

## **TRANSFER OF FUNCTIONS WORKING GROUP REPORT**

**Summary:** This report provides details of strategic and cross-cutting issues relating to the Transfer of Functions together with recommendations for moving forward.

**Action:** The Regional Transition Co-ordinating Group (RTCG) is asked to:-

- discuss and agree the detail of the report;
- consider and identify those key issues which may require further consideration and political direction; and
- consider and agree the emerging recommendations contained within this report

### **BACKGROUND**

1. Minister Foster's statement of 31 March 2008, on the future shape of local government, provided a high level summary of functions transferring to local government. Further to this an urgent need was identified for engagement between central and local government to develop further clarity on the detail of the functions transferring and to consider how such functions could be integrated and delivered by local government while ensuring service continuity and improvement for the citizen.
2. A Transfer of Functions Working Group (TFWG) with associated task and finish sub groups was established, initially reporting to Policy Development Panel C (PDPC) and subsequently to RTCG, comprising of senior officials from transferring function departments and local government.
3. Constructive discussions have been continuing over recent months to scope the transferring functions; the resources attached; and to identify those operational and implementation issues which need to be addressed or require further clarification prior to transfer.

### **INTRODUCTION**

4. The ongoing work of the TFWG has raised a number of strategic and cross-cutting issues for consideration by RTCG and SLB. The following paper seeks to highlight those overarching strategic issues which will affect the overall transfer of functions from central to local government and, where appropriate, recommends a way forward. It also highlights those pertinent issues related to specific transferring functions which need further consideration.
5. It should be noted that considerable work remains to clarify the detail on individual transferring functions. Attached at Annex 1 are detailed reports prepared by each of the transferring function sub-groups providing a summary (as known) of functions to transfer to local government and highlighting pertinent issues and recommendations on the way forward.

## **STRATEGIC ISSUES**

6. In considering the transfer of functions to local government it is important to reaffirm the shared commitment of the NI Executive to create 'Strong Local Government' and the associated agreed vision of: *"a strong, dynamic local government creating communities that are vibrant, healthy, prosperous, safe, sustainable and have the needs of all citizens at their core"*.
7. The vision recognises the requirement for citizens' needs to be at the centre of service delivery and the need to integrate these services to serve the public more effectively and efficiently. A joined up system of government with clarity of responsibility and alignment of purpose while ensuring that services are delivered by those parts of the system which are best placed to meet the needs of the citizen must be the long term aim.
8. With the increased financial demands and spending constraints on the NI public sector, there will undoubtedly be greater pressures for both central and local government to find more efficient and effective ways of commissioning and delivering services in the future. Therefore, within the context of considering transferring functions and the future role of local government in community planning, it is suggested that all efforts be taken to optimise any potential for aligning priorities, initiatives and resources.
9. The TFWG would suggest that there is a need for discussions with DoE, OFMdfM and DFP to clarify the involvement of local government in the process of establishing future Programmes for Government and in setting priorities and agreeing targets for those relevant functions transferring to councils.
10. It will be equally important that local government work in partnership with Central Government on the imminent Comprehensive Spending Review (CSR) process to ensure that a compelling and robust case is put forward to secure adequate resources for the functions to transfer and minimise the potential impact of local rates. The TFWG suggest that consideration be given to the potential of securing a single budget line within the CSR for RPA transfer of functions rather than individual transferring function departments bidding on a separate basis. In capital terms bids will be required to be placed to secure capital budgets in line with the Executive's Investment Strategy within Northern Ireland and early engagement with SIB on the process is necessary.

## **PROCESS OF POLICY DEVELOPMENT**

11. A key principle emerging with the transfer of functions to local government is the central retention of policy formulation and oversight. There is a requirement for formal effective engagement between central and local government in the development of such policy to ensure due consideration is given to the practicalities of implementation.
12. It is important to note that there are already a number of policy frameworks and programmes under development (e.g. Urban Regeneration and Community Development, Planning Reform) and strategic reviews and consultation processes underway or imminent (e.g. Barnett Review, midterm review of Neighbourhood Renewal, DFP's review of Noble Indices of Multiple Deprivation, review of the local Enterprise Agency network) which are pertinent to discussions in relation to the transfer of functions and will inevitably impact upon the future delivery of such functions. Local government must be actively engaged as a key partner in these processes and would ask that the

Environment Minister raise this issue with his Ministerial colleagues.

## **GOVERNANCE**

13. As the focus of the RPA reform process now shifts from policy development to the implementation phase, there needs to be greater clarity of roles and responsibilities of all key stakeholders in the reform process and to distinguish between the strategic and operational levels. It is also important that there is recognition of the strategic role of Transition Committees in driving the process forward at the local level. It will be the Transition Committees and councils who will be responsible for the resources, accountable for ensuring service continuity and the delivery of outcomes.
14. The TFWG is conscious that there remain a number of high level decisions still to be progressed at a regional level, particularly pertaining to funding, which will undoubtedly set the broad principles/framework which will underpin the transfer of functions to local government.
15. The proposed Regional Transition Committee supported by the Regional Transition Management Team would provide a necessary mechanism for joint working, liaison and exchange of information between the Transition Committees and other organisations including transferring departments.
16. It is understood that legislation creating the Statutory Transition Committees is unlikely to be in place before June delaying the establishment of the RTC and RTMT until (probably) September 2010 just 7 months before the proposed transfer of functions. At this stage in the process the absence of any co-ordinating regional bodies involving the TCs and TMTs undermines the feasibility of meeting the May 2011 deadline for transferring functions to the new Councils.
17. The RTCG should consider how Transition Committees can be engaged and inform this process. This is necessary to draw out the potential linkages and synergies between the functions transferring and those services already delivered by councils. This work will inform any future consideration given by Transition Committees to potential service operating models.

## **FUNDING AND IMPLICATIONS FOR SERVICE DELIVERY OF TRANSFERRING FUNCTIONS**

18. The development of service delivery models for transferring functions cannot be progressed in isolation from crucial decisions yet to be finalised on:-
  - a. Funding the reform programme
  - b. Establishing the true costs of the transferring functions
  - c. Future sustainability of funding for transferring functions
  - d. The disaggregation of funding and resources
  - e. Confirmation of transferring staff numbers and grades where possible

### **Funding the Reform Programme**

19. The TFWG is conscious that given the current financial climate and the budgetary constraints facing the NI Executive, it is highly probable that local government will be expected to fund a proportion of the costs of the RPA reform programme. While recognising the strong lobby from local government that the reform programme should be centrally funded and the ongoing discussion with Ministers, it is unlikely that this position remains viable or realistic.

20. There also needs to be a recognition and acceptance that there are potential efficiencies and benefits to be gained by local government in the medium/longer term through the transition and reform process (e.g. rationalisation of assets; rightsizing of staff, convergence of processes and systems etc). There is no doubt, however, that Transition Committees will require initial up-front central government funding to support the transition process and enable the potential efficiencies to be realised.
21. It is suggested that consideration be given to the potential for central government to fund the necessary up-front costs while securing the necessary assurances that local government will fund specific elements of the reform process over the medium/longer term. This will enable councils to plan for, manage and moderate any potential impact on the rate base.
22. Local Government now need to enter into a process of conversation and negotiation with the Environment Minister, the DoE and DFP in relation to the funding of the RPA and, in particular, how councils may fund elements of the reform programme whilst ensuring that any impact upon the rate is moderated and planned for. Potential options (but not definitive) which could be examined include:
- Provision of loan funding by central government with conditions for repayment negotiated and agreed, possibly linked to an efficiency statement, with individual Transition Committees
  - As part of ongoing Ministerial discussions it is understood that consideration is being given to the possibility of a funding model based around extending the Capital Loan Regime to cover revenue costs, with loan repayments linked to the savings achieved
23. In considering the funding contribution which may be made by local government towards the overall reform programme it is suggested that the following principles should be applied.
- The reform process should be cost neutral to the rate payer and any potential impact should be managed and moderated
  - Where there is no financial benefit to local government, costs should be met by Central Government.
  - Councils may make a contribution where benefits will be accrued. Contribution will be apportioned based on the level of benefit that is to be gained.
  - Central Government should provide up-front funding on a conditional loan basis (e.g. established payback model), however, such conditions should be discussed and agreed with local government and Transition Committees
  - Central Government should fund activities where equity across the sector is required (e.g. Elected Member severance)
  - Any funding provided by central government will not jeopardise the financial autonomy of local government.

- The final programme costs and the apportionment must be negotiated based on a robust and mutually agreed business case.
- The final programme costs must be affordable.
- Repayment of any loans from central government to local government should only be considered when councils have made demonstrable savings.

24. A paper is to be presented to the Strategic Leadership Board meeting on 25<sup>th</sup> February outlining Local Government's initial view on funding the programme and the outcome will be fed into ongoing discussions with DFP.

### **Establishing accurate costs of the transferring functions**

25. Issues around the transfer of resources and budgets are becoming increasingly complex as the process of due diligence continues to highlight the lack of clarity/detail on the true cost of delivering the services. For example: corporate support costs such as ICT and necessary infrastructure and business support; notional on-costs; accommodation costs; staff costs.

26. Such costs should not only be quantified in terms of the current steady state of delivering the functions, it will be important that they are also considered within the context of the future service delivery models within councils post transfer and key decisions (still yet to be taken) with regard to the staff transfer scheme and the funding methodology for those functions transferring to local government..

27. The TFWG would suggest that within this context there is an opportunity to identify potential areas for efficiency at point of transfer (e.g. identification of synergies and rightsizing). Such savings could be realigned to support the delivery of the functions. Consideration should also be given ability to identify and validate liabilities at the point of transfer. Clearly there needs to be a consistent approach applied in capturing this information to ensure that all efforts are taken to minimise the marginal impact on councils

28. The TFWG is aware that a number of these finance issues are being considered by the Finance and Estates Implementation Group. Given the obvious linkages, the TFWG would suggest there needs to be discussion between FEIG, and transferring functions to ensure that all the necessary costs are captured. TFWG is keen to explore the scope for joint working and hopes to meet with FEIG soon to explore how best to take forward these cross cutting issues.

### **Future sustainability of funding for transferring functions**

29. As referred to above, there remain significant uncertainties around the future level and sustainability of funding attached to the transferring functions given the fact that a large number of the proposed functions to transfer will be subject to the new CSR in 2011.

### **The disaggregation of funding and resources**

30. The TFWG is aware there has been limited bilateral engagement and negotiation within central government including DFP, on the future funding regime for transferring functions and the impact this might have on local rates. It is understood that the emerging proposals relate to the majority of

funding transferring to local government initially on a grant basis, however, this proposition has not yet been discussed with local government.

31. Further detail should be provided by transferring function departments with regard to the staff proposed to transfer including grades, locations etc. This is necessary to inform any future consideration to be given to potential organisation design and service delivery models. The TFWG considers that there is a need for early engagement and negotiation with central government and, in particular, DFP regarding the future funding regime for transferring functions and the means by which budgets and resources are to be disaggregated across the 11 new councils. It is suggested that the two core principles for going forward should be:

- i. there should be no adverse impact on the rate at point of transfer; and
- ii. service continuity is paramount

32. It should be noted that the transfer of funding by way of grant, may necessitate Departments/NDPBs retaining some accountability functions for the monies being transferred and this may have an impact on the level of funding for staff transferring to local government.

### **Staffing**

33. In particular, the TFWG is acutely aware of the impact on transferring staff of the remaining uncertainty over funding regimes and service delivery models.

34. From the outset, the TFWG has emphasised the importance of communicating with and ensuring that staff are considered in all key decisions affecting them. With local government reform now just over 14 months away it is absolutely critical that progress is made in order to maintain the confidence, motivation and good will of staff

## **SPECIFIC ISSUES RELATING TO INDIVIDUAL TRANSFERRING FUNCTIONS**

### **DARD**

#### ***Integrated approach to community development and rural development / regeneration***

35. The Reform proposals provide an opportunity to build integration between DARD's role in Rural Development and rural community development, the current DSD role in Urban Regeneration and community development, and the various new and existing functions of councils post 2011.

