Departmental budget and agree it forms the basis of a response to each Department; and
- (iii) note that a further report will be brought back to a future meeting of the Committee setting out a process for developing a Resourcing Strategy which will support the delivery of key projects within the city.

Appendix 1

BCC Response to Departmental Budget Plans 2011 – 2012

Summary of issues by Department

Department for Culture, Arts and Leisure (DCAL)

DCAL are expected to deliver a budget reduction in current expenditure of 9% in the period 2011/12 to 2014/15 (13% in real terms considering inflation).

The main positives surround the allocation of £6m to deliver the World Police and Fire Games on behalf of the NI Executive and a further investment of £4m in Creative Industries and the £110m capital allocation for stadia.

Consideration was also given to projected potential increases in lottery funding for Sport and Arts over the four year period. In consequence a decision has been taken to offer some level of protection to Libraries NI and to National Museums Northern Ireland.

The proposed allocations for capital investment in the years 2011-12 to 2013-14 provide funding to allow the Department to meet its contractual commitments. This will include investment to complete important projects already underway including the 50 Metre Pool, the Metropolitan Arts Centre and a number of projects in sport, museums and arts.

Work can now also progress to address regional stadium needs in sport. In addition support will be provided to sports initiatives that give rise to increased participation at a community level and target under-represented groups. Funding will also be provided to meet some pressing statutory, health and safety and essential maintenance requirements in different sectors. Investment will be made to complete the important library projects in the Belfast area already underway. It is also planned to invest in the necessary replacement of the libraries operating system, in essential maintenance and in four new mobile libraries. However there is no money for the Central Library project in this funding round.

The Council supports...

- The £4m investment in Creative Industries
- The £110m being made available for stadia
- The allocation of £6m to deliver the World Police and Fire Games on behalf of the NI Executive
- That work can now progress to address regional stadium needs in sport. In addition support will be provided to sports initiatives that give rise to increased participation at a community level and target under-represented groups.
- Investment will be made to complete the important library projects in the Belfast area already underway. It is also planned to invest in the necessary replacement of the libraries operating system, in essential maintenance and in four new mobile libraries.

The Council is concerned about...

- The proposed overall reduction in DCAL capital funding
- The failure to mention Central Library specifically and would seek reassurances on the funding provision for the planned restoration work
- The failure to mention the Lagan Corridor project
- The reduction in Capital Investment in arts to £50k per annum

Department of Environment (DOE)

DOE are expected to deliver a budget reduction in current expenditure of 6% in the period 2011/12 to 2014/15 (13% in real terms considering inflation).

The Department of the Environment will seek to deliver recurring annual savings of some £15.4 million from next year onwards following publication of the Executive's draft Budget proposals. In 2011-12, this amount comprises of £3.8 million reflecting the savings flowing from the Executive's decision to reallocate to higher priority areas of expenditure, £6 million to make good the continuing consequences of the fall in planning income, £1.6 million to meet additional civil service pay costs and £4 million to fund a number of environmental programmes.

In addition to these amounts, the Department will also seek to manage the implications of the reallocation of £4 million from its baseline to support the Green New Deal, with this sum to be replaced by income from a new plastic bag levy. As a consequence of the uncertainty in relation to the level of planning income over the Budget period and the pace at which the redeployment of staff will occur, and hence savings delivered, it will be necessary to refine the savings proposals over the Budget period.

In Budget 2008, the Executive allocated some £200 million of capital support to the three local government Waste Management projects (total capital expenditure estimated at £600 million). This capital was to be made available during the Budget period 2008-11 to offset the costs of the procurements on ratepayers. The Strategic Waste Infrastructure Fund (SWIF) had been intended to fund three categories of expenditure, namely: up-front project development costs (i.e. costs relating to financial, legal, technical and communications); some site purchase costs; and capital funding ('bullet' payments) to offset the cost of financing the projects.

As the projects are currently in the procurement phase, much of the expenditure to date has been on the project development for which the Department has provided 100% funding, amounting to some £7.7 million to date.

The Executive's proposed capital investment allocations to the Department in future years (totalling £23.6 million) will significantly constrain the Department's capacity to provide capital support for the strategic waste and other programmes in future years.

The Council supports...

- The Re-think Waste Fund (£9.3m over 4 years) - BCC is supportive of this fund which is aimed at improving recycling and re-use. It will be extremely important to support investment in the infrastructure and services required to meet the ever increasing recycling targets being set by the Minister. However in 2010/11, the considerable time constraints on capital spend set by the Department severely restricted local government's ability to spend this money within the required period. BCC appeals for a review of the criteria and spending requirements.**

The Council is concerned about...

- The removal of the £200m capital allocation for strategic waste infrastructure – this represents an extremely disappointing increase in waste disposal costs to ratepayers in the future. The arc21 procurement process for residual waste treatment facilities is well underway and as with all PFI financed major capital schemes it was known that it would take a number of years to complete the procurement stage of the process. Waste disposal is a regional issue and BCC would argue that the DOE has a responsibility with local government to ensure long term affordable and sustainable treatment facilities are made available in Northern Ireland. Therefore it is extremely disappointing that the capital funding for site and facilities will not be available over the period of this budget.**
- The cut in the resources grant to local councils by £1.2m. However it should be noted that BCC do not receive resource grant support and will not be affected by this.**

