



Belfast City Council

Report to:	Strategic Policy & Resources Committee
Subject:	Physical Investment Programme – Update
Date:	23rd November 2012
Reporting Officer:	Gerry Millar, Director of Property and Projects
Contact Officers:	Donal Rogan, Head of Contracts Sinead Grimes, Programme Manager

1.0	Relevant Background Information
1.1	<p>The Physical Investment Programme which the Council has set itself under the Investment Programme over the next three years is ambitious and challenging and includes:</p> <ul style="list-style-type: none"> - £75m in council facilities – delivered through the Council’s Capital Programme and financed through a combination of one-off revenue payments, loans, grants and capital receipts. - £20m in partnership projects and £50m levered from sources outside of the council – delivered through the Belfast Investment Fund (BIF) and financed through an annual £6m rate contribution and capital receipts. Additional private investment will also be explored. - £5m in smaller regeneration partnership projects – delivered through the Local Investment Fund (LIF) and financed through re-allocation of existing resources.
1.2	Appendix 1 gives a breakdown of the current status of physical investment projects in terms of progress that the Property and Projects Department is involved with.
2.0	Update on delivery progress
	<i>Capital Programme</i>
2.1	The Council is making significant progress on a range of major capital projects including the £4million upgrades to Dunville and Woodvale Parks and the £3million upgrade to the Mary Peters Track. These projects are both on time and on budget and should all be completed by June 2013. In addition work is ongoing on the upgrade of the fuel depot at Duncrue, the installation of new mercury abatement cremators and expansion to the cemetery at Roselawn, completing Phase 2 of the alleygating programme and continuing to deliver the Renewing the Routes programme.
2.2	Preparatory work is also well advanced for a wide range of projects including new pitches and changing facilities under Phase 1 of the Pitches Strategy, the Girdwood Community Hub, the Mountain bike track at Barnett Demesne, Hammer and Marrowbone pitches, demolition of the old Grove Centre, the Zoo Playground, Clement Wilson Bridge and the relocation of the Belfast Welcome Centre. Contracts for these projects are expected to be let during the first half of 2013 with projects due to be on the ground from the summer onwards. In addition finalisation work is ongoing on a number of projects including the City Hall, the Titanic Memorial Garden and the Ulster Hall which continue to take up officer time.
	<i>Local Investment Fund (LIF) and Area Working Groups(AWGs)</i>
2.3	Members are aware that a £5million Local Investment Fund was established under the Investment Programme to support the delivery of key regeneration projects in neighbourhoods and also as a means for Members to connect with local communities, in preparation for their formal role in community

	planning under RPA. To date the SP&R Committee has approved nearly £3.4million on 48 projects under this Fund. This leaves a further £1.6million to be allocated.
2.4	Establishing LIF and its associated processes including setting up and servicing the 5 Area Working Groups (which have meet more than 30 times since their establishment in May) and undertaking a substantial number of informal meetings with Groups has absorbed a significant amount of Member and officer time. LIF is now moving into delivery phase which will require substantial amount of officer time to ensure that the correct information is received from groups in order to be able to process payments and work with Groups on delivery. A small cross departmental team has been established to ensure the successful delivery of the LIF projects which have been approved in principle to date.
	<i>Belfast Investment Fund (BIF)</i>
2.5	In October Committee agreed to test proposals for the revised objectives and operational principles of this Fund. A further paper on this will be brought for the attention of Committee in due course following party group briefings. In the interim, officers are continuing to meet with organisations and advocates for projects across the city that might be eligible for assistance once the final decisions on the processes for this Fund have been agreed by Committee.
	<i>Feasibility Fund</i>
2.6	Committee, at its meeting on the 22 June, approved the ring fencing of £500k to provide for a Feasibility Fund to enable initial feasibility work to be undertaken on proposed projects to bring them to a point where Members could decide if they should be progressed for financing. To date 6 feasibility projects (5 in North and 1 in Shankill) have been approved for funding by SP&R Committee. Feasibility work for these will be commissioned and procured through the Project Management Unit. Council officers are currently working on the processes required for these and updates on these projects will be taken to AWGs and Committee in due course.
	<i>Planned Maintenance Programme and non-recurrent capital spend</i>
2.7	The Council has over 260 assets which all require ongoing maintenance. In order to ensure that this is carried out in a value for money, effective way, the Council has moved towards a planned maintenance programme. Although this remains approximately on target, Members are aware that unplanned maintenance issues will arise e.g. the recent closure of Avoniel Leisure Centre and problems with the water and electricity supplies at Belfast Zoo. This work is on-going and while there will be as yet unknown cost implications, it is not impacting significantly on the planned maintenance programme.
2.8	Members were informed at their meeting on 22 nd June that the incremental nature of capital expenditure arising from the Investment Programme provides the opportunity to finance a programme of non-recurring projects, including improvements to council facilities provided there is no recurrent expenditure associated with these. £1.8m under-spend/wish-list works was identified and procurement has already commenced in respect of a number of these. It is anticipated that approx. 70% of this work will be completed within the current financial year with the remainder completed in 2013/14.
	<i>Property and asset management update</i>
2.9	The Council is a major landowner with approx 12% of the total land area of Belfast being in Council ownership. There is inevitably a wide range of property and estates issues that continue to be dealt with on an ongoing basis including property advice, valuations, leases, licences, rent reviews and acquisitions and disposals. A number of the major projects within the Investment Programme are dependent on the resolution of land and legal issues and work is progressing in agreeing the terms of the new lease for the Welcome Centre; land acquisition and variation of legal agreements at the Waterfront; acquisition of land for CCG and the Innovation Centre as well as leases for the Hammer and Marrowbone pitches and a number of other projects. The Council is also a major landlord with