36. Under current policy, DSD has a remit for towns of 4,500 populations plus while DARD has responsibility for the EU Rural Development Programme which is targeted on smaller towns and settlements. RPA provides the opportunity to provide a more integrated approach to regeneration of urban and rural areas.

37. A major part of a place shaping agenda is the ability to work with local towns and villages to enhance their environment and therefore regenerate the town and enhance its economic fabric. There will be opportunities for better co-ordination post 2011 when, with new powers, Councils can maximise the opportunities provided under the village renewal aspects of the DARD Rural Development Programme led by Local Government.

38. There is a similar opportunity for community development. To date, DARD has been using the Rural Community Network, Sub Regional Networks and the NI Rural Women's Network to deliver rural community development activity. Again, RPA provides the opportunity to build integration

between DARD, DSD and local government towards a long term strategy for community development.

39. While it is recognised that some early work on integrated working has been started this needs to continue on a formal basis.
40. Similarly, Rural Tourism and Rural Business Support cannot be delivered in isolation of the tourism and business networks at a district and regional level. Local Government can deliver improved co-ordination and integration with its revised powers post 2011.
41. The TFWG suggests that a formal mechanism to be put in place, under the sponsorship of the TFWG, to enable detailed consideration to be given to how greater synergies could be achieved within the area of rural development, regeneration, and community development (and associated initiatives/programmes) through the integration of the functions within councils.

### **DoE: Planning Service**

42. The transfer of planning functions to local government is the single largest transfer in staff terms, and will place the bulk of planning decisions within the remit of the new Councils.
43. The transfer of planning powers to Councils and their integration and alignment with wider urban regeneration, local economic development, roads and community planning powers would give councils greater capacity to impact upon the quality of life within an area. Planning Service (PS) has committed to working closely with local government colleagues through the implementation structures, and specifically by focusing effort through the TFWG and Planning Sub Group.
44. It is important to note that there is a large amount of work still to be progressed in a very short timescale in regards to both the reform of Planning and the transfer of functions to local government.
45. PS is currently preparing the Key Principles document for circulation to the Planning Sub-Group, for discussion and agreement prior to forwarding to SLB. It is intended that this document would set the agreed context of the planning reform and transfer. Planning Service has indicated also that they are currently in the process of developing a high level implementation milestones/key tasks document, and will share the draft with TFWG to further develop it.
46. This document will set out the task list, responsible owners, milestones/checkpoints, interdependencies and delivery dates for all the implementation tasks set out in this paper. At this stage, and subject to finalisation of the detailed implementation plan, we are aiming to have the major tasks implemented by end February 2011 or earlier if possible.
47. At this stage, while PS is not yet aware of either the final Organisational Design structures of local government, nor of the final agreed PS transfer model, the PS has stated that they are planning on the assumption of 11 local councils delivering planning as a local function.

48. Consideration is given to arranging a planning event which brings together representation from the TFWG, Joint Forum and FEIG together to develop a detailed implementation plan.

## **DSD**

49. Investment Fund: DSD has indicated that consideration is currently being given to the possible establishment of an investment fund (N.B. also referred to within the PwC draft report) which would administer funds partly generated from some central government assets to priority regeneration projects across N. Ireland.

50. Consideration is also being given by DSD to the possible retention of a large proportion of capital funding (subject to CSR bids being secured this potentially may be in excess of £25m) against which councils would submit bids for projects. Funding would be allocated on the basis of agreed criteria which remain to be finalised but are likely to include a project's impact on the relevant Council area and the wider region, contribution to meeting PSA targets and on its leverage of other funding.

51. The TFWG considers it critical that if such a fund is put in place, caution should be taken not to over bureaucratise the process which will be costly and cause delays. It is considered that further clarification is required from the DSD Minister on the current proposals for the creation of an investment fund and how it would be created, governed, administered and evaluated as well as any views regarding possible impact upon the transfer of assets to local Government.

## **DETI**

52. **Regional Coordination Mechanism:** Several of the programmes transferring may require some form of regional coordination. Options considered include selection of a lead Council, a consortium approach or establishing an agreement (whether informal or via an SLA) with a third party organisation. Invest NI have indicated that they would be willing to undertake a degree of coordination in the initial period should Councils request them to do so. It should be noted any significant role to be undertaken by Invest NI in the interim will have resource consequences. TFWG will consider the proposition made by Invest NI which will be considered within the generic debate on-going on the most appropriate mechanism for regional coordination of services where applicable.

53. **European / Match Funding potential:** Contained within the INI programmes transferring is the sum of £1m ERDF which presently forms part of the 'Go for It' programme. Given the revision of EU programmes, this sum cannot be guaranteed beyond 2011. The baseline of £7.38m is the total core budget for all the INI programmes transferring. Since this is 'core' budget, there is the potential for this to be used to attract other match funding through leverage of other funds including European sources. For this to be a meaningful possibility, TFWG will consider the ring-fencing of appropriate monies in future European programmes agreed at NI / DFP level to permit subsequent bidding by Councils for additional resources.

## **DCAL**

54. There is currently a consultation on Arts Funding which proposes that funding will be allocated to councils on a per-capita basis with weightings for deprivation and an additional weighting for Belfast and Londonderry on the basis that an approved Culture/Arts Plan is in place. The consultation also proposes that the Arts Council would manage the process provide oversight and



monitoring.

55. The consultation has issued to all district council Chief Executives, Transition Committees, ACNI, SOLACE, CLOA, NILGA and FLGA. There will be further consultation with arts organisations commencing around April/May 2010. The Department hopes to finalise proposals after the consultations and obtain approval on the way forward from Minister McCausland around September 2010. The TFWG will continue to liaise with DCAL on this through the Task and Finish Sub Group.

#### **DRD**

56. Panel C met in December to discuss the TFWG's recommendation that DRD's external contracts for car parking enforcement should be extended until October 2012. The Panel's recommendation that the contracts should be extended, was agreed at the SLB meeting on 9 December. Action to extend the contracts has now been completed by DRD.

57. Local Government now needs to consider the future delivery of the parking enforcement function. Options for this may include a central body or lead council delivering the function on behalf of the 11 councils. Key issues that, inter alia, will be taken into account are that, from May 2011, the sector needs to be in position to begin procuring new enforcement contracts so they are in place by October 2012, requirement on how to deal with issue of income received from parking in some areas cross-subsidising parking across other council areas; and whether or not the cost of the adjudication service would be managed via central or local government.

#### **CONCLUSION**

58. While the work undertaken by TFWG and its associated sub groups to date has clarified some key issues, it has also identified a number of areas that require further work. It is clear that discussions around the transfer of functions will continue over the next 6-12 months.

59. The outcome from further work can only be productive if immediate decisions are taken on a number of cross cutting strategic issues such as funding, the future relationship between local and central government and other governance issues.

60. While it is recognised that discussion and agreement on the way forward may not always be straightforward and that there are complex and possibly difficult decisions to be taken, the TFWG remains committed to the concept of a 'Strong Local Government' and the opportunity that this first stage local government reform offers to citizens. It is worth reiterating the Ministerial commitment that the strengthening of local government is "a process and not an event" and that a further review will be carried out 12 months after the new councils become operational.

#### **RECOMMENDATIONS**

61. It is recommended that RTCG :-

- a. discuss and agree the detail of the report;
- b. agrees that the TFWG should continue to progress outstanding work;
- c. highlights to SLB the impact of delays with decisions on both funding of the overall reform programme and the funding regime for transferring functions;

- d. considers the requirement for engagement with TCs and TMTs at a regional level and if necessary secures the endorsement of SLB on a way forward;
- e. recommends to SLB the requirement for local government, DoE, OFMdfM and DFP to meet to clarify the involvement of local government in CSR, future Programmes for Government and in agreeing targets for those public services delivered by local Councils;
- f. reiterates the requirement for a tripartite meeting between representatives from the FEIG, TFWG and DOE;
- g. notes specific issue relating to transferring function and proposed way forward; and
- h. considers requirement for further clarification from DSD on the current proposals for the creation of an investment fund.

**TFWG Joint Secretariat**  
**February 2010**

# **Transfer of Functions Working Group**

## **Detailed Sub-Group Reports**

### **Content**

- Annex 1: DoE Planning Sub Group Report
- Annex 2: DRD Roads Sub Group Report
- Annex 3: DSD Sub Group Report
- Annex 4: DARD Sub Group Report
- Annex 5: DCAL Sub Group Report
- Annex 6: DETI Sub-Group Report

**PLANNING TECHNICAL SUB-GROUP**

**Interim Report to Transfer of Functions Working Group**

**Summary:** The purpose of this interim report from the Planning Technical Sub-Group is to update the Transferring Functions Working Group (TFWG) on current discussion between local government and the Department of the Environment Planning Service and setting out a proposed process for taking forward outstanding issues.

**Action:** The TFWG is asked to note the current position.

### **Context**

1. The Transfer of Functions Planning Sub-Group has been tasked with reporting to the main Transferring Functions Working Group on the following areas:-
  - Detail the planning functions transferring to local government and establish the potential synergies with other functional areas delivered by councils with a view to informing future integration discussions.
  - Consider the reform proposals for the Planning System and identify any associated implications for the transfer of functions to local government
  - Establish the current cost of delivering the planning functions to transfer to local government and the estimated cost of the reformed functions to transfer
  - Establish the current sources of funding the delivery of the transferring functions and examine potential future funding sources
  - Develop guiding principles and a framework around which the agreed planning functions may transfer to local government
  - Identify any outstanding issues which still need to be addressed in moving forward and make recommendations as to how such issues should be progressed.

This interim report sets out the position on current discussion between the Planning Sub Group and the Department of Environment Planning Service and highlights where further detail and discussion is required on specific functions to allow for the development of efficient and effective options for operational delivery.

## Update and Way Forward

### Background

The Planning Sub-Group has met twice since early November, and presents this paper as an update.

The transfer of planning functions to local government is the single largest transfer in staff terms, and will place the bulk of planning decisions within the remit of the new Councils.

Planning Service has committed to work closely with Local Government through the range of Local Government Reform Implementation structures, and specifically through the Planning Sub-group to take forward the detailed implementation planning and delivery tasks.

Given the size and complexity of the issues involved, it was not feasible for the Planning Sub-group to have resolved them by December. The group is committed to a process of continued engagement over the coming months which will deliver the necessary steps for the transfer of the reformed planning system.

### Assumptions

This paper is predicated on the following assumptions. Firstly the transfer of planning functions will take place in the context of 11 local councils each of which will have a separate planning function. Secondly, that the planning functions which are to transfer are those which were set out by the Environment Minister in March 2008, which are that district councils will take on responsibility for delivering the following key planning functions:-

- local development planning, which replaces the current Area Plan arrangements;
- development management (formerly known as development control) – in practice this will involve the councils making decisions on over 90% of planning applications; and
- enforcement.

Other responsibilities will include:

- conservation area designation / consents.;
- temporary listing of buildings, including non-statutory local listing and control of demolition or works to listed buildings (following consultation with the Department);
- dealing with hazardous substances consent; reviewing old minerals permissions; control of advertisements; tree preservation orders; issuing completion notices; preparing simplified planning zone schemes;
- revoking, modifying or discontinuing planning permissions and consents;
- compensation liabilities arising from district council planning functions;
- responding to purchase and blight notices; issuing certificates of alternative development value; and
- maintaining a register of applications, consents, notices, certificates etc.

Following the transfer of powers to local government, the Department will retain responsibility for:-

- planning policy and guidance;
- planning legislation;
- processing regionally significant planning applications;

- fee setting and the power to make grants;
- applications for Crown or other development where national security issues are raised or urgent works are necessary;
- performance management / monitoring; and
- oversight.