- The reduction in the Emergency Planning Grant (reduction from £450,000 to £200,000). The impact of this reduction on local government will be significant and will reduce its ability to plan for and respond to local emergencies. BCC currently receives £60,000 of this money to part fund a member of staff, equipment, etc. Moreover Belfast Resilience which has proven to be invaluable in ensuring an effective response to emergencies in the city will no longer receive any funding for its programme manager – currently £50,000. It is noteworthy that at a time when the NI Executive are investigating more robust resilience arrangements, funding for successful resilience arrangements is being removed. This needs to be highlighted with DOE, DFP and OFMDFM. BCC urges the Department to maintain the current level of funding and in particular to maintain support for Belfast Resilience and other local government structures, particularly in light of the recent response of local government to the severe weather crisis
- Air Quality grants – the draft budget states that these are to be reduced from the current level of 100% funding. However, it does not specify by how much this will be reduced and this needs to be clarified. It is likely that this will impact on the level of air quality work which the Council will be able to undertake. This is significant in the Belfast context as it has relatively high levels of traffic related pollution and has declared 4 Air Quality Management Areas.
- Services Financed through the new levy on plastic bags (suspended until income realised) – The environmental programmes suspended which could have an impact on district councils are:
 - Environmental noise
 - Flytipping. The issue of enforcement demarcation in respect of flytipping has been unclear for some years. However the Department is currently consulting on a flytipping protocol which will clarify this. If this area of work is suspended, it will lead to considerable further frustration to local people whose neighbourhoods are blighted by these problems.

- **Planning costs** – Clearly the impact of a further net reduction £6m due to continued falling income will continue to raise issues regarding the level of resource which will be passed to Local Government when transfer takes place. BCC would call on the Department to ensure that sufficient expertise is maintained.
- **Clean neighbourhoods** – BCC would request that the additional costs to Councils with enforcing this important piece of new legislation is considered within this budget.

Department of Enterprise, Trade and Investment (DETI)

In summary, DETI current expenditure in 2014/15 will reduce in real terms by 6.1% when compared to the 2010/11 position, while Capital investment will reduce by 63.9%.

In addition, Invest NI, which historically consumes approximately 65% of the DETI budget, will bring forward into the budget period a record level of financial commitments for unclaimed grant expenditure that will require to be funded prior to budget being made available for new activity. At the end of the 2009/10 financial year this amounted to £272 million, and which reflected an increase of £78 million on the 2008/09 level.

The proposed budget reduction and the need to fund a significantly higher brought forward commitment than has generally been the norm over recent times will create a significant challenge for DETI and will necessitate an increased need for the prioritization of its resources to maximise economic impact. An inevitable consequence is that in some cases good projects will not be able to be supported unless additional funding is made available to DETI.

The Council supports...

- The proposed £5m investment in the Paint Hall

The Council is concerned that...

- No capital funding is being provided to further develop existing business parks e.g. Springvale or to support business accommodation projects by third parties
- Inward investment may be lost due to the inability to financially support some good projects.
- There is no capital provision for exhibition or conference facilities.
- There is no specific additional funding for NITB for 2012 events.

- The NITB Budget is to reduce by 17% over the period.
- Grants will inevitably be reduced for tourism schemes impacting upon the Councils ability to deliver its tourism framework and will impact BVCB.

A strong political case needs to be made for funding for events in the period 2011/12/13 for Belfast, Derry/Londonderry and Northern Ireland 2012 and the Committee needs to politically lobby at DETI, OFMDFM and DFP levels.

Department for Regional Development (DRD)

The Draft Budget allocations will help DRD to continue to improve elements of our roads, transport and water infrastructure. They would also allow DRD to continue to fund the majority of our existing programmes including concessionary fares across DRD, albeit at a much reduced level.

The Draft Budget allocations would provide capital investment to DRD of almost £2 billion over the Budget 2010 period. This includes over £1.1 billion for roads, around £185 million for public transport and over £665 million for water and sewerage services.

However whilst Roads Service has a significant allocation, around £790 million (or 70% of it) is tied up in two major road schemes – the A5 between Derry and Aughnacloy and the A8 between Belfast and Larne. The overall reduction of 40% in the Executive's Spending Review settlement, and the scale of these schemes, means that that there are no allocations to commence construction on other major roads schemes such as:

the A6 Randalstown to Castledawson;
the A2 Greenisland;
the York Street Flyover; and
the Sydenham Bypass Widening.

In addition there will be significant reductions in other capital improvement programmes such as walking and cycling, traffic calming, collision remedial, traffic management measures, local safety improvements and bridge strengthening. The impact will be particularly severe in 2012-13 and 2013-14.

This funding of the A5 and A8 also reduces the available funding for the transport and water and sewerage programmes, and there is no funding for the Knockmore to Lurgan track replacement or to fund the Utility Regulator's recommended capital funding level in 2012-13.

As part of the Draft Budget the Executive signalled its intent to continue to focus on additional revenue raising methods. If, over the course of the budget period, additional funding became available to DRD as a consequence of such methods then the Department would seek to allocate funding to valuable projects which are currently unfunded, such as the Knockmore to Lurgan rail track improvement project, major roads schemes, and further funding to meet the current investment shortfall for water and sewerage infrastructure

The Council supports...

- DRD investment in a number of sustainable transport initiatives - electric vehicle charging infrastructure, the 'Belfast on the Move' proposals, and some other bus priority measures

The Council is concerned that...

- There are no allocations for York Street Flyover or the Sydenham Bypass Widening schemes.
- There are significant reductions in walking and cycling schemes.
- Funding is available for only the development of the Belfast Rapid Transport scheme and not the implementation.

Department for Social Development (DSD)

The DSD Minister has decided that there must be no reduction in vital programmes which target the most vulnerable households, including revenue and capital programmes to address fuel poverty (Warm Homes), supported housing (Supporting People), new build housing, and disadvantaged communities (Neighbourhood Renewal).

In protecting funding for these priorities, it will be important that steps are taken to achieve reductions in administration expenditure, such as consultancy, travel, corporate services, and identify opportunities for sharing services etc, which do not impact on the delivery of services to the public.

Also, redesigning delivery models in social security and child maintenance to improve levels of customer service further is considered a continuing long-term priority. Finally, seeking to protect investment in Neighbourhood Renewal, Public Realm and Voluntary and Community Services will help those most in need at this time of economic difficulty.

