



Belfast City Council

Report to:	Strategic Policy and Resources (Transition) Committee
Subject:	Review of Public Administration Update
Date:	4 th June 2010
Reporting Officer:	Peter McNaney, Chief Executive
Contact Officer:	Kevin Heaney, RPA Coordination Manager (ext. 6202)

1.0	<u>Relevant Background Information</u>
1.1	Discussions about the reform of local government, as part of the Review of Public Administration, have been ongoing for over 9 years. Approaches to the Review have changed over the years, but the current position is that local government reform is scheduled to take place in May 2011 with elections for 11 new Councils, the boundaries of which have not yet been fully agreed. An independent Boundaries Commission made recommendations on boundaries and the final recommendations are contained at Appendix 1.
1.2	The boundaries for the new Councils need to be agreed with both the Executive and the Northern Ireland Assembly before a draft Order can be made by the Assembly to give effect to the Commissioner's recommendations, with or without modifications. At the present time the Minister has not accepted the recommendations of the Boundaries Commission and the Executive has not accepted the modifications proposed by the Minister. In essence the disagreement is centred on the Boundaries Commission's recommendations that Dunmurry and Forestside Shopping Centre should transfer to Belfast. It is contended by Lisburn/Castlereagh Transition Committee that this would have a drastic effect on their rate base and would require large rate rises in the new Council to correct the position.
1.3	For some time Belfast City Council has made representation to the Minister and the rest of local government, that local government reform will only be seen as a success by ratepayers if in May 2011 ratepayers can see new Councils making a demonstrable difference to the quality of life in their areas. Citizens will not look kindly on new Councils being formed which result in large rate rises, poorer services being provided and less resources being available for capital investment for facilities in their areas. In other words, for local government to be a success all of these issues need to be planned for and regional government support needs to be made available to smooth out potential rate rises and allow investment in Council areas to continue.
1.4	The Department of the Environment commissioned an economic appraisal from PricewaterhouseCooper to look at the options for local government service delivery and ascertain the costs of a number of options. The Minister's preferred position in terms of the economic appraisal was option 5, which was transformation of Councils with regional collaboration. This option recommended the setting up of a new regional business services organisation and a single waste authority serving all of Northern Ireland. It also envisaged each of the 11 new Councils being self-contained in terms of service delivery, incorporating the new services which are to be transferred to local government, the principal ones of which are planning, neighbourhood renewal and regeneration. The cost of implementing options was estimated at £118M with a payback over 25 years of £438M. A breakdown of the costs are set out in Appendix 2.

1.5	Local government considered the Minister's recommendation and were not in favour of the creation of a business services organisation. Local government contended that the same result in terms of efficiencies could be delivered by voluntary collaboration between local authorities in areas such as procurement, professional services, ICT and back office support services such as payroll/recruitment.
1.6	The Environment Minister indicated at the Strategic Leadership Board that he would not be prepared to proceed with local government reform unless the costs outlined in the PricewaterhouseCooper report (£118M) were met by local government efficiencies.
1.7	The Councils have considered this issue in the past and indicated that they are prepared to liaise with other Councils in terms of collaboration as long as the business case for such collaboration benefits Belfast ratepayers and provides value for money.
1.8	In order for local government elections to take place in May 2011 for the 11 new Councils legislation will have to be made to create the new Councils, the new finance structure for Councils, the new governance processes for Councils and electoral legislation will need to be made to create the wards for the new Councils. The electoral legislation is made by the Northern Ireland Office and the NIO has recently indicated that unless the boundaries are agreed by the end of June it would be very difficult for this new legislation to be made in time for the elections to the new Councils. In addition the Land and Property Service, which will be responsible for the collection of rates, have indicated that in order for them to amend the systems required to collect the rates, boundaries would have had to have been agreed by the end of April.
1.9	The Environment Minister submitted a report to the Executive at its meeting on 27 th May 2010, setting out options on the way forward for the local government reform programme. Essentially 3 options were presented: (1) to proceed with the reform programme, having resolved the outstanding issues; (2) to delay the implementation of local government reform completely to 2015 and proceed with elections to the 26 current Councils in May 2011; and (3) to delay the creation of the new Councils to 2015 and proceed with transfer of functions on a sub-regional basis in the interim. In conversations with the Department, Belfast would stand alone in terms of the transfer of functions and would not have to collaborate with other Council groupings.
1.10	Different views were expressed at the Northern Ireland Executive meeting on 27 th May and the discussion on the way forward was deferred to the Executive meeting on 10 th June 2010. Following the meeting the Minister for Local Government, Edwin Poots, has written to NILGA and Councils setting out the funding pressures that central government will be under over the coming years and indicating that if local government reform is to proceed the estimated cost of £118M would have to be met by local government. A copy of the Minister's letter is attached herewith at Appendix 3. Council responses have been sought by 4 th June to enable the Environment Minister to submit a revised paper for the Executive meeting on 10 th June.
1.11	The Chief Executive circulated a briefing paper on the issue to all Members in advance of the Council meeting on 1 st June 2010. A copy of this briefing is attached at Appendix 4.
1.12	NILGA have arranged a meeting with representatives of all local authorities which will take place at the Hilton Hotel, Templepatrick, at 2.00pm on Friday 4 th June. Each Council has been requested to send 2 representatives and Belfast City Council Members of the NILGA Executive have also been invited to attend. The Chief Executive has briefed the NILGA Executive Members and Party Group Leaders on the issues.