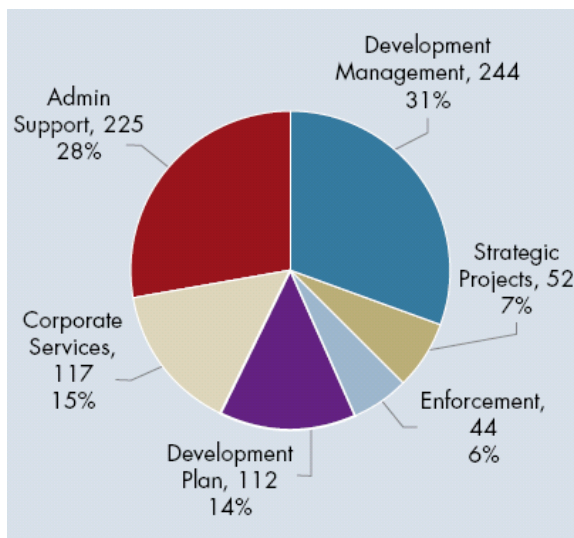
Whilst the Planning Service has estimated that at present approximately 600-650 staff are involved in delivering the functions that will transfer to local government and we anticipate those staff transferring with the functions, the precise numbers of staff transferring is uncertain at this stage and will need to be firmed up as a matter of urgency.

Staff are currently based in 9 locations (HQ in Belfast, 6 Divisional Offices in Ballymena, Belfast Craigavon, Downpatrick, Londonderry and Omagh and 2 sub divisional offices in Enniskillen and Coleraine).

At present Planning Service does not have available information on the expected allocations of existing staff to the proposed 11 new planning authorities. Given that the existing planning function is spread across six divisional offices plus HQ, there will be a detailed process to undergo in terms of mapping staff to the new structures. This will need to cross-reference with the ongoing work of the Local Government Reform Joint Forum which has been established to take forward HR related matters. In Appendix A (Detailed Analysis of Transferring Functions) of the PWC paper, detailed staff breakdown by professional planners and administration staff, by grade is supplied, along with indicative staff costing.

The Northern Ireland Audit Office recently published a report examining the performance of the NI Planning Service<sup>1</sup>. Within the report it is estimated that at the 31<sup>st</sup> March 2009, the staff complement within the Planning Service was 850, with 794 in post. The report provided a breakdown of the staff complement across the main business areas e.g. please see below.

Figure 1<sup>2</sup>



**Current Costs of Delivering the Planning Function**

<sup>1</sup> NIAO report, The Performance of the Planning Service, 5 <sup>th</sup> November 2009	<b>Current Costs £ (000)</b>
<sup>2</sup> NIAO report, The Performance of the Planning Service, page 9, 25 <sup>th</sup> November 2009	24,690
Staff Costs	

General Admin Expenses (e.g. non salary expenses, travel etc)	2,320
Other Costs	4,760
Notional Costs e.g. covers areas such provision of HR and Finance support which are provided centrally at present but are not "hard charged"	9,260
Income	<u>(17,700)</u>
<b>NET COSTS</b>	<b>23,330</b>

In making its submission to PwC, Planning Service estimated the future costs of delivering the planning function across the 11 areas. This analysis did not attempt to allocate individual staff to location, and it was predicated on the assumption of overheads as a gross amount. It does not take account of any future synergies in councils post-transfer. The data submitted is replicated below:

**Estimated Future Costs of Delivering the Planning Function**

	Proposed Costs £ (000)
Staff Costs	
Professional & Technical	14,000
Admin Staff	4,550
HQ Staff	1,620
e-PIC Staff	250
Legacy Departmental Staff	4,770
GAE Costs	2,320
e-PIC Maintenance Cost	640
Other Costs	4,760
Notional Costs	9,270
Income	(17,700)
<b>NET COSTS</b>	<b>24,480</b>

It should be noted that fee income has dropped over the recent period to reflect the economic downturn. This has placed a resource constraint on Planning Service and must be factored into the transfer.

The initial work carried out by PS suggests a net increase in cost (as expected) from delivering the planning function over 11 centres. In addition, it should be noted that it is likely that additional costs may attach to the delivery of the 'reformed' planning system which will transfer to Councils.

However, as set out above this data makes no assumptions on either the organisational design or potential future efficiencies, as it is predicated on 11 functional planning units transferring to the new councils.

**Detail**



There are two timeframes which this paper considers: firstly the immediate requirement to develop and agree a high level implementation plan, including the broad areas of work, for the transfer of the planning function to councils, and, secondly a detailed methodology for Planning Service and local government to engage through the Planning Sub-group to translate the high level plan into operational development to cover the agreed areas of engagement.

**Stage 1**, to be agreed by the Planning Sub-group and discussed at ToFWG, should establish the issues which need to be resolved, and the associated actions.

Key issues to be resolved are:

- Human Resources
- Finance/Funding
- Estates/location issues
- IT systems
- Capacity building
- Transitional arrangements prior to 2011 (including Pilot Development Plan work)
- Organisational Design options including the role and structure of the core planning function which remains with central government.

### ***In more detail***

#### **Human Resources**

The transfer of over 600 staff from Planning Service will be a significant HR process, and when combined with the task of amalgamating existing council staff, will be a challenge for the Transition Committees and Planning Service. Initial analysis of staffing numbers and grading has been supplied for the PWC analysis and will form the basis for consideration and refinement. Further detail regarding location and allocation of staff to the new councils will be necessary and will be influenced by the development of Organisational Design principles. We expect this engagement to continue throughout the calendar year 2010, with significant tasks being:

- staff communication,
- staff workshops,
- staff awareness and training (cross training with council staff to be included in the programme),
- agreement on high level OD,
- engagement with DFP CPG in relation to the agreed central government guidance for staff transfers and terms and conditions,
- engagement with individual Transition Committees regarding detailed OD and staffing numbers, grades and locations.

#### **Finance/Funding**

Planning Service is required to provide an initial costing of the new planning arrangements as part of the Policy Memorandum to be attached to an Executive Paper on planning reform to be considered in the New Year.

This will be shared with the sub-group when available, and will form the basis of more detailed work, including the development of Regulatory Impact Assessments which must accompany the new legislation. PS has agreed to engage with Local Government on this work

PS is also committed to carrying out a piece of external consultancy in early 2010 to examine the management information requirements which councils should meet to enable the Department to carry out its oversight role and to inform the future review of planning fees. This work will also involve direct and meaningful engagement with Local Government.

Integration of this work with the wider finance sub-group will also be required, especially in relation to the issue of funding allocations post 2011 and the issue of income allocation across the 11 new councils.

### **Estates/Location Issues**

Again, this work needs to be considered in the context of the existing estates strand, Key issues here include the location of the planning functions on day one, integration with council premises, cost issues and specifically the location of the new planning function in the Mid-Ulster council area which does not presently have any physical planning presence. As with HR these issues are closely linked to the OD outcomes.

### **IT Systems Issues**

Planning Service is presently in late testing stages of the e-PIC project, which will be implemented in 2010/11. PS is committed to engaging with councils as soon as possible to ensure the smooth integration with new council systems. In terms of Management Information Systems, further consideration needs to be given to the interface between Local Government and the retained planning function in the centre in terms of sharing relevant information.

### **Capacity Building**

This will be an ongoing process which has already started through PS partnership with RTPI in recent events. Two strand approach – need roll out internal PS training in preparation for the planning reforms, while working closely with the local government sector (e.g. Transition Committees, Transition Management Teams, NILGA, SOLACE etc) SOLACE and other groups to ensure a programme of capacity building and awareness is carried out. The timing of elected member capacity building must consider the expected turnover of member at election and through member severance.

### **Transitional Arrangements**

PS is committed to working with Transition Committees in preparation for the new Development Plan arrangements and has identified Council clusters areas for pilot projects. This process will include links to other workstreams especially community planning.

### **Organisational Design**

This is a key work area for the sub-group, and will include design options for local and central planning functions. It is recommended that early engagement takes place to establish a set of core principles for the new planning function in councils, as this will have a significant bearing on organisational arrangements. These principles should be agreed with the ToF group and SLB. Initial tasks will be to ensure that the added value which the planning function will bring to councils is understood and that OD options are then developed which will allow the new councils to maximise the benefits across the range of council functions (ie synergies with other existing or new functions).

It is recommended that a wider engagement with transferring functions is sponsored by the Transfer of Functions Group, which would seek to build on the cross cutting stakeholder engagement in Phase 1 of the PWC study, and be used to directly develop OD options for consideration. This would serve to provide initial options to assist Transition Committees, and should take place early in the New Year. It is important to note that there will be a legislative requirement for councils to carry out the planning function which will place certain obligations and duties on the new authorities which in turn will have an impact on the OD models.

**Stage 2** should then consider the detailed engagement and agreement of targets to jointly address the issues during 2010. Significant engagement has taken place between Planning Service and local government through the implementation structures, including the PDPs and SLB, as well as engagement with NILGA and SOLACE.

It is recommended that the primary focus of continuing engagement should be through the ToF Planning sub-group, with representatives continuing to engage locally with Transition Committees. This two strand approach will allow the regional issues to be considered and provide local points of reference for each Transition Committee. It is hoped that the flow of information to Transition Committees will be enhanced by the revised implementation structures. It is recommended that an early planning event should be arranged to bring together the strands identified above and produce a detailed implementation timetable.

### **Context**

A number of key events are due to occur in the coming weeks and months which will have a bearing on the process. These include the introduction of the new Boundaries Order, legislation must be introduced to the Assembly before the end of June 2009 covering Planning Reform and the Local Government Reorganisation, the legislation creating Statutory Transition Committees will be commenced, and the new statutory bodies will continue to make the necessary preparations for 2011, including appointments of Chief Executives designate. The position of the PwC report and the wider funding issues for local government reform will also be clarified.

These are important steps which must be factored in to the detailed examination of stage 2.

### **Way forward**

Planning Service is committed to working closely with LG colleagues through the implementation structures, and specifically by focusing effort through the Transfer of Functions working group and planning sub group.

Planning service is currently preparing the Key Principles document for circulation to planning sub-group, for discussion and agreement prior to forwarding to RTCG/ SLB. It is intended that this document would set the agreed context of the planning reform and transfer.

Planning Service is in the process of developing a high level implementation milestones/key tasks document, and will share the draft with ToFWG to further develop it.

This document will set out the task list, responsible owners, milestones/checkpoints, interdependencies and delivery dates for all the implementation tasks set out in this paper. At this stage, and subject to finalisation of the detailed implementation plan, we are aiming to have the major tasks implemented by end February 2011, or earlier if possible. We have arranged two key internal planning events to move the process forward and will seek to engage with TFWG on the draft implementation plans.

At this stage, while PS is not yet aware of either the final OD structures of LG, nor of the final agreed PS transfer model, we are planning on the assumption of 11 local councils delivering planning as a local function.

# **DRD TECHNICAL SUB-GROUP**

**Interim Report to Transfer of Functions Working Group**

## **Executive Summary**

The purpose of this Interim Report from the Department of Regional Development (DRD) [Roads Service] Transfer of Functions Task & Finish Technical Sub Group is to update the Transfer of Functions Working Group (TFWG) on progress made to date exploring the detail of the Roads Service functions transferring from Central to Local Government, and to highlight areas which need further clarification.

## **Action**

The TFWG is asked to note the current position

## **Introduction**

1. The Transfer of Functions Technical Sub Groups have been tasked with reporting to the TFWG on the following areas:-
  - To provide clarity on the detail for the functions transferring from Central to Local Government
  - To consider arrangements for integrating these functions within Local Government
  - To develop initial Guiding Principles around which the agreed functions may transfer
  - To identify any outstanding issues which still need to be addressed and
  - To make recommendation as to how to progress
2. The Interim Report sets out the current position following ongoing discussions between DRD and Local Government and highlights where further detail and dialogue is required in order to progress the development of effective and efficient options for service delivery post 2011.