The Council supports...

- The DSD commitment that there will be no reduction in vital programmes which target the most vulnerable households, including revenue and capital programmes to address fuel poverty (Warm Homes), supported housing (Supporting People), new build housing, and disadvantaged communities (Neighbourhood Renewal).

The Council is concerned about...

- The lack of clarity with regards to part funded capital projects such as:
 - Woodvale and Dunville Parks and the potential therein to not only secure built and natural heritage but also to deliver across a number of key government priorities including community safety, health and well-being and prosperity. We strongly recommend that the DSD urban regeneration capital budget prioritises these 2 investments in the city.
 - Girdwood site infrastructure. EU funding decision on the community/leisure hub is pending on the decision of the Department to proceed with the necessary infrastructure and overall master plan. There is community and political appetite to secure significant investment in the site, which has potential for an enormous catalytic effect on the broader regeneration of North Belfast. It would be a missed opportunity for the city if the DSD capital budget did not prioritise Girdwood. In turn, we commit to play our part in the realisation of the master plan.
 - Public Realm Improvement in City Centre
More clarity is required on whether funding is available for Phase II of the Public Realm Scheme for the City Centre.

Department of Finance and Personnel (DFP)

The cash increase in the department's current expenditure baseline in 2011-12 and 2012-13 in particular, will allow the department to deliver Census 2011, for which the department had sought additional funding of £2.1m in 2011-12 and provide additional funding of £5m to the Land and Property Services agency in each year to support the collection of over £980m per annum in

rates revenue. However, the impact of inflation at some 2% per annum effectively means that by 2012-13 the department is facing a real-terms reduction in its baseline of some £3.2m.

The cash reductions in 2013-14 and 2014-15 will present challenges for the department as it seeks to maintain the delivery of essential shared services on behalf of the wider Northern Ireland Civil Service (NICS) and other public bodies, and maintain frontline service delivery in the Land and Property Services agency and the Northern Ireland Statistics and Research Agency.

The proposed allocations for capital investment in the years 2011-12 to 2013-14 represent the minimum funding necessary to allow the department to meet its contractual commitments and maintain an acceptable level of service delivery. The department will seek to manage the proposed capital investment allocations flexibly in light of emerging issues, and seek to maximise the benefits from its capital investment. The department holds the funding for the government office estate which it manages on behalf of the wider NICS. The proposed allocations in these years clearly limit the extent to which the department can make significant improvements in this area.

However, the increased capital investment allocation in 2014-15 would allow the department to plan and implement some major investment in the office estate. In order to take forward such an increase in investment in the final year of the Budget, careful planning will be required to ensure that necessary preliminary work is both adequately funded and completed.

In addition we need to highlight to DFP the need for special case funding for 2011-13 world scale events.

The Council supports...

- The additional LPS revenue funding towards maximising rates revenue collection for Councils.
- The additional LPS capital funding to maintain existing services including IT systems which assist in the rates collection process.

The Council is concerned with...

- The proposed discontinuation of the Central Energy Efficiency Fund (CEEF) - which supported energy efficiency projects within buildings occupied by public sector bodies in Northern Ireland, for example, local councils.

The Office of the First Minister and Deputy First Minister (OFMDFM)

Growing the economy, tackling disadvantage, protecting the most vulnerable, promoting employment, delivering efficient and effective public services and investing in the future remains a key priority for the Executive and for OFMDFM in the Budget 2010 period. OFMDFM will continue to support and co-ordinate the Executive on the local response to the economic downturn, and its associated social impacts, and will support Ministers in their plans for economic growth, tackling disadvantage and building a recovery. Regeneration activity sponsored by OFMDFM in the Budget 2010 period will focus on the continued regeneration work at Maze Long Kesh, Ebrington Barracks, and Crumlin Road Gaol.

Creating opportunities and tackling disadvantage is key priority for OFMDFM in the 2011 to 2015 period. OFMDFM will develop and deliver a Social Investment Programme to promote prosperity, employment and sustainability in partnership with other Government departments, organisations and disadvantaged communities. OFMDFM will also bring forward a Social Protection Fund to specifically target those who are vulnerable in recognition that the current climate will impact negatively on many of our most disadvantaged citizens.

Cohesion, Sharing and Integration has been the subject of extensive consultation in 2010. OFMDFM will bring forward for Executive consideration a finalised CSI programme. CSI will be led by OFMDFM and the programme may include the priority areas of Interfaces and Contested Spaces, Supporting Young People at risk of violence, Respecting Cultures and Tackling Hate Crime.

The work in support of the Ministerial Sub-Committee for Children and Young People will continue to place children and young people at the heart of government's agenda and improve the integration of policy and service delivery on cross-cutting issues. The establishment of a Commissioner for Older People will provide a voice for older people and make a difference to their daily lives by influencing policy, challenging service delivery, and raising awareness of the needs of older people and the positive contribution that older people make to our society.

Savings

The Department has a formal target to deliver savings of £3.8 million, £6.9 million, £10.3m and £13.8 million respectively over the period 2011-15. The Department has developed a series of savings plans to deliver these savings, and to provide additional spending capacity for priority programmes within the constraints of the Draft Budget 2010 allocations for OFMDFM.

The significant constraints on capital spend across the Budget 2010 period will have a corresponding impact on the number of capital projects to be taken forward by departments, and the corresponding level of support to be provided by the Strategic Investment Board. In that context, the SIB budget will be reduced by £1.9m.

OFMDFM's EU funding across the Budget 2010 period will increase by £48m in comparison to funding levels in the Budget 2008-11 period. Additional funding of £29.7m has been secured under Priority 1 of Peace III, Reconciling Communities, and an additional £16.9m has been secured under Priority 2, Contributing to a Shared Society. This additional spending capacity will be focused on the needs of victims and survivors, and on good relations programmes. In addition, the Executive's new Social Investment Fund will provide an additional £20m per annum to support Executive projects to tackle disadvantage.