	responsibility for managing over 280 leases at Duncrue, Gasworks, Balmoral Industrial Estates, St. Georges and Smithfield markets and a number of miscellaneous rents with a total income of approximately £6.7million. In addition officers are progressing work on a number of potential acquisitions including the former Grove Primary School site and the School of Music premises at Donegall Pass and disposals including Glen Road, Colin Glen, McClure Street, Boucher Road, Seapark Drive and Primrose Street former civic amenity sites.
2.10	Work has also been progressed on the issuing of Development Briefs for Wilmont House, leisure and cultural uses at the North Foreshore and the City Cemetery Gate Lodge. In addition work is ongoing on progressing an options appraisal for the Windsor/Olympia stadia development and developing initial options in relation to Council accommodation. Further updates on these will be taken to Committee in due course. Other key areas of work include the RPA transfer of assets and liabilities, implementation of the asset management strategy, the 'One Public Estate' initiative and student housing
	<i>Social Investment Fund</i>
2.11	Members will be aware OFMDFM have established the £80million Social Investment Fund (SIF) which has been designed to reduce poverty, unemployment and physical deterioration through area based interventions of significant scale which will be delivered in partnership with communities. Steering Groups have been established within each of the 9 SIF zones which have been tasked with managing the design, delivery and development of an Area Plan. The timetable for SIF is extremely tight with all area plans to be produced by the end of December, signed off by January 2013 and all expenditure committed by June 2015. All the Belfast Steering Groups have now held their initial meetings and consultation to inform the draft area plans is now well underway across the four Belfast zones.
2.12	There is at least one Belfast Councillor on each Steering Group along with a Director which will be a useful opportunity for Members to strategically align the work of the Council, including the Area Working Groups, to inform and influence the emerging action plans. Members and officers are meeting on the 21 st November to ascertain the Council's position and way forward in relation to the Social Investment Fund and to ensure the opportunities are maximised. In addition OFMDFM are considering potential delivery mechanisms for SIF projects including the potential for the Council to be a key delivery agency.

	Key issues
2.13	Although the Council is making significant progress on the physical investment programme as outlined above, as can be seen from the financial reports which are also on the agenda for discussion at Committee today, there is some slippage in the Capital Programme expenditure profile and in other areas of physical investment. Reasons for this are varied depending on the particular projects however there are a number of common issues which have had an impact on both on the expenditure and the overall delivery. These are outlined below for Members.
	Resources
2.14	When the Investment Programme was launched it was recognised that the Council was not sufficiently resourced with the type of roles, number of people to undertake these roles or the skills sets necessary to ensure its successful delivery – not just in terms of the delivery of projects on the ground but also in the supporting processes that are required for good project management (i.e. legal services, financial services, communications etc.). The SP&R Committee therefore granted authority to recruit for these posts as necessary. Recruitment for these levels of posts are lengthy procedures requiring assessment centres and then interviews. Each recruitment took approx. 3 months from advertisement to the last interview which is the average for filling most Council positions. Once appointed it was at least a month or longer before successful applicants were able to take up posts due to notice periods etc.