## **Agreed Suite of Functions to Transfer from DRD to Local Government**

- Pedestrian Permits
- Alley Gating
- Permitting Local Events on Roads
- Off Street Car Parking and
- On street Parking Enforcement

## DETAIL ON WHAT IS TRANSFERRING

### Pedestrian Permits

- Enforcement of unauthorised stationary vehicles in pedestrian zones is currently handled as part of the existing NSL Enforcement Contract
- Policy Guidelines relating to the authorisation of pedestrian permits will transfer to Local Government and can be altered at a local level subject to observation of the due legislative process

#### **Staff and Budget**

- It is proposed that **£8k** budget will transfer to local government
- There are no staff transferring with this function

*NB this covers administrative costs only – it does not include additional costs such as IT support etc*

#### **OUTSTANDING ISSUES FOR DISCUSSION**

There is an administrative requirement for Councils to print off & issue permits – consideration needs to be given to adoption/ development of an appropriate IT system

### Local Events on Roads

- This has recently commenced the 2<sup>nd</sup> stage in the Legislative process and is being progressed through the Miscellaneous Provisions Bill
- Councils may be able to charge the promoter for such events – potential income stream for Local Government

#### **Staff and Budget**

- There is **no** associated resource attached to or identified for transfer in relation to this function

### Alley Gating

- Roads Service currently facilitates this function for alleys which are adopted
- Councils may receive applications iro non adopted alleys
- This is primarily a Belfast issue but there are some in Londonderry & elsewhere in the Province
- The organisation of the scheme & associated costs are borne by the promoter in the community
- DRD currently has limited input – approval & issue of Traffic Regulation Order – but will still need to be consulted and will have final say

#### **Staff and Budget**

- There is **no** associated resource attached to, or identified for transfer in relation to this function

***Recommendation: That consideration is given to where this might fit within the Community safety process***

### Moving Traffic Offences

- This function is currently the responsibility of the PSNI

- DRD were working on taking powers to de criminalise moving traffic offences in bus lanes, however this is no longer being progressed by the Department

#### Staff and Budget

- There is **no** associated resource attached to, or identified for transfer in relation to this function

***Recommendation: Responsibility for this remains with the PSNI for the interim period***

### Off Street Car Parking

A Model Transfer Scheme is currently being developed by the Finance & Estates Implementation Group to transfer the car park assets

#### **OUTSTANDING ISSUES FOR DISCUSSION**

- DRD to check wording in legislation iro requirement to retain transferred car park **for the purpose for which it was transferred (i.e. a car park)**
- DRD to check actual costs iro maintenance of car parks and to provide information on
  - Historical spend
  - Title deeds
  - Access agreements,etc
- DRD to provide clarity on public liability cover for car parks
- DRD to provide detailed information regarding established / new access agreements iro amenities / utilities
- DRD will consider possibilities around option for councils to vary current local tariffs – this will form part of the ‘influencing model’

### On Street Parking

- Policy responsibility for deciding on-street parking regulations will remain with DRD.
- This includes Residents Parking Zones – these Zones will be approved by DRD and enforced by Councils (via the NSL contract initially)
- *NB Enforcement by NSL is for stationary vehicles only, any moving offences in a pedestrian zone are a criminal offence and enforced by the PSNI*

#### **OUTSTANDING ISSUES FOR DISCUSSION**

- Fine detail around service delivery, and in particular enforcement, still to be explored, e.g.,
  - Process for issue of paper permit by Council after DRD approval (this refers to resident’s parking zones only)

### Car Parking Enforcement



- Enforcement activity is currently managed through contracts with NSL and SPUR (IT support).
- Following PDP C approval, and SLB endorsement, both contracts have now been extended to October 2012
- It is essential that detailed discussions take place between local and central government officials to agree how the enforcement function will be delivered from May 2011

**Staff and Budget – approx 60 staff to transfer along with the car parking function – budget to be confirmed**

### **Debt Recovery**

- Outstanding debts (tickets etc) will transfer to Local Government at Transition

#### **Staff and Budget**

- There is **no** associated resource attached to this function

#### **OUTSTANDING ISSUES FOR DISCUSSION**

- Work is ongoing on a Memorandum of Understanding between ROI and DRD to share keeper details – this needs to be followed through in the period prior to Transition
- *NB Finance & Estates Implementation Group are looking at policy around debt*

### **Influencing Model**

Early discussion has taken place as to what this framework might look like and DRD recently presented initial thoughts to the Task & Finish Technical Sub Group. Work is ongoing.

### **Next Steps**

It is envisaged that DRD and Local Government will meet again in February 2010 to revisit the outstanding issues and to feed back to the ToFWG any emerging recommendations for consideration,. Particular attention should be given to the financial arrangements between councils to fund enforcement operations.

# **DSD TECHNICAL SUB-GROUP**

**Interim Report to Transfer of Functions Working Group**

**Summary:** The purpose of this interim report from the Department for Social Development Transfer of Functions Task and Finish Technical Sub-Group is to update the Transferring Functions Working Group (TFWG) on current discussion between local government and the DSD and to highlight where further detailed discussion is required. This report builds on the previous report submitted to the TFWG in April '09.

**Action:** The TFWG is asked to consider the contents of this report and the issues contained therein and agree the continued engagement between central government and local government officials.

## **INTRODUCTION**

2. The Transfer of Functions Technical Sub-Groups have been tasked with reporting to the main Transferring Functions Working Group on the following areas:-

- Provide clarity on the detail of the functions transferring from central to local government;
- Consider arrangements for integrating these functions within local government
- Develop initial guiding principles around which the agreed functions may transfer to local government
- Identify any outstanding issues which still need to be addressed in moving forward and make recommendations as to how such issues should be progressed.

This interim report sets out the position on current discussion between local government and the Department for Social Development and highlights where further detail and discussion is required on specific functions to allow for the development of efficient and effective options for operational delivery.

## **EXECUTIVE SUMMARY**

2. The following section provides a brief overview of the proposals in regards to the proposed DSD functions (and associated resources) to transfer to local government. It sets out the key issues identified by the Technical Sub-Group as part of their consideration of the technical and operational implications associated with the transfer proposals.

### **Proposed Functions and Resources to Transfer**

4. The following DSD related functions are to transfer to local government.
- Tackling Urban Deprivation;
  - Town and City Centre Regeneration;
  - Local Community Development;

- Houses in Multiple Occupation (HMOs);
- Housing Unfitness;
- Local energy conservation; *and*
- Living Over the Shop Initiative

## Budget and Staff

5. Table 1 below provides a summary of the budget and staff attached to the functions proposed to transfer to local government. It should be noted the revenue for 2010/11 is subject to confirmation of baselines following the NI Executive review of Spending Plans for 2010/11 as part of CSR process.

Function	Budget (Rev/Capit Grant) £'000	Staff Costs £'000	Accom Costs £'000	Other Costs £'000	Income £'000	Staff Nos £'000
Tackling Urban Deprivation	20,000	2,780			(400) <sup>4</sup>	79
Town and City Centre Regeneration	44,000	2,040	-	-	-	58
Local Community Development	7,000	176	-			5
Houses in Multiple Occupation	-	700	-	500	(500) <sup>5</sup>	33
Housing Unfitness	-	8 <sub>1</sub>	-		-	-
Local Energy Conservation	-	-	--		-	-
Living Over the Shop Initiative	tbd	tbd	-	-	-	tbd
<b>Total</b>	<b>71,000</b>	<b>5,704</b>	<b>658k<sub>2</sub></b>	<b>500+</b>	<b>(900)</b>	<b>175</b>

### Notes:

1 - Salary Equivalent Cost

2 - £428k notional cost and £230k direct cost

3 - £229k notional costs in respect of land and property services, legal services, IT costs and business development costs.

4 - URCDG generates approx £400k from rental income.

5 - This could increase to £700k by 2011.

### Other Notes:

- Capital Income to fund the capital programme in line with ISNI strategy varies. In 2009/10 the Capital Income Budget is £16.7m compared with £108m for 2010/11.

- £132m (This figure may decrease) of Working Capital Assets are to transfer for the benefit of all Councils. There may be an issue in respect of the ability for Councils to retain asset receipts to acquire new assets. DSD is considering a regional investment fund for transferring assets.

## Issues requiring further consideration

- **Funding:** Concerns about the future sustainability of funding as the majority of functions to transfer maybe subject to efficiency savings and it may be necessary to secure bids in the next Comprehensive Spending Review to establish an appropriate baseline to transfer. (CSR process will commence in Spring 2010 and approved in early 2011. Need for urgent discussions

between DSD, DFP and local government to quantify the level of resources to be secured for the future delivery of the functions post 2011.

- **Budget allocation methodology:** Ongoing consideration is being given to how resources will be disaggregated across the 11 new local Councils. This issue will need to be considered within the context of the overall funding regime for new Councils, both in the short and long-term post RPA
- **Grant funding:** Whilst no decision has been taken yet on how funding will transfer to local government, the DSD has indicated that in the short-term funding for DSD functions will be on a grant basis. Within the recent draft 'Economic Appraisal' report prepared by PriceWaterhouseCoopers (PwC), which it should be noted has no status at the stage of drafting this report, it is recommended that a grant fund regime should be implemented for the period to 2015 and the Executive sub-committee agreed in November 2009 to grant funding
- **Policy Framework:** DSD is currently reviewing its strategy and policy framework for urban regeneration and community development and for the housing functions being transferred. This may have potential implications for the future allocation and prioritising of funding.
- **Role Clarity;** in moving forward it will be important that there is clarity between the respective roles of DSD and councils as well as a shared understanding of the joint relationship. The principle should be that DSD sets the policy and local government delivers on the ground.
- **Staff transfer model:** Ministers have indicated their support for allowing temporary transfer arrangements. As stated by the NI Executive Sub-Committee, the starting position for central government will be those arrangements employed for staff transferring to the new health bodies earlier this year, but the final decision will be one for Ministers.
- **On-costs & Accommodation:** Under the current accounting arrangements within central government a large range of support services and accommodation costs are funded directly through DFP. How such costs are paid for in the future needs to be examined further within the context of transfer of functions. The status of offices currently used to house those DSD staff who will transfer will need to be determined.
- **Asset Transfer:** DSD currently hold very significant working assets including land banks. DSD has stated that the assets will be transferred for the benefit of councils. More detailed discussion on this will be required. Consideration needs to be given to the future flexibility for councils in relation to transferred assets. Local government would advocate that the assumption in moving forward is that assets will be transferred to councils as a further commitment to securing strong local government.
- **Investment Fund:** DSD has indicated that consideration is currently being given to the possible establishment of an investment fund (N.B. also referred to within the PwC draft report) which would administer funds partly generated from some central government assets to priority regeneration projects across N. Ireland. Local Government would seek further clarification on

thinking with regard to how such a fund would be created, governed, administered and evaluated as well as any views regarding possible impact upon the transfer of assets to local government.

- **Pre-existing commitments for 11/12 and beyond** – consideration will need to be given to the transition process for projects/schemes which bridge the 2011 proposed transfer date. The early engagement of representatives of the new Councils' in the developmental stages of such schemes would support a more efficient and effective handover and strengthen the sustainability of such projects.
- **Capital schemes / regeneration projects:** in terms of the transition process, consideration will need to be given to the process to be put in place to effectively manage the assignment of agreements/ contracts to successor organisations and the assignment of agreements/ contracts to Councils where boundary changes mean that the future council custodian of a project changes
- **Urban regeneration projects jointly managed with OFMdfM:** Local government would seek ongoing engagement with the Department in regards to the future of key sites such as Girdwood in North Belfast and the ILEX development company in Derry/Londonderry which is currently managed/owned by DSD and OFMdfM.
- **Role of BSO:** the PWC report proposes that a specialist resource to handle Large Capital Projects could be housed in a centralised Business Services Organisation (BSO). Local government suggest that further consideration should be given to other delivery options for this function including, for example, a lead council approach.
- **Capacity Building:** it was agreed that capacity building across councils and transferring Departments would be essential. This could include joint working, staff exchanges, familiarisation sessions etc....
- **Performance indicators** – consideration of the level of oversight DSD will require for each transferring function. Including building this into a performance management and service improvement regime in such a way that promotes clarity and minimises bureaucracy.
- **Community Planning:** DSD and councils will need to agree the linkages between the work which is being transferred out and the new requirement placed on Councils to lead a Community Planning process.