Ministers are considering the options for any future constitution of the Civic Forum. However, we anticipate delivering savings of at least £0.3m per annum.

OFMDFM will reduce spend on Play Policy by £0.55m per annum in the 2011-15 period. Work on the Play Implementation Plan is nearing completion, and spend during the Budget 2008-11 period has focused on building capacity and setting up structures for the planning and delivery of the play at local level. The proposed reductions will not give rise to any adverse impact due to the increased capacity within the sector, and the advanced status of the Play Implementation Plan.

The Council supports...

- Further engagement to secure a Peace IV Programme
- The proposed £2.8m investment in Crumlin Road Jail
- The creation of a new Social Investment Programme for deprived areas.

The Council welcomes the commitment to tackle the complex problems of disadvantage in those neighbourhoods located at the interface. We would advocate that this work is tied to emerging models on community planning that is likely to be led by the Council. It is critical for these programmes to minimise duplication and maximise complementarity with Council-led services and initiatives, such as community development and community safety.

As we move towards local area planning, we need to collectively design synchronised services and programmes, maximising the social outcomes for the city from the public purse, and ensure funding streams from across Government and the city are integrated for the common good.

The Council is concerned with...

- The proposal to reduce spend on Play Policy by £0.55m per annum over the 4 year period.

Department of Employment and Learning (DEL)

The Department faces a number of key issues and challenges over the Budget 2010 period.

DEL's cash funding is reduced by £53m over the Budget 2010 period, increasing to a reduction of over £124m when inflation at 2% pa is included. These reductions exclude the pressures being exerted on the Department's budget in its response to the economic downturn, and from the increase in the numbers unemployed, welfare reform, higher demand for student support and cessation of funding for innovation and research.

When these are taken into account the Department has a funding deficit of £40m and £31m in years 2011-12 and 2012-13 respectively after delivering savings of £40/72/108/144m across the four years of the budget settlement period. This reduction in funding and the deficit above is impacting at a time when DEL's services are most needed to assist increasing numbers of unemployed adults back to work, to support our young people to improve their skills and find work and to help industry to climb out of the downturn through improving its skills base.

The Department's plans seek to protect capacity in these essential services as far as possible but as a result of the budget settlement DEL will struggle to deliver parity in our services to the unemployed with the rest of the UK.

The Council is concerned with...

- The overall funding deficit of £40m which may have a negative impact on the city's competitiveness
- The adverse impact this deficit will have on both employment and skills funding
- The impact on the implementation of the Skills Strategy which may lead to reduced support to the skills development of young people in Belfast.

Department of Agriculture and Rural Development (DARD)

The proposed allocations include Executive allocations of £9.5m in 2011/12 and £9.0m in 2012/13 to enable DARD to complete the Land Parcel Identification System (LPIS) project which will help mitigate the threat of future disallowance from Europe in respect of the area based support schemes.

The cash reductions in 2013/14 and 2014/15 will present challenges as DARD seek to maintain the delivery of priority services. DARD will revise the NI Rural Development Programme's Public Expenditure (PE) and European funding co-financing rates to optimise the funding from Europe and enable the Programme's PE requirement to be met within available current expenditure baselines.

The proposed allocations for capital investment pose major challenges for DARD as they seek to balance the competing priorities of investment in capital infrastructure/equipment and capital grants to the rural, agri-food and fishing sectors. However, the increased allocation in 2014/15 would allow DARD to reserve an allocation to progress consideration of the relocation of DARD Headquarters outside the Greater Belfast area, enhancing the quality and availability of public sector jobs in rural communities. The 2013/14 and 2014/15 allocations would also provide part funding for DARD to progress a replacement for the animal traceability IT system, which helps to support the agri-food industry's ability to trade and the control of animal disease.

The Council supports...

- Additional funding for Floods Directive (£0.2m/£0.4m/£0.5m/£0.4m). DARD will continue to implement the Floods Directive taking on new responsibilities for reservoir safety, coastal erosion and sustainable urban drainage systems.

The Council is concerned with...

- The lack of a guarantee on funding for Connswater Community Greenway flood alleviation measures.
- Department of Justice (DOJ)

The draft produced is so high level and does not contain explanations or comparisons with the current levels of expenditure and therefore it is impossible to comment in any meaningful way.

The Council is concerned that...

- In respect of Policing and community safety partnerships and arms length bodies - it would appear that the DOJ intends to make increasing levels of savings from £3.5m in 2011/12 to 6.2 m in 14/15. Whilst there is no explanation, it should be pointed out that the Department did say that merging the CSPs and DPP was not a cost saving exercise and BCC has always called for any savings which are made from merging the partnerships to be re-invested in front line services.
- It is clear however that the DOJ intend to stop paying individual allowances to members of DPPs.

Department of Education (DE)

The Department intends to reduce spending in the following areas to achieve the additional resource savings that would be required over the Budget 2010 period in order to live within budget:

- Home to School Transport
- ICT in Schools
- Reclassify £41m of Capital monies in 2011/12 as Resource.
- Professional Support for Schools
- The Entitlement Framework
- Access NI Costs
- Capacity-Building in Mainstream Schools
- School Meals
- Administration and Management (within DE and our Arm's Length Bodies)
- Procurement: Goods, Services and Energy
- Teacher Substitution
- GTCNI
- RPA Institutions
- Transfer Primary School Interviews
- The Aggregated Schools Budget

The Council would be concerned that...

- the reduction in spending in the areas above will have a negative impact on the educational well being of the young people in Belfast.
- It also appears there is very limited capital means of investment in new school projects in the city.

