



Belfast City Council

Report to:	Strategic Policy & Resources Committee
Subject:	LGR – DSD Capital Projects Update –Neighbourhood Renewal Projects and PREI Schemes – Proposed Prioritisation
Date:	19 th June 2014
Reporting Officer:	Gerry Millar, Director of Property & Projects, Ext: 6217

1.0	Relevant Background Information
1.1	<p>Members will be aware that as part of the Local Government Reform, the Council will become the regeneration authority for the city. This will result in the transfer from DSD of a significant number of assets and liabilities; funding for capital projects; masterplans and regeneration plans; contracts and non property assets. The DSD transferring functions cover 3 broad areas including;</p> <ul style="list-style-type: none"> • Area Based Regeneration – including Neighbourhood Renewal (physical and revenue) projects; Belfast Area Partnerships, Masterplans & Frameworks • Physical Development – Comprehensive Development, Public Realm/Environmental Improvements and Urban Development Grants (UDGs) • Community Development – Community Support Programmes & Community Investment Fund
1.2	<p>Members will be aware that a proposed budget of £20.418M has been identified, within the proposed regional Allocation Model for the new Belfast City Council, to cover the delivery of the transferring regeneration functions. This is to cover the delivery of any physical projects; ongoing revenue projects; the costs associated with managing and maintaining all transferring assets; contractual commitments; human resource and administrative costs. This model was considered by the Statutory Transition Committee at its meeting on 15 Jan 2014.</p>
1.3	<p>Implications arising out of this paper have an impact on some of the Council’s emerging BIF and LIF projects – these are outlined in the ‘Area Working Update’ report which is also on the agenda for discussion at today’s Committee and also potentially on some Capital Programme projects that DSD were supporting.</p>
2.0	Current status
2.1	<p>As outlined above, a proposed budget allocation of just over £20m will be transferring to the Council to cover the transferring regeneration functions (both revenue and capital). A substantial amount of this has been will be required to support ongoing neighbourhood renewal (revenue) projects while other money from the allocation has to be set aside for the Lagan, asset related expenditure and to cover staffing costs. This level of commitment to existing activity leaves a very limited potential to support physical / capital projects development. Specifically at least around £15m is required in</p>

	terms of revenue spending, £2.5m for the Laganside assets and almost £2m staffing costs leaving minimal capital expenditure.
2.2	DSD officials have shared their long lists of proposed capital projects for funding under Neighbourhood Renewal and Public Realm/Environmental Improvement Schemes with Council officials. The proposed commitment under Neighbourhood Renewal Capital alone is over £10million for project costs up to 16/17 whilst there is nearly £40million of potential Public Realm/Environmental Impact schemes, based on initial outline budgets. This excludes any commitment to Masterplans, Strategic projects etc.
2.3	It is clear that the transferring budget allocation is significantly less than the financial commitment required to progress all the physical projects currently being developed or proposed by DSD. In the context of the proposed Allocation Model settlement and the initial levels of projected budget commitments the scope for the Council to carry out physical projects will be limited. The Council will not be in a position to continue the investment at the current levels or deliver the numbers of projects that help enhance quality of life, reanimate the city and attract investment and economic activity and will require Members to take some challenging prioritisation decisions. This paper is to assist DSD in making a realistic bid for monies this year and a further paper will be going to the Shadow SP&R in regard to potential additional transition funding and addressing some large projects via regional funding.
3.0	<i>Neighbourhood Renewal Capital Projects – Proposed prioritisation</i>
3.1	There are a number of DSD projects that the Council needs to consider now to ensure that budgets are confirmed and to maximise links with other funding streams, particularly those where the Council has an interest or where they relate to citywide strategic projects.
3.2	<p>Council officers have considered the detailed list of proposed Neighbourhood Renewal Capital projects and have categorised and assessed these on a RAG (Red, Amber, Green) basis to reflect their potential and to highlight what stage they have reached– on the basis of:</p> <ol style="list-style-type: none"> 1. Projects which are likely to be completed by March 2015 and will have no ongoing implications for the Council 2. Projects which may have implications for the Council post 2015 but where there is overlap with emerging Council supported projects including potential BIF/LIF/SIF projects; and 3. Projects which are not developed enough to incur any significant expenditure by DSD this year and therefore no investment decision is possible / required at this stage. <p>A more detailed explanation of the RAG status and how this was awarded is outlined in appendix 1.</p>
4.0	1. Projects which should be completed by March 2015
4.1	On the basis of the information and discussions to date with DSD officials, the following existing BCC projects in Table 1 <u>should be completed with all spend committed by the by end of MARCH 2015</u> and therefore should have no ongoing implications for the Council. A risk always remains that schemes will not finish on time with a potential liability for Council.

Table 1 – Projects which should complete by March 2015

Area	Project	Description	Total Cost	DSD 14/15	Other funding	RAG
West	Sarsfields GAC	Site development works	£160k	£80,000	LIF - £80k	
North	Girdwood Park	Infrastructure Works	£11.7m	£6,200,000	BCC-SEUPB	
Centre	Lagan Weir	Footbridge Replacement	£3.68m	£3,680,000	Lagan River Study/ Gateway	
DSD COMMITMENT 14/15				£9,880,000		

4.2 Members are asked to note however, that although the assumption is that none of these projects will have an impact on the Council post March 2015, there is always the possibility as with any capital project that they may be delays in procurement and/or unforeseen circumstances that will have an impact on the delivery timescale. **Members are asked to note therefore that a risk assessment on the potential for slippage is currently underway in conjunction with DSD to ascertain the potential implications for the 2015/16 financial year** and ways to offset this risk.