## **DETAILED REPORT**

### **POLICY CONTEXT**

- The DSD Minister will retain responsibility for setting the strategic and policy framework for the functions transferring and the Department will therefore retain staffing and resources to administer these responsibilities together with sufficient structures and resources to ensure proper governance arrangements are in place between the Department and local Councils and that sufficient safeguards and controls are in place to ensure that public money is properly managed.

### **PROPOSED FUNCTIONS TO TRANSFER**

## **i. Tackling Urban Deprivation**

### **Context**

- The primary vehicle for tackling urban deprivation within DSD is through the ‘Neighbourhood Renewal Strategy ‘which targets over 250,000 people. Neighbourhood Renewal operates mainly in 36 designated areas that are within the most deprived ten percent of urban wards in Northern Ireland, as defined by the Noble Indices of Multiple Deprivation (currently under review).
- Based on the current DSD Strategy and Policy framework which focuses on need and deprivation, the geographic allocation of urban regeneration funding is approximately, 60% is in Belfast, 20% in the North West and 20% across other regional towns and cities.

### **Staff and Budget**

- While the resource budget for Neighbourhood Renewal (2010/11) is **£20 million** currently this may be subject to efficiencies as part of the NI Executive Spending Plan Review for 2010/11 , future funding beyond 2011 will be subject to a bidding process as part of the next round of CSR, as will the capital element of the programme. It is proposed that NR funding will be allocated to councils using the existing methodology which is based on the Noble Indices of Multiple Deprivation [etc ]
- There are **79 staff (WTE)** delivering the Neighbourhood Renewal Strategy which will transfer. They are currently housed in 8 different locations: the Department’s development offices (James House, Howard Building, North City Business Centre, Woodstock Road (Belfast) Orchard House (Derry) Church Street (Ballymena), Banbridge Jobs and Benefits Office and Kevlin Avenue (Omagh).

#### **DSD – Tackling Urban Deprivation**

	<b>Costs (£'000)</b>
Budget (Revenue Grant)	20,000
Staff Costs	2,780
Income	(400)
<b>Staff currently involved in this function</b>	<b>79 WTE</b>
<i>Not: Staff Costs are based on the overall Urban Regeneration staff costs on a per capita basis.</i>	

#### **Issues for further consideration**

- The Department is currently reviewing its strategy and policy framework for urban regeneration and community development which may impact upon the future allocation and focus of funding. The anticipated completion date for this work is early Spring ’10.
- Local government will be consulted as part of this process.
- Noted that other variables which may impact upon the emerging policy include the mid-term review of Neighbourhood Renewal recently completed by the Department and the review underway by DFP of Noble Indices of Multiple Deprivation.
- The status of the offices currently used to house DSD staff who will transfer will need to be determined.

## ii. Town and City Regeneration

### Context

- This relates to the physical regeneration work carried out by Belfast Regeneration Office (BRO), Belfast City Centre Regeneration Directorate (BCCRD), the North West Development Office (NWDO); and the Regional Development Office (RDO) to re-vitalise towns and cities across Northern Ireland. This work is currently undertaken in four ways:
  - the creation of masterplans and development schemes;
  - site assembly for developments;
  - investment in major public realm schemes and environmental improvement schemes as part of a wider regeneration plan; and
  - the provision of direct grant to the private sector to try to tackle areas of market failure.
- **Masterplans** are designed to provide a clear strategy and process for managing the physical, economic and social transformation of an area. Masterplanning work typically involves the commissioning by the Department of independent expert consultancy firms comprising a range of specialists, for example urban designers, landscape architects, road engineers, etc, to develop masterplans for designated areas. This could range from spatial masterplans which cover a whole (or a large part of a) town to smaller site specific masterplans for particular sites, some of which may be in public ownership. Work on developing masterplans invariably involves a range of other statutory bodies including the local Council, Roads Service, Planning Service, NIHE as well as the private sector and should be considered within the wider community planning function to be undertaken by Councils.
- **Comprehensive Development schemes** are carried out under the Planning (Northern Ireland) Order 1991. The acquisition of land and property can be achieved by agreement or through compulsory purchase by way of vesting. In addition DSD may also use powers to create a Development Scheme – particularly when a change to the Area Plan is required.
- **Urban Development Grant** is a discretionary grant, governed by the terms of the Social Need (Northern Ireland) Order 1986. It can be operated by the Department in different ways - different levels of subsidy, different spatial application, support for different types of development etc. Its objective is the encouragement of private enterprise and investment through the development of vacant, derelict or underused land or buildings.
- **Public Realm/Environmental Improvement (EI) schemes** are covered by the Social Need (Northern Ireland) Order 1986. They are targeted at the neighbourhoods, with funding contributing towards site clearance costs, the removal of sectarian graffiti, resurfacing schemes, tree planting and the upkeep and maintenance of land. More significant are public realm schemes, particularly in town and city centres. Such schemes are intended to improve the physical appearance of towns and cities with the overall aim of contributing to the regeneration of an area and attracting new investment.
- **Belfast City Centre Regeneration Directorate** implements the Department's regeneration objectives for Belfast City Centre, dealing in some cases with major schemes that give rise to particularly complex legal and financial matters some of which have an impact beyond Belfast.



The Directorate also manages the legacy of the Laganside Corporation including the Lagan Lookout, the weir and the Laganside Events programme.

### Staff and Budget

- The Department would intend to place bids in the next budget cycle equating to **£40m to £50m** of capital in line with existing baselines to fund the development of new schemes by the new Councils.
- There are **58 staff (WTE)** involved in physical regeneration functions currently located in 6 offices (James House and Lesley House (Belfast), Orchard House (Derry) Church Street (Ballymena), Banbridge Business Centre and Kevlin Buildings (Omagh).
- It is proposed by DSD that funding will be made available for each local council to provide capital assistance to deliver certain minor capital projects, to make environmental improvements through public realm, to encourage regeneration by way of urban development grants or to supplement funding raised for more significant schemes.
- Whilst the methodology for the allocation of capital funding is still to be agreed, it is suggested that the funding be distributed across all councils who could then direct these resources as they see fit to meet local requirements within agreed overall priorities. Belfast would receive an additional allocation to reflect its regional status and its ongoing commitments in respect of Laganside. Based on current budgets this would be something in the order of £2 million per new Council with an increased figure of about £4 million for Belfast to reflect its regional status (plus an additional £1million for Laganside).

#### DSD – Town and City Regeneration

	Costs (£'000)
Budget (Capital Grant)	40,000
Budget (Revenue)	4,000
Staff Costs	2,040
<b>Staff currently involved in this function</b>	<b>58 WTE</b>
<i>Note: Staff Costs are based on the overall Urban Regeneration staff costs on a per capita basis.</i>	

#### Issues for further consideration

- The capital budget that will transfer and the methodology for allocation to the new local councils in 2011 is subject to discussion and agreement with DFP
- Work is underway in DSD to establish the options available by which the capital budget might be distributed to the new councils.
- This consideration includes an analysis of the potential for establishing an investment fund that would distribute funds generated from central government assets and the private sector to priority regeneration projects across Northern Ireland.
- Local Government would seek further clarification on the current thinking with regard to how such a fund would be created, governed, administered and evaluated as well as any views regarding possible impact upon the transfer of assets to local government.

### Issues for further consideration (continued)

- DSD indicated that consideration is being given to the allocation of a specific funding amount to each council to undertake minor capital projects (based on current budgets this would be £2m per council with £4m in Belfast to reflect its regional status (and an additional £1m for Laganside).
- DSD intend to oversee a large capital budget (e.g. potentially in excess of £25m) as a challenge fund to which councils can submit bids for projects.
- If such a challenge fund is put in place, caution should be taken not to over bureaucratise the process which will be costly and cause delays.
- It is intended that funding to enable local Councils to take forward large scale developments would initially be held centrally by the Department with the new local Councils being required to put forward bids.
- Funding would be allocated on the basis of agreed criteria which remain to be finalised but are likely to include a project's impact on the relevant Council area and the wider region, contribution to meeting PSA targets and on its leverage of other funding.
- Local Government will be consulted in the development of any necessary policy/framework for the challenge fund.

### iii. Local Community Development Support

#### Context

This function comprises two programmes currently delivered by DSD:

- The **Community Support Programme** (previously known as the District Councils' Community Services Programme) aims to strengthen local communities, increase community participation and promote social inclusion. To this end it provides funding for community groups, activities within communities and local advice/support services. The programme is a collaboration involving the Department for Social Development, District Councils, local community groups, voluntary groups and local advice organisations; and
- The **Community Investment Fund** was established to deliver a longer-term, strategic commitment to supporting community development. The Fund has been set up in the context of a number of existing central and local government funding initiatives which support community development activity. The Fund is aimed at sub-regional and multi-neighbourhood organisations that provide support services, or co-ordination for smaller local community groups, and which are capable of developing their provision of support & services to such groups on a wider scale.

#### Staff and Budget

- The 2010/11 revenue budget for the Community Support Programme and the Community Investment Fund is **£7 million** with **5 WTE staff** allocated to the latter function.

- The current funding breakdown is **£5m** (approx) for Community Support Programme and **£2m** (approx) for Community Investment Fund. This funding is subject to confirmation of baselines from the NI Executive review of Spending Plans 2011 and maybe subject to revision based on efficiencies to be identified post 2011.

#### **DSD – Local Community Development**

	<b>Costs £'000</b>
Budget (Revenue Grant)	7,000
Staff Costs	176
<b>Staff involved in this function</b>	<b>5 WTE</b>
<i>Not: Staff Costs are based on the overall Urban Regeneration staff costs on a per capita basis.</i>	

#### **Issues for further consideration**

- Any future funding will be subject to CSR bidding process.
- The review being undertaken on behalf of the DSD (referred to previously) on the strategy and policy framework for urban regeneration and community development is a variable that should be noted. Again local government should be engaged within this review process.

#### **iv. Houses in Multiple Occupation (HMOs)**

##### **Context**

- There are around 12,000 HMO properties in Northern Ireland.
- NIHE has powers in terms of: tackling overcrowding; determining and enforcing (in association with the relevant authorities) appropriate standard as regards health and safety, hygiene and fire safety; and addressing the physical condition of properties and their management.
- The HMO registration scheme helps to reduce the risks associated with HMO properties and provides a list of good quality private rented properties which are maintained to an acceptable standard.
- The registration scheme implementation programme requires a comprehensive programme of inspections and action plans. HMO grants are processed by the Housing Executives' grants offices and the budget for making these grants available will not transfer to the district councils.
- The function complements Councils' environmental health role, which includes fitness inspection of private rented sector properties, and their anticipated new community planning and general well-being responsibilities.

## Staff and Budget

- There are **33 staff (posts)** involved in HMO functions currently located in 2 offices (Coleraine and Anne Street, Belfast).
- It is proposed that **£700,000** revenue costs (i.e. salary costs) will transfer with this function.
- There is an anticipated registration fee income of £500,000 (2008/09) which the Housing Executive currently use to finance activities which deal with problems associated with concentrations of HMOs such as Community Safety Wardens Schemes etc.