Department of Health Social Services and Public Safety (DHSSPS)

On the basis of the proposed allocation for DHSSPS the extent of shortfall against assessed need by 2014-15 is more than £800 million (15%). This presents a significant and real challenge for the Department to deliver effective Health, Social Care and Public Safety services in a way that ensures the most effective use of all available resources and effective service delivery across all areas in the context of increased demand across services and the fastest growing and ageing population in the United Kingdom.

The proposed allocation for DHSSPS will require significant change to the nature and extent of delivery of Health, Social Care and Public Safety services in Northern Ireland and it will take time to develop proposals that will allow these changes to be taken forward in a planned and manageable way.

The current profile across the Budget period presents an immediate challenge in relation to 2011-12 and a compelling need to control cash expenditure within a very tight timescale. The proposed allocations provides for a 1% uplift in 2011-12 against inflation of around 2%. This means there is a real terms decrease of 1% (almost £45 million). Consequently decisions will reflect this necessity and will mean that many of the following could occur:

- Restricted access to community care;
- Closures of beds;
- Hospital Beds will get blocked;
- Waiting lists will extend, both for hospital and community services;
- No ability to implement NICE Guidance;
- Reduction in grants to the voluntary sector;
- No new patients on high cost drugs;
- Jobs will be lost - c. 4000;
- A moratorium in employment;
- Cash control on necessary agency and locum spend leading to unplanned closure;
- New buildings currently in construction left unopened;
- Co-payments;
- Downgrading of fire stations; and
- Reduced service levels.

The Department's strategy for delivering the necessary reductions in expenditure will focus on:

- improvements in productivity;
- reviewing administrative costs;
- reconfiguration of HSC services;
- bearing down on pay and price inflation; and
- seeking greater contributions from service users.

The Council would welcome...

- That the Department seeks every opportunity to reprofile funding and maximise resource availability. The Council would emphasise the importance of partnership working between statutory agencies in support of this.
- It is the Council's view that a significant focus in terms of investment is needed in dealing with the health inequalities that exist in Northern Ireland, which are particularly prevalent in Belfast.
- The Council looks forward to working with the Belfast Trust and the Public Health Agency through the Belfast Health Development Unit in support of a collaborative and efficient approach to dealing with the health inequalities which exist. However this will require a change in how each of the organisations plan and deploy resources. This needs to be considered in the outworkings of the budgeting process."

During discussion, a Member pointed out that Jose Manuel Barroso, President of the European Commission, would be visiting Northern Ireland during March and the Council should be seeking to exploit that visit in order to maximise opportunities for additional European funding for Belfast.

After discussion, the Committee approved the draft response in relation to the Departmental Budgets and agreed that President Barroso be invited to visit the Council during his stay in Northern Ireland.

Review of the Future Use and Management of the City Hall

The Committee agreed to defer consideration of a report in relation to the review of the future use and management of the City Hall to enable Party Group briefings to be undertaken.

Interim Review of Property Maintenance Unit

The Committee was reminded that, at its meeting on 21st January, in considering a report on voluntary redundancy, it had deferred consideration of the two posts in the Facilities Management Section to enable a report on the review of that Section to be submitted to the next meeting of the Committee.

The Director of Property and Projects submitted an interim report in relation to the review of the Property Maintenance Unit. The report provided details in relation to the procurement of goods and services, the in-house workforce, the management/technical reporting structure and the financial implications associated therewith.

After discussion, the Committee:

- (i) approved the release of the two members of staff of the Property Maintenance Unit on voluntary redundancy;
- (ii) noted the information in terms of the various factors which influenced the cost-effectiveness of the Property Maintenance Unit; and
- (iii) agreed that a report, which would be prepared by the Efficiency Unit, in respect of the Property Maintenance Unit be submitted to a future meeting of the Committee.

**Local Government Reform Policy Proposals –
Draft Consultation Response**

The Committee deferred consideration of a report in relation to the consultation on the Local Government Reform Policy Proposals to enable Party Group briefings to be undertaken and that, if necessary, a revised report be submitted to the next meeting of the Committee scheduled to be held on 18th February.

Financial Estimates and District Rate 2011/12

The Committee considered further the minute of the meeting of 21st January which, at the request of Councillor Crozier, had been taken back to the Committee for further consideration. An extract of the minute in this regard, together with a further report providing an update on the Revenue Estimates, is set out hereunder:

“Financial Estimates and District Rate 2011/12

The Committee was reminded that, at its meeting on 7th January, it had agreed the cash limits for each of the Committees as follows:

<u>Committee</u>	<u>£</u>
<i>Strategic Policy and Resources</i>	<i>31,567,500</i>
<i>Health and Environmental Services</i>	<i>40,627,499</i>
<i>Parks and Leisure</i>	<i>22,940,266</i>
<i>Development</i>	<i>19,783,734</i>

The Director of Finance and Resources reported that, since that meeting, each of the Committees had considered and agreed its Revenue Estimates in line with the aforementioned cash limits. Based on the Estimated Penny Product of £4,893,170, which had been provided by Land and Property Services, that meant that the District Rate increase would be 2.5% for 2011/12 and would result in a Domestic Rate of 0.3002 pence and a Non-Domestic Rate of 26.2248 pence. The summary of the key elements of the Council's finances for the next financial year, as agreed by the Committee, would be as follows:

	<u>2011/12 Increase/ Decrease</u>	<u>% Rate Increase</u>
Department Estimates	1,478,413	1.14
Current Capital Programme	528,895	0.40
Additional Capital Schemes	3,200,000	2.48
City Investment Strategy	0	0.00
Waste Plan	1,300,000	0.99
City Priorities	1,000,000	0.77
General Exchequer Grant	(214,000)	0.16
Movement in Reserves	-4,500,000	-3.46
District Rate Increase		2.50
Average Impact on Rate Payer		£8.39

Accordingly, it was

Resolved – That the Council be recommended to approve the expenditure contained within the Departmental Estimates and, further to this, that the following District Rate be fixed to meet the estimated expenditure of the several Committees of the Council for the financial year commencing 1st April, 2011:

Non-Domestic Rate - 26.2248 pence

Domestic Rate - 0.3002 pence

The Committee approved also the key messages associated with the rates increase, subject to a number of amendments which had been suggested by the Members.”

