



Belfast City Council

Report to	Strategic Policy & Resources Committee
Subject:	LGR: DSD Transfer of Assets & Liabilities; Projects & Contracts
Date:	21 March 2014
Reporting Officer:	Gerry Millar, Director Property & Projects, Ext: 6217
Contact Officer:	Cathy Reynolds, Estates Manager, Property & Projects, Ext: 3493 Sinead Grimes, Programme Manager, Ext: 6203

1	Relevant Background Information
1.1	Members will be aware that as part of the Local Government Reform, Belfast City Council will see the transfer of regeneration functions from DSD. This will result in the transfer of a significant number of assets and liabilities; capital projects under construction/procurement; masterplans and regeneration plans; contracts and non property assets.
1.2	From a financial perspective, asset planning, project management, transfer of functions and implementation perspective it is essential to get clarity on what is to transfer to BCC and any associated conditions, liabilities or financial implications. A due diligence exercise is currently underway and whilst this is still at a early stage, given the quantum of transferring assets, liabilities and projects there are certain issues that need highlighting now in terms of the deliverability of certain projects and the associated financial implications. A number of these projects have major implications for the City particularly in terms of transport infrastructure.
1.3	The DSD Transferring Functions cover 3 broad areas including: <ul style="list-style-type: none">• Physical Development – Comprehensive Development, Public Realm and Urban Development Grants• Area Based Regeneration – including Neighbourhood Renewal (physical and revenue projects); Belfast Area Partnerships, Masterplans & Frameworks• Community Development – Community Support Programmes & Community Investment Fund

1.4	The DSD Minister published proposals on the allocation of resources to the 11 new Councils for consultation on 18 December 2013 and these were considered by the Belfast Statutory Transition Committee at its meeting on 15 January 2014. The proposed allocation is intended to cover the delivery of these functions including the delivery of any physical projects; the costs associated with managing and maintaining all transferring assets; contractual commitments; human resource and administrative costs. The proposed model indicates that £20.418M will be allocated to the new Belfast City Council.																				
2	Key Issues																				
2.1	Baseline information has now been received from DSD although a significant amount of due diligence remains to be done. However, in broad terms this baseline information indicates the following:																				
2.2	<p>(1) Assets:</p> <ul style="list-style-type: none"> • 203 no assets/liabilities transferring from DSD. • Initial site inspections and information gathering is ongoing but a broad classification of asset types is indicated in the table below. • The transferring assets include the former Lagan side assets including the Lagan Weir, public realm, Queens Quay lands etc. The Lagan Weir represents a significant liability that will transfer to the Council. The latest information provided by DSD indicates that BCC will have significant annual costs for upkeep of the revetments (banks) and dredging estimated at £3.5m over 7 years for dredging and £150k pa for the revetments not to forget that the weir itself will require a refurbishment circa 2020. However, a further detailed assessment is to be undertaken by BCC officers in relation to the legal, financial, and resource implications associated with the transfer of the Lagan Weir. • A more detailed report will be brought back to Committee in relation to all transferring assets and liabilities (including the Lagan Weir) when further detail is obtained and officers have progressed with the due diligence exercise. 																				
	<table border="1"> <thead> <tr> <th data-bbox="325 1525 1114 1563">Asset Type</th> <th data-bbox="1114 1525 1358 1563">Number of Assets</th> </tr> </thead> <tbody> <tr> <td data-bbox="325 1563 1114 1601">Development Assets /Vacant Sites (mostly vacant sites)</td> <td data-bbox="1114 1563 1358 1601">91</td> </tr> <tr> <td data-bbox="325 1601 1114 1639">Event Space (Custom House Sq etc)</td> <td data-bbox="1114 1601 1358 1639">3</td> </tr> <tr> <td data-bbox="325 1639 1114 1709">Buildings (Cathedral Quarter Managed Workspace Buildings, Paisley Park etc)</td> <td data-bbox="1114 1639 1358 1709">10</td> </tr> <tr> <td data-bbox="325 1709 1114 1778">Key Development Sites (Queen's Quay, Girdwood, Northside etc)</td> <td data-bbox="1114 1709 1358 1778">10</td> </tr> <tr> <td data-bbox="325 1778 1114 1816">Open Space (Colin Way, Bogtown Glen etc)</td> <td data-bbox="1114 1778 1358 1816">7</td> </tr> <tr> <td data-bbox="325 1816 1114 1854">Public Realm (Lanyon Pl, Writer's Sq, Bank Sq etc)</td> <td data-bbox="1114 1816 1358 1854">8</td> </tr> <tr> <td data-bbox="325 1854 1114 1892">Car Parks</td> <td data-bbox="1114 1854 1358 1892">6</td> </tr> <tr> <td data-bbox="325 1892 1114 1962">DSD Head Landlord Properties (Four Corners, Mays Meadow, Greggs Quay etc)</td> <td data-bbox="1114 1892 1358 1962">23</td> </tr> <tr> <td data-bbox="325 1962 1114 2031">River Related Assets (River Lagan, Weir, Lagan Lookout, rib boat, pontoons etc)</td> <td data-bbox="1114 1962 1358 2031">16</td> </tr> </tbody> </table>	Asset Type	Number of Assets	Development Assets /Vacant Sites (mostly vacant sites)	91	Event Space (Custom House Sq etc)	3	Buildings (Cathedral Quarter Managed Workspace Buildings, Paisley Park etc)	10	Key Development Sites (Queen's Quay, Girdwood, Northside etc)	10	Open Space (Colin Way, Bogtown Glen etc)	7	Public Realm (Lanyon Pl, Writer's Sq, Bank Sq etc)	8	Car Parks	6	DSD Head Landlord Properties (Four Corners, Mays Meadow, Greggs Quay etc)	23	River Related Assets (River Lagan, Weir, Lagan Lookout, rib boat, pontoons etc)	16
Asset Type	Number of Assets																				
Development Assets /Vacant Sites (mostly vacant sites)	91																				
Event Space (Custom House Sq etc)	3																				
Buildings (Cathedral Quarter Managed Workspace Buildings, Paisley Park etc)	10																				
Key Development Sites (Queen's Quay, Girdwood, Northside etc)	10																				
Open Space (Colin Way, Bogtown Glen etc)	7																				
Public Realm (Lanyon Pl, Writer's Sq, Bank Sq etc)	8																				
Car Parks	6																				
DSD Head Landlord Properties (Four Corners, Mays Meadow, Greggs Quay etc)	23																				
River Related Assets (River Lagan, Weir, Lagan Lookout, rib boat, pontoons etc)	16																				