### DSD – HMOs

	Costs (£'000)
Staff Costs	700
Other activities	500
Revenue from Registration Fees	500
<b>Staff involved in this function</b>	<b>33 WTE</b>

### Issues for further consideration

- Whilst the majority of HMO staff is currently located within the Belfast and Coleraine offices, the cover all HMO activity across Northern Ireland and, therefore, further consideration will need to be given to the allocation of both staffing and resources post transfer.
- Within the next 12 – 18 months the Housing Executive also proposes to reallocate some staff in the Craigavon Grants Office to deal with the registration of the significant number of HMOs in the South East area of Northern Ireland.
- Consideration is currently being given to potential options for the transfer of the HMO responsibility to Councils. Options being considered (as set out within the PwC Phase II report) include:

#### *Options for Transfer*

- **Option 1: DSD HMO Function – Full Transition:** This option involves the full transition of the function to councils, however the funding and staff would be allocated on the basis of current emerging need, rather than an arbitrary
- **Option 2: DSD HMO Function – Collaborative Delivery:** This option involves the delivery of the function at a regional level, where all councils would have access to the HMO service but staff could be located in offices where need is greatest. If this option is taken forward then negotiations would be required to determine the process for allocation. This option is also being considered within the context of the PwC proposal with regard to the establishment of a Business Services Organisation

## v. Housing Unfitness

### Context

- The Northern Ireland Housing Executive (NIHE) has a statutory obligation to identify and address unfitness in housing across all tenures. It employs a number of methods to tackle the

problem ranging from issuing Closing Orders for individual properties, through to Demolition and Clearance Orders to full urban renewal schemes.

- Financial penalties are imposed on persons who continue to occupy, or permit others to occupy an unfit property. This is essentially a regulatory function but it could lead on to the provision of grant aid under the Private Sector Grants Scheme or the Group Repair Scheme.
- Local Councils' Environmental Health Officers, under the new Private Tenancies Order, have the same powers as those which the Housing Executive possesses in terms of identifying unfitness and drawing up schedules of work required to make relevant properties fit. The Rent Officer for Northern Ireland is empowered to apply interim rent control to unfit properties until such times as they are made fit.

### **Staff and Budget**

- There is no staff resource directly allocated to this function.
- The estimated salary costs which are dispersed across a number of staff is £8,000.

### **Issues for further consideration**

- Provision of Grants – work is underway in the Department to determine the future role and scope of the private sector grants scheme.

## **vi. Local Energy Conservation**

### **Context**

- Under the Home Energy Conservation Act (1995), the Housing Executive was designated as Northern Ireland's sole Home Energy Conservation Authority. The Act required the Housing Executive, in 1996, to develop a strategy to significantly improve the energy efficiency of the entire housing stock and to submit annual progress reports thereafter.
- While the NIHE will retain its current functions the new local Councils will be responsible for bringing forward local initiatives. To some extent this will formalise what has already been happening on a limited basis with some local Councils.

### **Staff and Budget**

- Whilst it has been agreed that local energy conservation activity will transfer to councils, it should be noted that this is more a role and not a function transferring.
- There is no staff or resources attached to the transfer of this function.

## **vii. Living Over the Shop Initiative (LOTS)**

### **Context**

- The overall purpose of the Living Over the Shops (LOTS) initiative is to encourage people back to live in villages, towns and city centres, as a contribution to broader regeneration.

- Introduced on pilot basis in 2002, LOTS provides grant support for work carried out to make properties over shops fit to live in and, in the case of most flats, fit for the number of people who live there.
- LOTS has to date been a targeted initiative available only in certain areas.

#### **Issues for further consideration**

- The future use of the LOTS scheme as a regeneration initiative will be considered as part of the work to establish a new Urban Regeneration and Community Development strategy and policy framework.

### **NON-TRANSFER of Travellers' Transit Sites**

- It should be noted that based on the announcement made by the Minister for Social Development, Margaret Ritchie MLA on 18<sup>th</sup> November 2009, the management of Travellers' Transit Sites will not transfer to councils as part of the RPA process.
- The function will remain within the remit of the Northern Ireland Housing Executive.

### **NEXT STEPS**

- It is recommended that this Group should continue to meet over the next few months to examine the outstanding issues and feedback to the Transfer of Functions Working Group any emerging recommendations for consideration.

### **Recommendation**

- It is recommended that the Transfer of Functions Working Group notes the current position.

# **DARD TECHNICAL SUB-GROUP**

**Interim Report to Transfer of Functions Working Group**

## **Executive Summary**

The purpose of this Interim Report from the Department of Agriculture and Rural Development (DARD) Transfer of Functions Task & Finish Technical Sub Group is to update the Transfer of Functions Working Group (TFWG) on progress made to date exploring the detail of the DARD functions transferring from Central to Local Government, and to highlight areas which need further clarification.

## **Action**

The TFWG is asked to note the current position

## **Introduction**

1. The Transfer of Functions Technical Sub Groups have been tasked with reporting to the TFWG on the following areas:-

- To provide clarity on the detail for the functions transferring from Central to Local Government
- To consider arrangements for integrating these functions within Local Government
- To develop initial Guiding Principles around which the agreed functions may transfer
- To identify any outstanding issues which still need to be addressed and
- To make recommendation as to how to progress

2. The Interim Report sets out the current position after recent discussion between DARD, DSD and Local Government and highlights where further detail and dialogue is required in order to progress the development of effective and efficient options for service delivery post 2011.

## **Agreed Suite of Functions to Transfer from DARD to Local Government**

The three main functions transferring from DARD to Local Government have been identified as:-

- Axis 3 of the 2007-13 Rural Development Programme (RDP)
- Community Development Strand of DARD Anti Poverty / Social Inclusion Programme
- Village Renewal / Regeneration

***NB – No staff will transfer with these functions***

## **Detail**

### **The Rural Development Programme (RDP)**

The RDP 2007-2013 is jointly funded by the European Union, through the European Agricultural Fund for Rural Development, and the Department of Agriculture and Rural Development (DARD).

The Programme aims to protect and enhance our rural environment and contribute to the development of competitive and sustainable rural businesses and thriving rural communities.

It is worth over £500million and represents one of the largest ever investments in rural communities in Northern Ireland.



The RDP is split into three main areas:

- Axis 1 - Farming and Food;
- Axis 2 - Environment and Countryside; and
- Axis 3 - Rural Life

### **Axis 1**

Budget = £45million

Aim = to improve the performance of Agriculture and Forestry businesses by:-

- funding farm modernisation projects,
- helping businesses to improve their processing and marketing skills
- supporting projects that will strengthen supply chain partnerships

Advice, mentoring and training is also available for farmers and their families.

Currently this programme is delivered jointly by DARD and an Agent (Countryside Agri Rural Partnership) contracted up to 2013

### **Recommendations –**

- **That the current contract / delivery mechanism would continue until 2013**
- **That DARD would engage with Local Government early in the development the 2014/2020 programme to consider options for future delivery**

### **Axis 2**

Budget = £390million

Aim = to help farmers to manage the land more sustainably and deliver important outcomes on biodiversity, landscape and climate change.

Currently this programme is delivered by DARD

### **Recommendation –**

- **That DARD would continue to deliver this programme until 2013**

### **Axis 3**

Budget = £100million

Aim = to improve the quality of life in rural areas by supporting a wide range of projects which include:-

- diversification
- business creation
- tourism
- basic services for rural communities
- village renewal
- conservation and upgrading of the rural heritage.

Currently this programme is delivered via the LEADER approach (an EU 'bottom-up' approach to local rural development A formalised joint service delivery mechanism (via the Local Government Order (Northern Ireland) 2009) is in place comprising seven joint council clusters (see map at Annex 1) which are responsible for the appointment & monitoring of a Local Action Group (LAG) to implement a rural development strategy.

**Recommendations:**

- **That the current delivery mechanism continues until 2013**
- **That DARD would engage with Local Government early in the development the 2014/2020 programme with a view to aligning new structures from 2014 onwards**

**OUTSTANDING ISSUES**

- DARD will explore options around legal continuity of current LAGs until 2014
- Further consideration needed around how the RDP / LAG delivery mechanism will fit with Community Planning process post 2011

**Community Development (DARD Anti Poverty / Social Inclusion Programme)**

DARD supports a rural community development infrastructure which provides access to and feedback from approx 800 rural community groups, and to this end has been funding:-

- The Rural Community Network (RCN)
- 11 Rural Support Networks (RSNs)
- The Northern Ireland Rural Women's Network (NIRWN)

These groups facilitate a vital link between the rural community, DARD and other Departments.

**Recommendations**

- **That a collaborative approach to community development is adopted, which brings together the bodies with the complimentary responsibilities below:**
  - **DARD** – rural community development
  - **DSD** – voluntary & community sector
  - **Local Gov** – community planning / community relations
- **That a structured change programme is supported, comprising all of the above bodies, in order to better align all strands of community development with the new councils.**
- **That local rural community development funding and activity will transfer to local government**

OUTSTANDING ISSUES

- DARD will clarify the resource (funding) transferring with local rural community development
- DARD will consider the future role of the regional elements of the rural community development infrastructure – RCN and NIRWN
- DARD, DSD and Local Govt will consider how best to engage with current rural community development organisations to achieve the changes required by 2011

**Village Renewal / Regeneration**

Funding (£12m) for renewal of towns and villages with populations below 4500 has been made available to the 7 Council clusters / Local Action Groups through the 2007/2013 RDP.

**Recommendation**

- **That Local Gov, in partnership with DARD and DSD, in planning the 2014/2020 RDP, ensure strategic alignment with the regeneration powers transferring from DSD to affect an integrated approach to urban & rural regeneration post 2011**

OUTSTANDING ISSUES

- DSD to clarify detail of regeneration powers transferring to local government
- DARD and Local Govt to further explore how the RDP measure can maximise the opportunities for village renewal / regeneration post 2011

**Next Steps**

It is envisaged that DARD and Local Government will meet again in early New Year to revisit the outstanding issues and to feed back to the ToFWG any emerging recommendations for consideration

**ANNEX 1**

**See attachment**

# **DCAL TECHNICAL SUB-GROUP**

## **Interim Report to Transfer of Functions Working Group**

**Summary:** The purpose of this interim report from the Culture Arts and Leisure Transfer of Functions Task and Finish Technical Sub-Group is to update the Transferring Functions Working Group (TFWG) on current discussion between local government and the Department of Culture Arts and Leisure and to highlight where further detailed discussion is required.

**Action:** The TFWG is asked to note the current position.

## **Introduction**

3. The Transfer of Functions Technical Sub-Groups have been tasked with reporting to the main Transferring Functions Working Group on the following areas:-
  - Provide clarity on the detail of the functions transferring from central to local government;
  - Consider arrangements for integrating these functions within local government
  - Develop initial guiding principles around which the agreed functions may transfer to local government
  - Identify any outstanding issues which still need to be addressed in moving forward and make recommendations as to how such issues should be progressed.
3. This interim report sets out the position on current discussion between local government and the Department of Culture Arts and Leisure and highlights where further detail and discussion is required on specific functions to allow for the development of efficient and effective options for operational delivery.

## **Agreed Suite of Functions to Transfer**

1. The functions within DCAL which have been identified for transfer to local government are as follows:
  - Armagh Country Museum
  - NI Museum Council
  - Local Arts
  - Local Sports
  - Local Water Recreational Facilities

## **Detail**

### **Armagh Country Museum (ACM)**

#### **Context**

1. The Armagh Country Museum is currently managed by the National Museums Northern Ireland (NMNI) under the Museums and Galleries (NI) Order 1998.

### **Functions Transferring**

2. It is proposed that all functions of the ACM will transfer from NMNI to the new Armagh, Banbridge and Craigavon District Council by 2011.