“1. Relevant Background Information

- 1.1** It was agreed at the Council meeting on 1 February that the revenue estimates for 2011/12 would be taken back for further consideration at Strategic Policy and Resources Committee on 4 February. This is due to the late notification by Land and Property Services (LPS) of a significant change to the estimated rates income. This report provides background on the change in estimated rates income and sets out the options for the way forward. The rates must be set by 14 February and a special Council meeting will held on Wednesday 9 February for this purpose. At the request of councillors, LPS have also been asked to attend the SP&R meeting on 4 February to respond to Members concerns. Separate information will be made available for councillors to aid their discussions with LPS at the meeting.
- 1.2** As Members are aware, approximately 74% of the total funding for the Council’s activities comes from the district rate. Information on rates income is provided by Land and Property Service (LPS) who maintain the valuation list for the city and collect the rate.
- 1.3** Each year, the LPS will issue to local councils an estimate of how much it expects to raise from the total rate collected from their area for the coming year. This is known as the estimated penny product (EPP). On a quarterly basis during the year, updates are then provided by LPS of the actual penny product (APP) (the amount of money actually estimated to be collected) and finalisation occurs in September, following the financial year end. If the amount collected at finalisation exceeds the estimate the Council gets a payback, if it is less than the estimate the Councils pay the balance back to LPS.
- 1.4** Members will be aware of previous difficulties with the LPS forecasts of rates income, most notably an underestimate of £4.1m relating to 2007/08 resulting in this amount having to be being repaid to Government from BCC reserves. This led to a significant period of BCC working in partnership with LPS including developing a Memorandum of Understanding, assigning BCC staff to review vacant properties and increased liaison with LPS officials. Extra in year forecasts are now produced and finalisations have been reasonable compared to original forecasts.

2. **Position in 2010/11 – Current Financial Year Update on Actual Penny Product**

2.1 Members were advised at SP&R in November 2010 of an expected £600k reduction in our APP anticipated rates income for 2010/11 (letter from LPS of 27 October). We were also advised by LPS on 3 December that the EPP for the coming year 2011/12 was effectively flat, with no growth. These notifications were factored into our in year position and rates setting process respectively.

2.2 Due to concerns about the figures provided and the effect of the recession on the rate base, a full report on LPS/Rates issues was discussed at SP&R on 10 December and a letter was issued to LPS on 10 December by the Chair of SP&R (Appendix 1) and the issues discussed with Minister Wilson on 20 December. This was followed up by a letter to Minister Wilson on 23 December. LPS was also invited to attend the SP&R on 18 February 2011.

2.3 Responses were received from John Wilkinson, Chief Executive of LPS on 23 December (Appendix 2) and Minister Wilson on 14 January, both emphasising the positive nature of the partnership and the active engagement with BCC. However no indication was given by LPS of any amendment to the previous figures provided for the EPP and the anticipated APP.

3. **Most Recent Update**

3.1 Unfortunately, we have been advised by LPS on 26 January that the latest figure for the anticipated APP for 2010/11 is an estimated clawback of some £3.5m, an increase of £2.9m from that advised in late October. This also led to officers having serious concerns about the validity of the 2011/12 EPP figure provided by LPS on which the rates setting assumptions are based. There has been extensive engagement with LPS in the last couple of days to analyse and understand this position.

3.2 There are 3 key reasons for the changes which impact on both years:

- (a) There has been a reduction in the valuation list for non-domestic properties (for example, due to the removal of a number of demolished properties etc) which leads to a reduction in the level of rates billed;

- (b) There has been an increase in the level of write off of irrecoverable debt, particularly that associated with bankruptcies and liquidations; and
- (c) The number of vacant non domestic properties which are excluded from paying rates has significantly increased (for instance, because the property is deemed to be non occupiable etc)

4. Impact of the Current Position – 2010/11 – APP Clawback

- 4.1 We are currently finalising the 2010/11 forecast financial position. Members will recall that we had reported a forecasted underspend of some £2m in November for 2010/11. You are also aware that some £500k of monies set aside for VR in 2010/11 is no longer required. Given this prudent financial planning, we would expect that these monies and some recently notified underspends will be able to address the additional £2.9m of clawback in 2010/11 not factored into our previous forecast, without recourse to reserves.
- 4.2 However, there will be limited, if any investment in reserves (opening reserves for 2010/11 are some £9.1m) and effectively the council will have had to absorb an unexpected £3.5m hit to its finances in 2010/11.
- 4.3 Members should note that council officers met with LPS officials again on 1 February to explore potential actions which may reduce the clawback position for 2010/11. It is estimated that an additional £0.5m could be raised through expediting the processing of a number of rates assessments where the bills have not yet been issued and other measures. This action is helpful and may ultimately lead to a reduction in the estimated clawback to £3m when it is finalised in September, although equally there are many other factors that could also impact on this final position. However, based on discussions, it is unlikely to improve the current estimated EPP for 2011/12.

5. Impact of the Current Position – 2011/12

- 5.1 Due to the significant estimated clawback on the APP for 2010/11, officers met with LPS to seek a detailed reassessment of the EPP on which the current estimates for 2011/12 are based. In a series of meetings the planning assumptions of LPS were reviewed with the result that the EPP figure has been revised from 0% (on which the present estimates are based) to -2% (minus 2 per cent). This

forecasting process is complex particularly in the recession, but based on current information an EPP of minus 2 per cent is the best information available. This represents some £2.5m of reduced income compared to the figures used in the rate setting process.