Public Art (includes former Laganside Art)	28
Motor Vehicle	1
Totals	203

2.3

(2) **Physical Capital Regeneration Projects & Contractual Commitments**

DSD have a number of capital projects either underway or proposed, with associated financial and contractual commitments for the Council. **Based on the most recent information provided by DSD the total expenditure profile for all projects underway or proposed for the period from now to 2016/17 is £70,998,462 plus an estimated additional £30M for the Belfast Streets Ahead Phase 3 project.**

It should be understood that some of these projects are currently aspirational and would only be delivered if financial resources are forthcoming. Generally DSD spend around £5-6m per year on physical projects with exceptions made for schemes such as Streets Ahead, or public realm. DSD also have access to monitoring round funding in year.

Projects which will extend beyond 31 March 2015 will require the agreement of the STC or Shadow Council before preparatory and/or contractual work can proceed prior to 1 April 2015. To do this will require a degree of prioritisation on the part of BCC.

The projects fall under 3 main headings:

(i) Environmental Improvement Schemes /Public Realm Schemes/Other:
Total Expenditure Profile for period from now to 2016/17 for Public Realm schemes is £43,575,000, a further estimated £30M for the Belfast Streets Ahead Phase 3 project and other regeneration projects at £6,831,452 (based on most recent DSD information). Whilst a number of these projects are not currently contractually committed, certain projects have appraisals in progress, consultation has been undertaken and detailed design proposals are being developed. There are also certain Environmental Improvement Schemes which impact upon the Belfast Rapid Transit proposals and there is the possibility of funding in part by DRD. In particular these latter schemes relate to East and West Belfast and there is a risk of sub optimal outcomes for BRT if decisions are not forthcoming.

(ii) Urban Development Grants
Total Expenditure Profile for period from now to 2016/17 is £4,245,548 (based on most recent DSD information).
 However, the application process for Urban Development Grants (UDG's) remains open and DSD are continuing to deal with new applications. It is still unclear as to the quantum and level of commitment currently in place by DSD in respect of the UDG's. The nature of UDG's is such that the grants may not become payable until several years from the date of application, which could leave the Council with an unclear financial liability on an annual basis.

(iii) Neighbourhood Renewal Physical Projects
Total Expenditure Profile from now to 2016/17 is £16,346,462 (based on most recent DSD information).

