

Transfer of Functions Working Group

DRAFT REPORT

OCTOBER 2010

Contents

- 1. Executive Summary3
- 2. Purpose4
- 3. Background4
 - 3.1 What is the status of discussions on transferring services?4
 - 3.2 What is required from the NI Executive?5
- 4. What is the operating environment?.....5
 - 4.1 Commitment to Improvement, Collaboration and Efficiency6
 - 4.2 Principles for moving forward7
- 5. Next Steps8
- 6. Way Forward10
- 7. Conclusions11

WORKING DRAFT

1 Executive Summary *[to be reviewed at later stage]*

The Transfer of Functions Working Group, comprising of senior officials from central and local government, had been established to examine the package of functions proposed to transfer from central to local government and to provide clarity in terms of the scope of the transferring functions; the resources attached to the functions; and to examine those operational issues which needed to be addressed prior to transfer.

While the level of engagement between central and local government had been constructive and progressive; it has become apparent that there remain a number of fundamental issues (e.g. resource implications; enabling legislation) which still need to be addressed.

In the absence of clarity from the NI Executive on the way forward for local government reform, with elections to 26 councils and not 11 councils in May 2011 as planned, there remains uncertainty in respect to transferring functions.

It is therefore important that the NI Executive provides early clarification on its commitment to the transfer of functions to local government and on the proposed timetable for implementation.

There is clearly a need for continued dialogue and engagement between central and local government in respect to any future prospect of transferring functions to local government, the scope of such transfers and the practical and financial implications for councils.

Given the current economic climate, pending budgetary and growing pressures on the entire public sector to do more with less, there is now a real opportunity to reconfigure the conversation between central and local government to explore the potential opportunities to secure greater service integration at the local level. There is a need for a rounded discussion in respect to exploring what opportunities exist for local government to work with and support central government in delivering services at a local, sub-regional and regional level.

This report recommends that a process needs to be put in place to initiate a number of integrated area based pilots which integrate core functions (e.g. regeneration, planning, and community development) at the local level.

Such an approach would be an essential building block to creating strong local government and would enhance service provision to the citizen. It would reinforce and strengthen the central and local government relationship and help enhance the joint capacity to deliver. It would also provide an opportunity and platform to test assumptions and work through any practical or operational issues on the ground prior to formal transfer of functions. This is a 'Preparing for Success' model.

2. Purpose

The purpose of this report is to:

- i) provide a brief summary on the current position in respect of proposals for the transfer of functions from central to local government;
- ii) highlight those strategic issues which need to be progressed if the necessary platforms and foundations are to be put in place to enable the transfer of functions to local government at anytime in the future;
- iii) examine the current operating environment and key drivers in moving forward; and
- iv) suggest how the transferring functions conversation should be progressed

3. Background

A Transfer of Functions Working Group (ToFWG) was established consisting of senior officials from both transferring function Departments and local government. Its purpose was to provide clarity on scope of the functions to transfer to local government; the resources attached; and to identify those operational and implementation issues which needed to be addressed prior to transfer.

3.1 What is the status of discussions on transferring functions?

While a baseline report had been produced by the ToFWG and submitted for the consideration of the Regional Transition Coordinating Group in February 2010 (copy of which is attached at Annex 1), it was clear at that stage that there remained a number of outstanding issues (e.g. particularly pertaining to establishing the true cost of delivering the functions and the level of resources to transfer) which still need to be progressed.

Since, the local government reform landscape has changed significantly. While NI Executive discussions are ongoing in respect of reframing the delivery timetable for local government reform within NI, the context for moving forward any further consideration in respect of transferring services has also changed.

To date, the working assumption has been that the transfer of functions would be on an 11 council basis, however, the proposed 11 council model will no longer be implemented in 2011 as originally anticipated but rather elections will take place to the exiting 26 councils. Furthermore, in the absence of the new governance and ethical standards regime being put in place (linked to the pending Reorganisation Bill), it is unlikely that there will be any imminent transfer of functions to local government.