- 5.2 This means that if the Council wishes to achieve the same outcomes and level of capital investment included in the previous estimates discussed by Strategic Policy and Resources Committee, it would have to increase the level of the rate by 2% to 4.5%.
- 5.3 The Table summarises the key elements of the council's finances for 2011/12 based on the 2.5% district rate increase as previously discussed with Committee. This does not take account of the revised EPP of minus 2%.

District Rate and Estimates 2011/12

	2011/12 Increase/(Decrease)	% Rate Increase
Department Estimates	1,478,413	1.14
Current Capital Programme	528895	0.40
Additional Capital Schemes	3,200,000	2.48
City Investment Strategy	0	0.00
Waste Plan	1,300,000	0.99
City Priorities	1,000,000	0.77
General Exchequer Grant	(214,000)	0.16
Movement in Reserves	-4,500,000	-3.46
District Rate Increase		2.50
Average impact on ratepayer		£8.39

6. Options for Rates Setting

- 6.1 As Members are aware, departmental estimates have increased by some 1.3% in 2011/12 compared to 2010/11. Whilst potential underspends against these departmental estimates are possible during 2011/12, it is advised that further cuts to departmental estimates would represent a significant risk at this time, given that efficiency savings of £2.9m have already been included and that there has been a real terms cut of over 2%. It is therefore suggested that if Members agree that expenditure commitments must be reconsidered, then the most appropriate options relate to the £1m set aside for investment in local area initiatives and the £3.2m set aside to finance £20.5m of capital expenditure. The options proposed are set out below.

- 6.2 (1) Sit at 2.5%. There would be no protection against the likely £2.5m rates clawback. This would mean that planned investments would have to be reduced. The £1m revenue for local initiatives would have to be on a non recurrent pilot basis in 2011/12 and could not be sustained into 2012/13. The non recurrent funding could be found for one year only, given that not all programmes planned for within the rates setting process will start on 1 April meaning that funds can temporarily be redirected to finance local initiatives. Capital investment would have to be reduced to £11m from the current planned £20.5m. We would be most likely in the middle of Council positions, below current inflation and in line with the assumed regional rate increase.
- 6.3 (2) Revise the rate increase to 3.5%. BCC would have protected itself against some £1.25m of rates clawback by increasing the rates to 3.5%. In addition, the £1m revenue for local initiatives would be on a non recurrent pilot basis in 2011/12 and could not be sustained into 2012/13. Capital investment would be held at the current planned £20.5m. We would be most likely in the upper third of Council uplifts, below current inflation but above the assumed regional rate increase.
- 6.4 (3) Revise the rate increase to 3.5%. BCC would have protected itself against some £1.25m of rates clawback by increasing the rates to 3.5%. In addition, the investment in local initiatives would be £0.5m sustainable for the future and £0.5m on a non recurrent pilot basis in 2011/12 which could not be sustained into 2012/13. Capital investment would be reduced to £15m from the current planned £20.5m. We would be most likely in the upper third of Council uplifts, below current inflation but above the assumed regional rate increase.
- 6.5 (4) Revise the rate increase to 4.5%. BCC could achieve the same level of investments in 2011/12 and would have protected itself against some £2.5m of rates clawback in 2011/12 (our current best assessment). We would be most likely in the top 4 councils uplifts and above inflation and the regional rate increase.
- 6.6 These options, and their implications, are set out in the table below.

Scenario	Average cost to domestic ratepayer per year	Additional Revenue Investment	Additional Capital Finance	Additional Capital Investment	Position of Councils
2.5%	£8.40	£0m sustainable £1m non recurrent pilot in 2011/12 only	£1.7m	£11m	Middle
3.5%	£11.85	£0m sustainable £1m non recurrent pilot in 2011/12 only	£3.2m	£20.5m	Top 1/3
3.5%	£11.85	£0.5m sustainable £0.5m non recurrent pilot in 2011/12 only	£2.5m	£15m	Top 1/3
4.5%	£15.20	£1m sustainable	£3.2m	£20.5m	Top 4

6.7 The table below, for notation purposes, shows the domestic and non-domestic rate for the above scenarios. The Council will ultimately need to confirm the relevant rates for the relevant scenario, when it is agreed.

Scenario	Domestic Rate	Non-Domestic Rate
2.5%	0.3002p	26.2249p
3.5%	0.3032p	26.4811p
4.5%	0.3061p	26.7332p

6.8 Members will wish to consider the implications of each scenario in terms of the additional costs per annum for Belfast ratepayers and the additional investment that each scenario can deliver.

7. Action regarding validity of LPS information

7.1 This whole episode raises serious concerns about the quality of the information provided by LPS. Whilst it is acknowledged that the recession presents many challenges for forecasting and that Belfast has, we understand, been disproportionately hit in terms of bad debts, nonetheless the APP figures provided present a significant reduction in one quarter from previous forecasts of 2010/11, with knock on implications for the EPP in for 2011/12.

7.2 We therefore asked the Institute of Revenues Rating and Valuation (IRRV) who are UK experts in rating issues to review the information provided by LPS and the significant change since the end of October. Their report is attached at Appendix 3. They have not had a chance to consider all the underlying data on which the estimates are based but they have made the following observations:

- **The estimated EPP is not really an estimate – it is simply a figure based on the values in the valuation list at a point in time and takes only limited account of potential changes to the tax base for the forthcoming year;**
- **The process takes little account of possible reductions in rateable value due to the appeals process – this has resulted in a number of large reductions in 2010/11, many of which are retrospective;**
- **More regard needs to be taken by LPS about the impact of forecasts on local councils and more regular information should be shared with councils;**
- **The electronic estimating model should be scrutinised to ensure that it is fit for purpose and there should be an improved notification process between LPS and councils in regard to planned losses;**
- **It is argued that both the reducing tax base and the increase in write offs should have been better forecast by LPS, in terms of the original EPP for both 2010/11 and 2011/12.**
- **In future weeks, more information should be obtained from LPS on the potential for additional income from new assessments; details on write offs; costs of collection and the individual elements of the revised EPP. An independent audit of the EPP methodology in the near future is also suggested.**

7.3 We would therefore recommend the need to commission an independent assessment of the current difficulties and the identification of recommendations to improve future forecasting. We would also wish to raise the concerns with the Minister of the Department of Finance & Personnel.