2.15	Members are asked to note that all the recruitment exercises have now been completed. The majority of the roles are now in post however the full complement of staff will not be in place till December which is a lag time of nearly 9 months since the launch of the Investment Programme. This has had a knock-on effect on the capacity of the Council to deliver in the interim period. Resources and capacity issues in other areas, particularly around the supporting processes of legal advice, have also had an impact on delivery.						
2.16	It is important that these roles are recognised as Council roles and not departmental specific resources. To ensure successful delivery, all of the roles will require a substantial amount of cross-departmental working, as well as working with external stakeholders across the city. There is also a challenge to the organisation going forward to ensure the ongoing sustainability and success of projects which the Council is investing heavily in now. For assets to be successful and make a real change to people's lives they need to be properly programmed and resourced from the outset to ensure that they deliver on their objectives and outcomes. Going forward this may involve looking at how existing roles can be refocused or realigned to support ongoing project delivery.						
Processes and project definition							
2.17	<p>The SP&R Committee is the Council's investment decision maker. In order for the Council to ensure that it is able to monitor all capital spend, all capital related decisions must be taken to SP&R Committee. Members are aware that they have already agreed a Stage process for capital programme projects at their meeting on 22nd June as outlined below -</p> <table border="1" data-bbox="193 943 1444 1451"> <tr> <td data-bbox="193 943 512 1149">Stage 1 - Emerging Projects - Strategic Outline Case</td> <td data-bbox="520 943 1444 1149">Approval of SP&R is required to enable a Strategic Outline Case (SOC) to be prepared for a project proposal. This will enable the prioritisation of emerging projects and recommendations as to which projects should be moved to the uncommitted stage. An SOC must be agreed by SP&R before it can move to the next stage</td> </tr> <tr> <td data-bbox="193 1160 512 1317">Stage 2 - Uncommitted Projects - Outline Business Case</td> <td data-bbox="520 1160 1444 1317">Once an SOC has been prepared, SP&R approval is required to commence work on progressing the project to ready stage (i.e. tender stage for a capital project). The Options Appraisal must be agreed by SP&R before it can move to the next stage</td> </tr> <tr> <td data-bbox="193 1328 512 1451">Stage 3 - Committed Projects - Full Business Case</td> <td data-bbox="520 1328 1444 1451">Approval of the Outline Business Case by SP&R is required to get a project committed. Procurement, tendering exercises etc. should not be commenced without the approval of SP&R at this stage.</td> </tr> </table>	Stage 1 - Emerging Projects - Strategic Outline Case	Approval of SP&R is required to enable a Strategic Outline Case (SOC) to be prepared for a project proposal. This will enable the prioritisation of emerging projects and recommendations as to which projects should be moved to the uncommitted stage. An SOC must be agreed by SP&R before it can move to the next stage	Stage 2 - Uncommitted Projects - Outline Business Case	Once an SOC has been prepared, SP&R approval is required to commence work on progressing the project to ready stage (i.e. tender stage for a capital project). The Options Appraisal must be agreed by SP&R before it can move to the next stage	Stage 3 - Committed Projects - Full Business Case	Approval of the Outline Business Case by SP&R is required to get a project committed. Procurement, tendering exercises etc. should not be commenced without the approval of SP&R at this stage.
Stage 1 - Emerging Projects - Strategic Outline Case	Approval of SP&R is required to enable a Strategic Outline Case (SOC) to be prepared for a project proposal. This will enable the prioritisation of emerging projects and recommendations as to which projects should be moved to the uncommitted stage. An SOC must be agreed by SP&R before it can move to the next stage						
Stage 2 - Uncommitted Projects - Outline Business Case	Once an SOC has been prepared, SP&R approval is required to commence work on progressing the project to ready stage (i.e. tender stage for a capital project). The Options Appraisal must be agreed by SP&R before it can move to the next stage						
Stage 3 - Committed Projects - Full Business Case	Approval of the Outline Business Case by SP&R is required to get a project committed. Procurement, tendering exercises etc. should not be commenced without the approval of SP&R at this stage.						
2.18	However there have been a number of occasions recently across the Council where capital projects have been taken to Standing Committees and not be reported through SP&R (for example the Zoo playground). This has a knock-on impact on the capital programme as resources for these projects then have to be secured which means that other projects fall down the list. Another key issue is Departments working off estimates for projects which have been provided by 3 rd parties which then turn out to be significantly underestimated and where additional money then has to be secured within the Council.						
2.19	Going forward it is recommended that all capital projects (capital programme, Belfast Investment Fund etc.) and revenue projects which are related to the Investment Programme must go through the Stage process above where decisions on which projects progress are taken by SP&R Committee. This will bring a robustness to the process, will ensure that all capital and revenue decisions are taken on the same basis, will ensure that projects and will be fully open and transparent. A further report on this will be brought to Committee in the New Year along with realignment proposals in regard to the overall capital programme.						
2.20	In order for a project to be successfully delivered it needs to be properly defined and scoped out from the outset. However there are still occasions where resources, energy and time have been dedicated to						