Whilst a number of these are not currently contractually committed and many

may be aspirational there are nonetheless expectations that many will be delivered. It should be noted that many of these are closely linked with Council projects which are emerging either under LIF or BIF or emerging SIF projects.

2.4

(3) Masterplans /Regeneration Schemes.

- 22 no Masterplans, Regeneration Schemes and Development Frameworks. Includes Royal Exchange; Streets Ahead; Colin Town Centre; Northside; Greater Ballysillan; Queens Quay etc. However, the Colin Town Centre project was designated recently as an Urban Village and it is unknown how this will impact on the transfer or otherwise to the Council. A separate report will be brought by the Director of Development in relation to the Masterplans & proposed regeneration schemes.

Issues for consideration:

- Whilst there have been a number of recent meetings between BCC and DSD officers with a view to establishing a definitive list of all projects and contractual commitments there remains gaps in the most recent schedules received. Officers are continuing to meet with DSD on the detail of this and it is intended to bring a report back to Committee /STC in April with the details of all such projects and commitments and recommendations for prioritisation of projects.
- Some general principles will need to be considered in the prioritisation and funding of the projects, which may include:
 - Prioritisation of those projects that overlap with emerging Council supported projects including potential BIF/LIF/SIF projects eg Girdwood
 - Prioritisation of those projects that overlap with the Belfast Rapid Transit Scheme.
 - Prioritisation of those projects where DSD monies can be spent in the period up to 2015 and hence a reduced liability for the Council post 2015.
 - Consideration to be given to DSD retaining responsibility for any projects that are contractually committed as at 2015, including UDG's
- Notwithstanding any prioritisation process it is clear that the transferring budget allocation from DSD does not fully account for the aspirational list of projects. There is a high risk that the proposed 'seamless' transition from DSD will not occur and there is the potential for loss of momentum. It is therefore **recommended that a meeting is requested as soon as possible by the Council with the DSD, DFP, DCAL and DRD Ministers to consider any scope for potential transitional funding and delivery mechanisms for key city projects that have major impacts.**
- The current model of the Council becoming responsible for all DSD activity in April 2015 with a fixed budget allocation inevitably means that the city will need to focus on a number of key projects that will enhance quality of life, reanimate the city and attract investment and economic activity
- There are a number of emerging DSD projects that the Council will need to consider now to ensure that budget is not lost and to maximise links with other funding streams, particularly those where the Council has an interest or where they relate to citywide strategic projects. Whilst it is intended to bring a

	<p>further detailed report back in April to the STC and to the Strategic Policy & Resources Committee there are certain projects that require Member’s consideration now and should form the basis of the proposed Ministerial meeting:</p> <ol style="list-style-type: none"> 1. Environmental Improvement Scheme at Divis Street Gateway (Junction of Divis Street /Millfield to junction of Falls Road /Grosvenor Road) and the Albertbridge Road/Templemore Avenue: Both of these proposed projects are closely linked to the Belfast Rapid Transit scheme. They also link to other Council schemes including the Lower Falls/Divis Intervention scheme and the emerging St Comgall’s BIF /SIF project (see separate Area Working Group Update report) at Divis Street Gateway and the Connswater Community Greenway project where it crosses the Newtownards Road/Albertbridge Junction (Albertbridge Road scheme). 2. Girdwood: The construction work is due to commence on the Girdwood Community Hub in early April and the proposed DSD funded infrastructure and wider site works are integral to the overall project. The Hub has £1.5million of DSD funded external works associated with the building which cannot be completed until the building is up in June 2015. Therefore as things stand the Council would be expected to complete this. The wider Girdwood site development which is a key good relations scheme also has implications for Council, DSD and potentially DCAL. 3. Other Environmental Improvement scheme – specifically those creating a gateway to city centre from Shankill and Crumlin Roads. 4. BRO projects – There quite a number of these in the system which is raising expectation levels and decisions need clarified.
--	---

3	Resource Implications
	Officers from Property & Projects and Development are continuing to meet with DSD officials on the detail of transferring assets, liabilities, projects and contracts.

4	Recommendation
4.1	<p>Members are asked to note the contents of report:</p> <ul style="list-style-type: none"> - note that detailed work is ongoing with DSD officials in relation to due-diligence on the assets, liabilities, projects and contracts which are transferring and note that a further detailed report will be brought back to SP&R and the STC in April - to agree that an urgent meeting is sought with the DSD, DFP, DCAL and DRD Ministers to consider any scope for potential transitional funding for key city projects - consider the emerging implications in light of other Council funding streams including LIF and BIF and in the context of emerging SIF priorities