Within this context, and given the current financial pressures facing NI public spending, there is now an opportunity to reconfigure the discussions relating to specific transferring functions towards a broader conversation in pursuance of integrated service delivery. The purpose of such a conversation would be to explore the potential efficiency and effectiveness gains to be realised through such an approach and to pilot new forms of integrated service delivery at a local level.

3.2 What is required from the NI Executive?

As part of its deliberations on the way forward for local government reform, the NI Executive need to provide early confirmation in respect to the future intention for transferring functions and put in place a structured implementation timetable.

Notwithstanding, it is suggested that two ways forward could include:

- 1 PILOTS:** Initiate integrated pilots to explore the potential for the co-design and joint delivery of services (including, for example, planning, urban regeneration, economic development, community development etc) at the local level and the alignment of resources to maximise outcomes and deliver value for money. Any such pilots would need to be underpinned by an agreed SLA between central and local government which provides the necessary governance, audit and assurance regime.
- 2 LEGISLATION:** Central government, working in partnership with the local government sector, now need to begin to put in place the required legislative and policy infrastructure which will underpin the future transfer of functions to local government. Important enabling legislation (e.g. such as Finance Bill, Local Government Reorganisation Bill, Planning Reform Bill, Community Planning etc..) may also facilitate and support the implementation of interim local delivery arrangements (e.g. councils delivering services and administering resources on behalf of departments) by putting in place essential governance and accountability arrangements.

It is important to note that some transferring function departments have already brought forward, or had been in the process of developing, draft legislation (e.g. Regeneration and Housing Bill), which was intended to underpin the transfer of some DSD functions to local government. Clarification is sought in terms of the next steps for such legislation and if indeed it is intended to proceed.

4. What is the operating environment?

In moving forward, there is a growing economic pressure for both central and local government to find more efficient and effective ways of commissioning and delivering integrated services. It will be important that all efforts are taken to minimise any potential duplication, align activity and consolidate service delivery where possible

Collectively central and local government must strive to *'change the focus of service delivery from one of administrative boundaries to addressing the needs of people and working together to deliver better experiences and outcomes'*¹.

¹ Draft Programme for Government 2008-2011

² Oxford Economics; cutting carefully – how repairing UK finances will impact NI; NICVA Report; July 2010

It is important to recognise that central government departments are entering into a new Comprehensive Spending Review period with budgetary cuts anticipated in the region of 20% on revenue and 35% on capital, with an overall minimum £1.2 billion cut in public expenditure for the province². The NI Executive is also considering the next Programme for Government and Investment Strategy for Northern Ireland.

With such unprecedented cuts to the NI Executive block grant looming, Ministers and their departmental officials now face the challenge of delivering more with less – finding ways of ensuring that priority frontline services can be protected while reducing their spending plans.

In fact, responsibility for implementing cuts and finding efficiency savings will impact upon the entire public sector within Northern Ireland. It is the responsibility of everyone to seek to ‘do more with less’ and find innovative ways of working that can reduce costs while minimising any potential negative impact on vital services.

4.1 Commitment to Improvement, Efficiency & Collaboration

Local government has committed to an improvement, collaboration and efficiency agenda to deliver tangible benefits to citizens and service users by providing good quality value for money services. Such work should not be limited to either simply redesigning services to make leaner and more efficient working practices within councils or securing collaborative practices across local government.

If this is to be meaningful and the citizen is to see real benefits, this conversation should not be limited to local government. A broader discussion needs to take place with central government to examine the potential opportunities for securing greater collaboration with and between local and central government with a genuine focus on ‘Place’ and enhancing outcomes for citizens.

With public sector budgets under pressure, it is more important now than ever that we seek to institute reforms that seek to ensure the most targeted, integrated and efficient responses to local needs. In doing so, we must identify and utilise the most efficient and effective forms of service delivery.

Now is the time to look at ways of increasing the resources available for public services. It will be important that all efforts are taken to create a mutually beneficial environment whereby local government works in a structured and supportive partnership with the Executive, its Departments and agencies to release as much energy as possible to align priorities, resources and activity in pursuit of shared outcomes.