### **Resource Allocation**

3. The current budget of the Armagh Country Museum is £312K (approx), with a staff complement of 7.5 staff.

### **Outstanding Issues**

- Uncertainty remains with regard to how the annual budget will transfer to local government. Discussions ongoing with the Department of Finance and Personnel as to the means of transfer.
- DCAL has issued a draft staff transfer scheme and sent to NMNI for consultation.
- Staff transfer scheme is dependant on the regional discussions around pensions transfer e.g. will staff be permitted to remain in the PCSPS.
- NMNI has recently released draft legal documentation which contains some conditions which may impact upon the transfer of the asset. The Armagh, Banbridge and Craigavon District Council Transition Committee are currently considering this paper and will respond to NMNI.

## **Northern Ireland Museums Council (NIMC)**

### **Context**

- The Northern Ireland Museums Council (NIMC) is a company with charitable status established in 1993 which is funded in the main by DCAL but also from its membership which includes local government. The NIMC provides a range of functions including (but not exclusively): advice and training; assistance with accreditation; awarding of small grants; research; strategy building; policy advice; and fund raising.

### **Functions Transferring**

- Whilst it has been decided that the functions provided by the NIMC would transfer to local government, consideration is currently being given to the practicalities of how the NIMC would transfer to local government.

### **Resource Allocation**

- The Northern Ireland Museums Council has a budget of £279K (approx.) with a staff complement of 4 FTE staff.

- Given the relatively small size of the NIMC it is not considered appropriate to decentralise it across the new 11 council model.
- Noted that the PwC draft Economic Appraisal of options for local government service delivery puts forward a proposal that the transfer of the NIMC to local government should be on the basis that it “moves across to the new Local Government Association (LGA) and the costs are included in the overall operating costs of the new LGA”.
- There are potential legal issues which would not make this a viable option i.e. you cannot transfer functions (i.e. impose liabilities on) to a non statutory body such as the LGA. . The new BSO may be a more appropriate home for NIMC functions.

### **Outstanding Issues**

- No decision taken on the means of transfer of the NIMC to local government.
- Consideration being given to how the transfer of NIMC fits with the proposals emerging from the PwC Phase II Report in regard to the establishment of a Business Services Organisation (BSO).
- DCAL have developed an options paper examining the role/function of the NIMC, which the minister is now considering. Local Government will be consulted on the outcome.
- A number of possible delivery options put forward by the paper for further consideration include:
  - i) Postpone transfer for 5 years
  - ii) Transfer to DCAL
  - iii) A regional service delivery model e.g. Transfer to the proposed Business Services Organisation if it goes ahead or to LGA
  - iv) Transfer of the specialist services of NIMC to the National Museums Northern Ireland

## LOCAL ARTS

### Context

- DCAL provides funding for the arts in Northern Ireland, sets arts policy and supports arts based initiatives at a local level.

### Transferring Functions

- It is proposed that funding for Local Arts and Culture Projects would be transferred from the Arts Council Northern Ireland to local government

### Resource Allocation

- The funding awarded by the Arts Council NI to organisations for local arts and culture projects varies year on year, however the funding budgeted for 2009/10 amounts to approximately **£1.1m**.
- It should be noted that currently the majority of funding (85%) has been allocated to projects in Belfast and Derry/Londonderry. These projects could not continue without ongoing funding.

### Outstanding Issues

- DCAL and the Arts Council have considered how Local Arts funding could be allocated in the future. There remain issues in regard to how funding will be disaggregated across local government whilst ensuring that existing/planned funding commitments are delivered.
- A policy paper has been developed and is currently out for consultation (until 10<sup>th</sup> March) with the Transitional Committees and other key stakeholders on the detailed arrangements for the transfer of funding. The Arts Council will then consult with the relevant local arts organisations between May and August 2010.
- Proposals will be finalised and Ministerial approval sought in September 2010.
- The Department and the Arts Council will then work with district councils to prepare for the transfer of the function in May 2011. The amount of funding to transfer is expected to be in the region of £1m based on the Arts Council's expenditure on local arts activity in 2009/10.
- It is proposed that funding will be allocated to councils on a per-capita basis with weightings for deprivation and an additional weighting for Belfast and Londonderry. This would ensure that funding for local arts could be disbursed more equitably across councils (currently 5 of the new council areas do not have any organisations in receipt of local arts funding from the Arts Council).
- (The DCAL Sub-Group raised concerns with regard to any future scrutiny role of the Arts Council over the activities of councils. Stated that DCAL should not sanction the activities or plans of councils but rather provide advice and assistance as necessary).

Comment [EC1]: What was this about?

## Local Sports

### Transferring Functions



- There is no transfer of function relating to local sports. It is recommended that local government would have greater involvement in the determination of local sports activity.
- Under the Active Communities Programme, the 11 councils will have direct responsibility for allocation of slightly over £3m per annum and within the framework of the set KPIs, local government has the autonomy to decide how to spend this money in response to identified local need. This programme advocates closer working relationships with councils and supports the community planning process.

### **Outstanding Issues**

- It is the view of Sport NI that there is already effective engagement with local government through the Council Leisure Officers Association (CLOA) and they feel that they have exceeded their RPA commitment with the **Active Communities** programme
- The view of CLOA has been sought and they will provide a formal response after their meeting on the 19<sup>th</sup> February.

## **Local water recreation facilities**

### **Context**

- DCAL has permissive powers in the Water Order 1999 to provide Water Recreation facilities for public use. This function transferred to DCAL from DARD under the (Transfer and Assignment of Functions) Order (NI) 1999. DCAL also inherited certain responsibilities for abandoned navigations under the Inland Navigation Act (Northern Ireland) 1954.

### **Functions Transferring**

- At present, there are 21 sites, of which eight are owned by the Department, nine are leased, and four are of no clear ownership. DCAL have indicated that in all three categories the sites will transfer, with legal advice indicating that the latter will transfer with “possessory title”.
- There are ongoing local negotiations to resolve any outstanding ownership issues.
- The 21 sites proposed to transfer include riverside walks and paths, car parks, slipways and canoe steps. These are currently maintained on DCAL’s behalf by the Rivers Agency under a Service Level Agreement.

### **Resource Allocation**

- No staff will transfer to local government with this function. The transfer of resources relates only to assets and associated maintenance budgets which is estimated at £52,000 per annum (approx).
- Consideration should be given to the potential integration of maintenance duties within the Councils own maintenance work teams.

### **Outstanding Issues**

- Negotiations ongoing between DCAL and relevant councils regarding the transfer of responsibility for sites.
- Detailed mapping exercise currently being undertaken by DCAL on the locations of the 21 sites.
- The potential liability and insurance risks for local government was highlighted. Noted that DCAL currently self insure.

### **NEXT STEPS**

1. There are a number of key issues which need to be considered further including the outcome of the options paper on the transfer of the Northern Ireland Museums Council; the feedback following consultation on the policy paper on how local arts funding will be administered in the future; and feedback from Council Leisure Officers Association (CLOA) on effective working relationships with SportsNI.
2. Clearly the local government sector will need to remain fully engaged in the process, reviewing the merging proposals on the above issues and in determining the best way forward.
3. It is recommended that this Group should continue to meet over the next few months to examine the outstanding issues and feedback to the Transfer of Functions Working Group any emerging recommendations for consideration.

### **Recommendation**

1. It is recommended that the Transfer of Functions Working Group notes this current position.

### **JOHN BRIGGS**

Chair of Culture Arts and Leisure Transfer of Functions Technical Sub Group

Date: January 2010

# **DETI TECHNICAL SUB-GROUP**

## **Interim Report to Transfer of Functions Working Group**

DRAFT

## Introduction

This report presents the current state of progress on the DETI Transfer of Functions package. It sets out:

### Section 1

- the original suite of functions proposed for those under the DETI family incorporating local economic development (transfers from Invest NI) and local tourism (transfers from NITB)

### Section 2

- A clear and refined description of the actual or specific activities transferring including financial resources activity and an analysis of issues and recommendations arising from of the DETI Transfer of Functions sub-group.

### Section 3

- Recommendations from the DETI Transfer of Functions sub-group on how to move forward

## Section 1

Proposed Functions Transferring (Minister Foster statement of 13 Mar 08)	Actual / Detail of Functions Transferring ( ToF Sub-Group Oct 09)	Budget Transferring / Current Resource	Funding Commitment beyond 2011
<b>ECONOMIC DEVELOPMENT</b>			
Start a Business programme	<b>Enterprise Development programme</b> (formerly Start a Business programme)	£4,750,000	Secured up to March 2012
Enterprise Week		£195k over 3 years, plus £100k from DE up to 2011	Budget approval to November 2011.
Enterprise Shows	<b>'Go For It'</b> marketing campaign (in full) marketing element behind Enterprise Development programme	£1,200,00 p/a	Budget approval to March 2012
Youth Entrepreneurship such as Princes Trust & Shell Livewire	<b>Disadvantaged Youth Entrepreneurship</b> (formerly Princes Trust)  <b>Advantage NI</b> (formerly Shell Livewire)	£600,000  £300,000	TBC in terms of programme detail, budget and timescales.
Social Entrepreneurship	<b>Social Entrepreneurship</b>	£900,000	Budget approval to June 2012

Investing for Women	No specific programme – <i>subsumed into Enterprise Development programme</i>	0	No separate budget – <i>subsumed into Enterprise Development Programme</i>
Neighbourhood Renewal Funding relating to Enterprise Initiatives	No specific programme – <i>subsumed into Enterprise Development programme</i>  Ringfenced inside EDP contract ie neighbourhood renewal targets	0	No separate budget – <i>subsumed into Enterprise Development Programme</i>
<b>TOURISM</b>			
Small scale tourist accommodation	No specific programme – but one-off funding allocation transferring	£330,000	No specific programme – annual funding allocation transferring
Local tourism marketing Local tourism product development Visitor Servicing Providing business support including business start-up advice along with training & delivery of customer care schemes Providing advice to developers on tourism policies & related procedures	No specific programmes : one-off funding allocation transferring	£1,000,000	No specific programme – annual funding allocation transferring

## **Section 2**

### **1. Enterprise Development Programme – (formerly Start a Business / Small Business Programme)**

A new contract for delivery commenced in January 2009 for two years and three months until March 2011.

There is a break clause which permits termination of the contact or any part of the services by giving three months written notice. There is the potential for a further two one year extensions from 2011 which means the contract could be extended up to 2013. Funding has been approved up to March 2012 only. KPMG are the overall monitoring agent with a contract for all five INI regions. Invest NI issued a single letter with five separate contracts to Enterprise NI for delivery.

#### **ISSUE**

Each Council will have to decide how to deliver the EDP beyond March 2011. This will mean the EDP budget will have to be capable of being split across 11 Council areas. A method of distribution will have to be determined. Councils may collectively decide to share resources and deliver this together. In either event it is considered necessary to have a regional coordination mechanism.

Such a mechanism could potentially be provided via Invest NI assisting 11 Councils through a Local Area Agreement / SLA type approach as part of the wider Community Plan. Invest NI have indicated they are willing to undertake coordination if requested for 2011/12 year as part of the transition process. Decision will have to be made in context of the 'Options for Service Delivery' / PWC report. Assuming a budget for EDP beyond 2012 is secured, there is an option of renewing contract of Enterprise NI for a further year from 2012 subject to performance.

Prior to the instigation of the Independent Review of Economic Policy (Barnett Review) in December 2008, DETI had commenced the preparation of a NI Enterprise Strategy. The overall output was intended to be an enterprise pipeline of support with clear areas of responsibility and focus assigned to create a co-ordinated approach to enterprise development.

Work on the NI Enterprise Strategy was put on hold pending the outcome of the Barnett Review. The Barnett Review has called for the creation of a new regional economic strategy. It is unclear at this stage how this will impact on the proposed NI Enterprise Strategy.

#### **RECOMMENDATION**

Transitional Councils permit the contract for the Enterprise Development Programme to continue through the break clause at 2011 and agree in advance a one year extension from April 2011 to 2012.