Resource Implications

Resources of £3.5m will need to be set aside in 2010/11 for the estimated clawback compared to the original EPP. Income is expected to reduce by some £2.5m in 2011/12 compared to previous estimates.

Recommendations

It is recommended that Members note the above report and agree:

- (a) which option to take forward to council for the striking of the district rate;
- (b) that officers will provide further information and recommended actions for improvements in the forecasting and monitoring by LPS at the meeting on 18 February;
- (c) that an independent assessment should be commissioned to understand more fully the current significant revisions to previous estimates and to recommend improvements to future forecasting by LPS; and
- (d) that Members concerns should be raised with the LPS when they attend the SP&R meeting and with the Minister of the Department of Finance & Personnel.”

The Director of Finance and Resources outlined the background to the late notification by Land and Property Services of the estimated rates income and provided an update on the Actual Penny Product for 2010/11. She reviewed the impact which the clawback would have on the Council's finances in both the current and the next financial years. The Director then outlined the suggested options for the Committee in relation to the setting of the rate and highlighted the implications which each of the options would have.

She reported that Messrs. J. Wilkinson, I. Greenway and A. Bronte, Land and Property Services, were in attendance to explain the late notification and they were admitted to the meeting and welcomed by the Chairman.

The Members of the Committee expressed their concern about the late changes in the estimated rates income and questioned the representatives of Land and Property Services on the timeliness of the Actual Penny Product notification, its accuracy in relation to the gross rate income, the increase in debt write-off/irrecoverables, the non-domestic vacant rating and exclusions and the accuracy and processes associated with the Estimated Penny Product.

The deputation then made the following points:

- Mr. Wilkinson apologised to the Members of the Committee for the late timing of the notification of the reduction in the estimated rates income and the effect which it had had on the Council in setting the District Rate;
- He outlined the processes involved in forecasting the Penny Product and the main reasons for the large discrepancy, which included an increase in the amount of debt written-off, an increase in the number of vacant properties and the movement from vacant to excluded properties;
- During the period between September till December, there appeared to be a severe deterioration in the rates income and Mr. Wilkinson accepted that that information should have been picked up at an earlier stage and the Council advised sooner;
- Mr. Wilkinson indicated that he had become aware of the situation in mid-January but had not notified the Council, by telephone, until 26th January. That delay in notification had been due to the processes which required the revised figures to be cleared with the Minister of Finance and Personnel before Councils were advised;
- He accepted that the Council had been working closely with Land and Property Services over the previous number of years but that communications by Land and Property Services could have been better over the previous few months, with the Council being notified sooner by the Agency of the potential decrease in the estimated rates income;
- Detailed discussions had taken place over the clawback amount for 2010/11 and the estimated penny product for 2011/2012 and Mr. Wilkinson stated that he was confident in the robustness of the revised figures;
- Regarding a value-for-money service to the Council, Mr. Wilkinson accepted that that had not been the case over the previous few weeks but asked that the Members take into consideration the overall position and the service which had been provided over the last three years. The Agency was established to be 50% cheaper in terms of costs of collection compared to English local authorities but Land and Property Services would learn from the recent problems and seek to further improve its service to the Council;
- Mr. Wilkinson indicated that there were some questions about the skills of the team undertaking the forecasting, including an economist, and he would be looking to identify any weaknesses and strengthen those – an additional accountant had already been added to the team;

- Mr. Greenway referred to the work which had been undertaken by the Council's Building Control Service, which was highly appreciated by Land and Property Services, and reviewed the number of vacant properties which had still to be issued with bills and the reasons for the delays, some 240 bills had yet to be progressed and would be actioned;
- With regard to debt written-off, the Agency was seeking to improve its system for collection, in conjunction with District Councils, and again Mr. Wilkinson accepted that communications with the Council could have been improved over that issue;
- In relation to the report by the Institute of Revenue, Rating and Valuation on a review of the revised Penny Rate Product during 2010/11, Mr. Wilkinson indicated that Land and Property Services would be keen to work with that organisation although it had issues with some of its recent findings;
- The large increase in losses by non-domestic vacant rating exclusions had been as a result of some large companies going into liquidation late in the year, however, other causes for the increase should have been picked up sooner;
- Mr. Wilkinson apologised for the reference in the letter of 23rd December in this regard and recognised that the figure of £262,000 quoted was not in line with the £8 million of non-domestic vacant rate exclusions; and
- Land and Property Services would be seeking to benchmark with other Local Authorities in future.

The Chairman, on behalf of the Committee, thanked the representatives of Land and Property Services for attending and they retired from the meeting.

The Director of Finance and Resources outlined the next step in the rates setting process which included briefings for those Party Groups who had so requested. In addition, the Party Group Leaders would be meeting with the Minister of Finance and Personnel, Sammy Wilson, MLA, on Tuesday 8th February. That would be followed by a meeting of the Budget and Transformation Panel later that day in order to ascertain whether or not the Members could agree a position prior to the special meeting of the Council, which had been arranged for Wednesday, 9th February to consider the Financial Estimates and District Rate for 2011/12.

After discussion, the Committee noted the information which had been provided and that the question of the striking of the District Rate would be considered at the special meeting of the Council.

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Strategic Policy and Resources Committee,
Friday, 4th February, 2011

The Committee agreed that it should recommend to the Minister of Finance and Personnel that an independent assessment be commissioned to understand more fully the current significant revisions to previous estimates and to recommend improvement to future forecasting by Land and Property Services.

Chairman