1.13	At that meeting NILGA intend to recommend that a response is sent to the Minister advising him of the principles which local government have already agreed in relation to funding the reform process. A copy of the draft NILGA response is enclosed at Appendix 5.
2.0	<u>Key Issues</u>
2.1	As referred to in the briefing paper attached, it will be important that the Council ensures that it avoids a position whereby it is requested to contribute a disproportionate amount towards the reform of local government. Other Councils might argue that as Belfast City Council contributes 25% of the total rate base of Northern Ireland, it should bear 25% of the cost of £118M for the reform programme as a whole. This would be a most inequitable way to distribute the cost as essentially what it would mean is that Belfast ratepayers would subsidise ratepayers of all the other councils. If support is to be given to other councils, it should come from central government, rather than Belfast ratepayers.
2.2	It is important to note that Belfast will be less affected by up-front costs of implementation (e.g convergence and set-up costs) as it is not merging with any other Council and has well developed systems already in place. There is less scope also for Belfast to secure large efficiencies as a result of the transition/convergence process. Possible costs to be incurred by the Council may include, for example, severance for members; severance for officers; extending/harmonising service delivery; capital investment requirements etc.
2.3	<p>Notwithstanding, in the interest of ensuring that local government reform is brought forward and service improvement for the citizen is achieved, the Council may wish to consider committing, in principle, to contribute its fair share towards local government reform, however, with a number of potential conditions attached e.g.</p> <ul style="list-style-type: none"> (a) any financial contribution made by the Council would be proportionate to the direct costs incurred by the Council in implementing the reform programme; (b) any financial commitment to the efficiency programme for local government will only be made on the basis of VFM being demonstrated for Belfast ratepayers; (c) the Belfast ratepayer should not be asked to subsidise the convergence costs of other council areas; (d) transferring functions should be rate neutral at point of transfer to councils.
2.4	The Council may also wish to consider how any changes to the proposed boundaries may be finically ameliorated. This could be achieved by for instance requiring government to agree that current funding for regeneration/meeting social need should be maintained at current levels to enable the Council to address the infrastructure needs of deprived areas that would transfer into the city.
2.5	<p>In the event that agreement cannot be reached across local government in regards to the Environment Minister's request for councils to fund the RPA reform programme, urgent consideration needs to be given to what options exist for moving forward (i.e. 'PLAN B'). It will be important to build upon the substantial work already undertaken to date by local government. The Council may wish to consider suggesting that the following areas should be progressed.</p> <ul style="list-style-type: none"> ▪ Central Government to progress the necessary legislative to enable local government reform to happen, albeit a final implementation date is still to be agreed; ▪ Move forward embryonic community planning with consideration given to securing

greater alignment between the Programme for Government and Investment Strategy for Northern Ireland priorities with the future priorities of central and local government;

- Business case consideration given to the potential initiation of pilot projects between transferring function departments and local government in advance of transfer, where VFM can be demonstrated.

3.0 Resource Implications

- There are potential implications attached to any commitment made by the Council to fund elements of the RPA reform programme, however, any financial commitment will be based on the development of a detailed business case which will remain subject to political consideration and endorsement.
- There will clearly be resource implications (in terms of officer time) attached to the Council's continued engagement and work on the key issues outlined within this report.

4.0 Recommendations

The Strategic Policy and Resources Committee are requested to consider this report and make a recommendation on the representations that should be made to the NILGA joint meeting of Councils.

5.0 Appendices

Appendix 1: Final recommendations of the Boundaries Commission

Appendix 2: Breakdown of PWC £118M RPA cost

Appendix 3: Correspondence received from the Environment Minister, dated 28th May 2010

Appendix 4: RPA Briefing circulated to all Members of Council

Appendix 5: Draft NILGA response