There are already clear synergies and linkages between the priorities of the NI Executive, central government departments and those of local government.

Local government already has a proven track record in the successful delivery of local services across key areas such as, for example, local economic development, culture and tourism, community safety, health improvement and regeneration.

Local government continues to strive to provide value for money services to the citizen and has worked with central government (e.g. through initiatives such as working with Land and Property Services to undertake vacancy reviews), to maximise the resources available to deliver the outcomes that matter locally.

4.2. Principles for moving forward

What is needed is jointed-up/integrated government and a shared commitment to achieve the following common principles:-

- i) **Responsive public services:** seek to deliver public services to meet the needs of citizens, not the convenience of service providers.
- ii) **Value for money:** provision of high quality, efficient and effective services that provide value for money for the ratepayer.
- iii) **Councils at the heart of local coalitions:** providing civic leadership and acting as a junction box to channel and align public services at the local level, linked to a wider community planning agenda.
- iv) **Collaboration;** work across organisational boundaries to deliver services that are shaped around user needs and policies that take a holistic approach to cross-cutting problems
- v) **Co-production** – working with partners to design the delivery of more integrated and sustainable public services at the local level
- vi) **Focus on delivery:** ensuring that the appropriate resources are in place to deliver the outcomes that matter on the ground.
- vii) **Outcome based approach:** a focus on outcomes will encourage delivery bodies (both central and local) to work together where potential synergies can be developed and outcomes maximised.
- viii) **Removal of unnecessary bureaucracy:** seek to minimise any unnecessary bureaucratic processes or structures which may stifle innovation , creativity or partnership working
- ix) **Co-operation** – explore potential opportunities for greater integration and co-operation between Government Departments and councils on a sub-regional basis.

Such principles are visionary and ambitious and driven by the need to make services user- or citizen centred rather than driven by the needs and agenda of individual delivery organisations. We must deliver services and programmes that are not only efficient and effective but also joined up and responsive.

The TOFWG proposes that the Executive and local government should work together to implement this as the central pillar of a new central /local government partnership.

This approach would reinforce the Executive's commitment to creating Strong Local Government and enable the existing councils in the transition period to:

- set a vision for their area, possibly linked to community planning, and create local coalitions to deliver shared outcomes
- link core service delivery to the realisation of wider regeneration, economic and social priorities of the NI Executive and Government Departments;
- arrange for the delivery of services at the right level to meet local needs, and
- align the delivery of services and the allocation of resources around Place.

The outcomes would be:

- support the evolution of new forms of service delivery and joint working between central and local government which deliver value for money
- provision of integrated, efficient and responsive public services which meet the needs of the citizen
- strengthen local decision-making and political leadership capacity
- maximise the potential benefits and synergies through the alignment and integration of services at local level
- demonstration of joined-up government in action

It will require real political leadership both at council and at Executive level to develop the trust, enthusiasm and common purpose that could lead to the sharing of resources, skills and expertise across agencies, Departments and councils.

5. Next Steps

The work to date of the ToFWG has identified a number of key issues and potential opportunities which it is suggested would benefit from further constructive engagement between central and local government. It is suggested that while such discussion would evolve incrementally, it should take advantage and build upon the momentum and relationships created through the work of the ToFWG.

What remains clear is that the status quo cannot be pursued within the current financial climate. The strong message in this report is that there is a need to progress discussions on those key issues which will add value in making a difference in the coming months.

Initial discussion would suggest the working group, subject to endorsement, should progress on the basis of the following 2 workstreams:

WORK STREAM 1: URGENT ISSUES TO BE ADDRESSED

Suggested projects include:

- i. **Area Plan coverage** - *central and local government working in partnership to deliver up to date local area plans and address the absence of coverage in particular areas. A whole system approach should be adopted whereby all relevant stakeholders are involved in taking this process forward.*
- ii. **Reformed Planning System** – *local government assists the department in implementing and testing (possibly through pilots) the reformed planning system.*
- iii. **Review of the future priorities of planning** – *local government influences the future approach to land use planning which addresses local needs and is connected to a wider community planning processes.*
- iv. **Delivering joined up urban regeneration** – *local government supporting the department in aligning and consolidating resources to deliver the desired outcomes at the local level [in the context of the new Framework for Urban Regeneration and Community Development currently being developed?]. This could be tested through some pilot working.*
- v. **Integrated community development** – *local government works with departments (e.g. DSD and DARD) to streamline and enhance the co-ordination of community development and associated support activities (e.g. funding community networks, community support programme) across urban and rural areas.*
- vi. **Enhancing economic development activity** – *local government supports central government to maximise potential synergies and identify and avoid overlap /duplication in terms of economic development activity.*
- vii. **Implementing Local Transport Plans** – *local government informs and inputs into the future planning, prioritisation and implementation of local transport plans as part of wider strategic planning process around 'Place'. This needs to be considered within the context of the future interchange and relationship between central and local government.*

WORK STREAM 2: SUPPORTING INTEGRATED SERVICE DELIVERY

viii. Programme for Government and ISNI

As previously discussed, the NI Executive and departments are about to enter into a new comprehensive spending review cycle and are in the process of considering the future priorities for the Programme for Government and Investment Strategy for Northern Ireland.

Clearly it is important that local government is engaged and has an opportunity to inform such considerations. The aim should be to strengthen the relationship between central and local government and, insofar as possible, align priorities and activity so as to deliver greater VFM outcomes for the citizen. The potential benefits to be realised include the better use of resources and improved service delivery.

ix. Local integrated service delivery

This is indisputably a key feature of modern and effective governance. It is therefore imperative that a process is put in place to consider the potential to take forward a number of integrated area based pilots which integrate core functions (e.g. regeneration, planning, and community development) at the local level.

There is a need for a rounded discussion in respect to exploring what opportunities exist for local government to work with and support central government in delivering services at a local, sub-regional and regional level.

Further work is required to explore the potential viability and associated business case for specific functions to transfer to local government in advance of reform and to examine possible and viable delivery model options (e.g. could councils, individually or on a cluster basis, deliver specific services on behalf of departments).

Any delivery model(s) would need to be underpinned with appropriate governance and accountability arrangements for the delivery of outcomes.

Such an approach would be an essential building block to strong local government and would enhance service provision to the citizen. It would reinforce and strengthen the central and local government relationship and help enhance the joint capacity to deliver. It would also provide an opportunity and platform to test assumptions and work through any practical or operational issues on the ground prior to formal transfer of functions. This is a 'Preparing for Success' model.

6. Moving Forward

It is suggested that if this work is to be progressed, the remit and membership of the Transferring Functions Working Group may need to be reviewed and a detailed work plan agreed. Clearly this will need to take into account the outworking of the pending NI Executive discussions on the future of local government reform.

7. Conclusion

It is clear that discussions between central and local government should continue over the coming months to address those important outstanding issues which will impact upon the future delivery of key functions.

As we enter into a period when resources will inevitably be constrained, with budgetary pressures facing the entire NI public sector, there is growing pressures on delivery bodies to 'do more with less' and find more innovative ways of working that can reduce costs while preventing a negative impact on vital frontline services.

It is incumbent upon all of us to provide value for money services and deliver the outcomes that the citizen expects and deserves. This can be achieved to a degree on an individual basis, however, greater outcomes can be delivered if central and local government work in partnership to deliver more integrated and outcome based services.

Within this context, it is suggested that the conversation in respect of transferring services needs now to be reconfigured to explore what opportunities exist for councils to support central government in delivering and integrating services at the local level. There is a need to recognise the potential role of local government in supporting the NI Executive and departments to deliver upon the priorities and targets which will be set out within the new Programme for Government and Investment Strategy for Northern Ireland.

There are clearly opportunities over time to reassess the way that services are managed, commissioned and delivered and where the business case is compelling to consider changes in service arrangements which may involve delivering services in a different way or transferring services to local government. In part, this will be dependant upon the willingness and commitment locally to explore new and more innovative ways of delivering services.

WORKING DRAFT