## **2. Go For It Campaign**

Invest Northern Ireland currently deliver a centralised marketing campaign known as Go For It - this will transfer in full to Councils. Go for it is the marketing operation behind the Enterprise Development Programme and consists of a centralised above the line marketing campaign utilising various media channels (including TV, Radio, Press and online channels) to ensure regional media coverage. The campaign budget for promotion of the Go for it - Start up campaign is approximately £800,000 per annum.

In addition to the centralised campaign delivered by Invest Northern Ireland, Enterprise Northern Ireland co-ordinate a below the line regional marketing campaign utilising the Local Delivery Agents which address the local market conditions, delivering broad messages about entrepreneurship and starting a business across NI. The regional marketing budget is included in the Enterprise Development Programme Budget line illustrated in point 1 and is approximately £500,000 per annum.

The EDP advertising requirements were delivered under contract by the Leith Agency. The contract which commenced in June 2009 for an initial period of two years was mutually terminated in December 2009. Invest NI are currently working with CPD to put in place a tender competition for a new supplier to deliver the EDP advertising and design requirements. Invest NI believe the new contract will be in place by April 2010 for an initial period of 12 months, with the possible extension for a further 12 months to March 2012. In line with the recommendation below Invest NI can add a further 3 month extension to ensure the period up until and including June 2012 is covered by any new contract.

In addition to the EDP Advertising contract a contract is currently in place with Message Pad, Holywood, County Down. The Business case for the approval of the call centre contract is for £25,000 per annum. The contract was awarded on 29 August 2009 and the new supplier took up the contract from 13 September 2009 for a period of one year, with the option to extend for 6 months until March 2011, and then an option to extend for a further 12 months until March 2012.



## **ISSUE**

Whilst it would be possible to split delivery of the **sub**-regional campaign activity across 11 Councils (£0.5m), there may remain a need for a regional campaign to ensure best value is achieved through TV media. Options for delivery of the regional campaign include Councils contracting with one lead Council, Invest NI or another organisation to manage the regional campaign.

## **RECOMMENDATION**

Recommend a regional marketing campaign continues up to June 2011 until current contract expires. Councils collectively should consider approving one year extension to June 2012 to allow evaluation of approach and consideration of future options for delivery (*is funding in place to June 2011 or 2012?*)

Subject to project availability, from June 2012 Councils should approve a regional marketing campaign and agree an appropriate mechanism such as a lead Council to coordinate and deliver this on behalf of Councils. Sub-regional marketing should be delivered by each Council as an additional conduit to meet local needs.

## **3. ENTERPRISE WEEK**

Activity under this heading has changed significantly over the last year with the introduction of a Northern Ireland aspect to the Make Your Mark Challenge and Clubs. This offers NI the opportunity to be part of a worldwide celebration of enterprise with the added benefits of:

- Using the marketing and programme materials developed by Enterprise Insight. This represents a considerable resource saving on an annual basis; and
- Benefitting from the accumulated learnings from Enterprise Insight, the Welsh Assembly and Scottish Enterprise who have run the Make Your Mark Challenge over a number of years. This will ensure that many of the risks that might occur in a 'Pilot' project are mitigated.

The target audience for this programme is 14-19 years old. A phased rollout of a NI Make Your Mark Challenge and Clubs project is underway with a Memorandum of Understanding with Enterprise Insight (UK initiative) in place for three years from 2009 – 2011.

£195k has been committed by Invest NI over three years along with £100k from the Department of Education for the first two years.

## **ISSUE**

Given the nature of the MoU, it may be necessary to continue with delivery of this initiative at a regional level. Councils will need to agree an appropriate regional coordination mechanism.

## **RECOMMENDATION**

To be confirmed.

#### **4. Start-up Shows / Sponsorship Events**

No longer a separate budget or activity as this has been subsumed into the Go For It campaign.

#### **5. Youth Entrepreneurship (Princes Trust)**

#### **6. Disadvantaged Youth Entrepreneurship (Advantage NI)**

**Advantage NI** – contract expires in March 2010.

**Princes Trust** contract expires in March 2010.

Invest NI has commissioned Cogent Management Consulting LLP ('Cogent') to conduct an Economic Appraisal of a proposed New Youth Entrepreneurship Programme encompassing a disadvantaged youth element, which would complement and add value to the enterprise support that is provided under EDP.

Whilst a budget has not been established (pre-appraisal) for the delivery of the proposed programme, it is anticipated by Invest NI that the total budget would be substantially less than the combined budgets for the two existing programmes. Furthermore, given planned changes relating to Local Government's responsibility in a number of areas of economic development, it is anticipated that funding for a New YEP would only be sought for a maximum of a 3-year period.

Should a basis for a future programme emerge from the appraisal work, this will require a formal casework submission and DETI / DFP and Ministerial approval and a tender procedure.

Specific clauses around duration and management will be drafted by Invest NI in consultation with Councils over the next few months. The new programme will be suitable for local shaping to act as conduit to engage this age-group (16-25 years old) to the wider EDP programme.

#### **ISSUE**

May be difficult to find provider to accept just one year of guaranteed business pending new Councils in May 2011.

#### **RECOMMENDATION**

To be confirmed

## **7. Investing in Women**

No separate budget or programme

## **8. Social Economy**

Social Entrepreneurship programme will transfer to Councils.

Contract awarded to Enterprise NI from April 2009 to March 2010 with the option to extend for a further two one-year extensions.

### **ISSUE**

Presently a single contract but could be split into 11 post 2011. Could also be amalgamated with Enterprise Development Programme.

### **RECOMMENDATION**

To be confirmed

## **9. Neighbourhood Renewal**

No separate budget or programme

## **10. Smaller-scale Tourist Accommodation**

Responsibility will transfer to Councils with a token budget. Recently no funds are committed to this as the original scheme was funded by International Fund for Ireland, which has now been exhausted. The Barnett Review, recommends that responsibility for financial support for all tourism accommodation projects should transfer to another suitable body.

### **Budget Transferring**

The total budget proposed for transfer is £9.465m, this is made up of £8.065m per annum for the local economic development activity (Invest NI programmes) and £1.4m for the local tourism activity (NITB and Invest NI). It should be noted that identified programmes are subject to regular evaluation and economic appraisal which may result in changes being made to the activities (and associated budgets) which are currently identified for transfer.

The original budget proposed for LED transfer was £10.1m which was made up of £5.7m Invest NI baseline and £4.4m EU funding. The £8.065m now proposed has the advantage of being entirely baseline. Included within this sum is £1m of ERDF funding for the 'Go For It' campaign which may disappear under future funding, thus reducing the transferring baseline budget to £7.065m. This sum has the potential to be used for match funding drawdown of ERDF.

### **ISSUE**

DETI and Invest NI have a robust approach to policy and programme evaluation and programmes are regularly reviewed to ensure they are still meeting identified need. Since the RPA decisions were announced in March 2008 some changes have been made to the programmes originally announced to transfer and these have been reflected in this paper. There remains a possibility that some of the identified transferring programmes may be further amended as the transfer date approaches.

### **RECOMMENDATION**

Representatives of the local government side should be involved in the evaluation of relevant programmes and should be consulted as decisions are made which may impact on those activities which are to transfer.

### **ISSUE**

Future matching funding may be able to be secured for elements of the Invest NI programmes transferring against £7.065m.

### **RECOMMENDATION**

Provision will have to be made by DETI / INI for Councils to access and draw-down EU budget for such activities. This could be facilitated by having a specific 'budget line' created in the NI block of future EU funding programmes.

## Section 3

### Issues of Significance beyond DETI Sub-Group

The preceding sections have identified a range of issues which are specific to those activities which will transfer from DETI's agencies (Invest NI and NITB) to local government in May 2011.

During discussions of the Task & Finish Group, a number of wider outstanding issues have been identified. Reaching conclusions on these issues are out-with the remit of the Task & Finish Group but whatever decisions are reached will have an impact on a number of the specific outcomes/recommendations identified previously. It is likely that the issues identified below will also be relevant to the final conclusions of other Task & Finish Groups.

#### **1. Regional Coordination Mechanism**

Several of the programmes transferring would merit some form of regional coordination. Options considered include selection of a lead Council, a consortium approach or establishing a Service Level Agreement with a third party organisation such as Invest NI whom have indicated that they would be willing to undertake a degree of coordination in the initial period should Councils request them to do so. Obviously this issue has to be considered within the generic debate on-going on the most appropriate mechanism for regional coordination of services where applicable.

#### **2. Financial Transfer Mechanism**

Consideration has been given to the most suitable mechanism for the transfer of monies from Central Government or agencies to Councils under the RPA implementation. Whilst the DETI sub-group is aware that this issue is being considered generically, it wishes to highlight the need for an early resolution as the final decision taken will have an impact on how exactly the LED and Tourism activities will transfer. Following an analysis of options, the local government representatives have expressed a preference for monies to be transferred through the 'rate' mechanism as this would aid more flexibility in delivery. Practically speaking, it is likely to be necessary to use the 'grant' mechanism in initial years as it may be less complex to administer.

A decision needs to be taken with respect to how changes as a result of the current budgetary pressures are dealt with. It may be that the resources originally identified for transfer in 2007 and agreed in 2008, may be reduced as a result of CSR as we approach the 2011 transfer date.

Resources devoted to particular activities/programmes/functions may also change as the result of completed evaluations and changing Economic Development Priorities. Agreement is required regarding how agreed (prior to transfer) changes to identified activities should be handled. The issue of how the transferring resources are to be divided between the 11 new councils also needs to be addressed.

### **3. Budget Security beyond 2011**

The DETI Sub-group is conscious that limited funding exists within Central Government budgets beyond 2011. The CSR 2011 process in its early stages and will determine budget allocations for transferring programmes. The table submitted as part of this report has identified the status of budgets. It will be important for Councils to be able to work in partnership with Central Government on implementing the CSR process so that adequate budgets continue to transfer in future years in parallel with the transferring responsibilities.

### **4. European / Match Funding potential**

Contained within the INI programmes transferring is the sum of £1m ERDF which presently forms part of the 'Go for It' programme. Given the revision of EU programmes, this sum cannot be guaranteed beyond 2011. The baseline of £7.065m is the total core budget for all the LED programmes transferring. Since this is 'core' budget, there is the potential for this to be used to attract other match funding through leverage of other funds including European sources. It is possible the £1.4m Tourism transfer may also attract European match funding. However, in order for this to be a meaningful possibility, consideration should be given as to ringfencing of appropriate monies in future European programmes agreed at NI / DFP level to permit subsequent bidding by Councils for additional resources.

### **5. Future Economic Strategy / Enterprise Policy**

The policy background of economic development is undergoing significant change at present, which has implications for the future form and extent of programme design and delivery. The proposed NI Enterprise Strategy was put on hold pending the outcome of the Barnett Review. While the DETI Minister has endorsed the need for a new Regional Economic Strategy to be developed by a newly established Executive sub-group, this proposal is now being considered by the full Executive. Regardless of the outcome of the Executive's deliberations, the need for some kind of 'Local Economic Development Framework' through which the responsibilities of local and central government post RPA can be clearly defined is needed. Such a framework will need to complement the new Community Planning powers of councils and take account of the role of other stakeholders such as the Local Enterprise Agencies whose future role will be shaped by the ongoing review of the Local Enterprise Agency network.

### **6. Tourism**

Whilst some engagement ensued in the early period between NITB and the Transfer of Functions Sub-group, progress has been slow. Detailed debate was put on hold in the context of the work being taken forward by DETI and NITB on the creation of a new Tourism Strategy for Northern Ireland. Once the new Tourism Strategy is sufficiently progressed, the Task and Finish sub-group will seek to re-engage with NITB and DETI on tourism aspects of transfer and the implications of the new Strategy for the new councils.

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