	projects which do not have a clear definition or outcomes. Often these have been where external funding sources are available and there is pressure on the Council to avail of these e.g. the Innovation Centre and the Digital Hub. These are still concept projects which have not been fully scoped out and there is a consequential lack of progress.
	Partners and Community Engagement
2.21	External partners
2.22	There are a number of external partners who are key to ensuring the delivery of the Investment Programme, including the Planning Service, Roads Service and NIEA. By their nature physical investment projects include a long process of tendering, design, engagement and planning before work can start. Many of these processes the Council leads on and can control however a critical element of the process, the planning process, is outside the remit of the Council. Planning delays have had a substantial impact recently on proposed schemes. Members will be aware that Asda recently pulled out of the proposed Loughside development. The planning application for this proposal was lodged in 2009 and was held up in the planning system for over 3 years. Asda cited this delay as a key reason for this decision.
2.23	Members will be aware that some of the projects under the Investment Programme are dependent on time bound funding from a range of streams including EU funding from ERDF and Peace III, central government from Invest NI, the NI Tourist Board and lottery funding. Delays in obtaining planning permission for these projects will mean that they may not be delivered within the timescales required by funding partners and exposes the Council to huge liability and reputational damage if the full funds cannot be drawn down. Recognising this, the Council has already been in early and positive discussions with the Planning Service, Roads Service etc. regarding a number of projects to ensure there are no unnecessary hurdles which would significantly delay these.
2.24	In addition because many of these projects (including the Conference and Exhibition Centre, the Innovation Centre, the infrastructure for the wider Girdwood site) are reliant on central government funding there is a requirement for the use of the Central Procurement Directorate (CPD). The Council has previously raised concerns over the use of CPD in major projects (e.g. Connswater Community Greenway, the development of the Girdwood Community Hub) as its processes can significantly lengthen timescales, add costs, protract decision-making and can have a consequential impact on the delivery of projects. The Council has a track record of successfully delivering major capital projects including the Grove Wellbeing Centre, Falls Leisure Centre and the refurbishments of the City and Ulster Halls which were all delivered on time and in budget. In addition, the Council also routinely works closely with other government departments and partners on delivering major capital projects. The Council's ability to lead on these has been proven in relation to the contracts for the work on the £4million refurbishment programmes of Dunville and Woodvale Parks with DSD where the Department agreed that the Council would lead on these and did not require the use of CPD processes and services. Members are aware that delivery of projects and the use of CPD was raised at the Voluntary Transition Committee meeting on 2 November which was attended by the Minister of the Environment and it was agreed that officers would work up a paper on this which will be brought to Committee in due course.
2.25	Contractual disputes can also have an impact on the timescale for delivery of projects (e.g. Connswater Community Greenway) and reinforces the need for projects to be fully scoped at the outset along with having good contract management and governance arrangements in place.
	Community Engagement
2.26	An integral part of delivering projects is engaging with the community to ensure that projects deliver on their objectives and outcomes and meet the needs of local communities. However the level of community engagement needs to be balanced against the timescales for delivery for a project. For

	example there have been a number of projects recently where lengthy community engagement processes have had an impact on the overall delivery of projects e.g. Falls Parks, the Waterworks. A key role of the new project sponsor officers will be to develop a community engagement plan for projects which will be ensure that an appropriate level of consultation is undertaken but also that the project is delivered on time.
	Forward planning
2.27	As outlined above there is always potential for slippage in the capital expenditure programme and other investment streams. The Property & Projects Department is currently working on developing a list of 'oven-ready' projects that have a Strategic Outline Case and Outline Business Case which then can be progressed through to tender stage should the Committee agree and where capacity arises within the capital finance budget.

3.0	Resource Implications
	Financial: up to £150m by 2014/15 Human: Significant officer time will be required to deliver the projects in the Investment Programme Assets: As the Council estate is expanded there will be additional ongoing maintenance and running costs.

4.0	Equality Implications
	The Investment Programme will be screened in accordance with the obligations set out in the overall equality document for the Investment Programme.

5.0	Recommendations
5.1	Members are asked to note the contents of this report.

6.0	Attachments
	Appendix 1 - Breakdown of the current status of physical investment projects in terms of progress that the Property & Projects Department is involved with.