4.3 Members are also asked to note that discussions are ongoing at Ministerial level in respect of transitional arrangements in respect of projects that may have an implication post 2015. This will include the potential for a transition funding which could address the expectations and challenges identified in 2.3 above and will be reported to the Shadow SP&R Committee.

4.4 Members are asked to note that a number of projects which could potentially result in financial commitments beyond March 2015 have been identified and that these therefore may have a subsequent capital implication for the Council (further agreement will also be required from Shadow Committee). As part of the baseline process DSD had profiled potential expenditure on a number of projects beyond 31st March 2015. However, under LGR restrictions DSD cannot commit to funding projects post 2015 without the agreement of the appropriate Council. The projects below (Tables 2, 3 & 4) have been identified as overlapping with emerging Council supported projects including LIF, potential BIF and SIF projects. **DSD have sought confirmation that these projects can be progressed now and that these will form part of the Council's forward work programme in order to enable the continuation of developmental activity and to provide continuity in ongoing physical investment across the city.**

Table 2 – BCC Projects Included in DSD June Monitoring Round Bid

Area	Description	Description	Total Cost	DSD 14/15	Other Funder	RAG
West	Cluain Ard community facility	Refurbishment and upgrade	£360k	£90,000	£75,000 LIF (through DD) DCAL, CISTE	
West	St Mary's CBS	Pitch development	£1.4m	£600,000	BIF – Not yet agreed	
POTENTIAL DSD COMMITMENT				£690,000		

Table 3 – Projects Potentially Funded from Slippage if Deliverable 2014/15

Area	Description	Description			Other Funder	RAG
South	FASA (Shaftesbury Sq)	Refurbishment of new premises	£350k	£200,000	£150,000 LIF SIF 0 for a wider project – not approved	
Shankill	N I Alternatives	Relocation to Woodvale Road	£180k	£180,000	N/A	
East	Ballymac Friendship Trust	Refurbishment of existing centre	£200K	£200,000	Project is in for SIF for a new build project	
West	Frank Gillen Centre	Expansion of parking area and EI scheme.	£50k	£50,000	Linked to LIF & West Intervention	
West	Whiterock Community centre	Creation of new public space, play area and MUGA	Up to max	£618,000	Capital Prog	
POTENTIAL DSD COMMITMENT				£1,248,000		

Table 4 – Projects not included in DSD Bid Proposal

Area	Description	Description			Other Funder (Potential)	RAG
West	St John's Bosco	Refurbishment and upgrade of facility on Conway Street			Sport NI Special Boxing Fund	
North	North Belfast WISP	Refurbishment of existing facility			LIF SIF	
North	Westland Community Group	Replacement of temporary community facility building.			LIF SIF	
South	Stranmillis Gateway	Bridge and lock			BIF – Not yet agreed	
West	Davitts GAC	Sports facility			BCC	
West	Radio Failte	Irish language radio station			BCC Ciste/DCAL	
Shankill	Welcome Church	Community			BCC	
North	Midland Boxing Club	Boxing club			BCC/DCAL	
Shankill	St Andrews	Community			BCC	

4.5 The above information is based on information received from DSD at the time of writing. Council Officers believe some further movement may be possible re the status of the projects with DSD. However, there is very limited time to agree a definitive list with DSD if a June monitoring round bid is to be made and money secured. Members are asked to agree that Council Officers work with DSD on the basis of the above tables and try and get as big a commitment as possible. Obviously a number of projects will not be funded by DSD and Members now need to think through future priorities and how they might be funded given Council's upcoming regeneration role. This may include changes to the LIF/BIF funding regimes which is also highlighted in the Area Working paper.

5.0 Other proposed Neighbourhood Renewal projects

5.1 Members should be aware that the tables in this report relate only to projects linked to Council

	funding and the DSD bid will include a number of other projects both in Belfast and in the incoming areas, although a lot of these are related to public realm works.
5.2	There are also a number of proposed Neighbourhood Renewal capital projects on DSD's lists for which there is no requirement for an immediate decision as the projects are not yet developed up enough to incur expenditure by DSD within the current financial year. Members are asked to note that DSD will not be able to develop these projects to a stage where significant expenditure is possible and if ANY of these projects are progressed now any associated capital implications will be the responsibility of the Council. It is therefore recommended that none of these projects are progressed in the interim and that these be further considered in the context of the Council policy or priorities that may define a Forward Work Plan for physical projects for post 2015, which will take account of affordability limits for investment going forward.
6.0	<i>Public Realm/Environmental Improvement Projects</i>
6.1	Members are asked to note that DSD are continuing work on a range of Public Realm/Environmental Schemes (PREI) which are all due to complete by the end of March 2015. A list of these is attached at Appendix B. No decisions are required on these projects as work is currently underway and there should be no financial implications for the Council post March 2015.
6.2	In addition to these, 21 other PREI schemes have been worked up by DSD. Most of them have been worked up to design Stage C and initial consultation has been undertaken on a number of them. DSD are continuing to work the other schemes up to this stage. However Members are asked to note that none of these schemes are contractually committed for delivery. These PREI schemes have an estimated cost of over £37million between now and 2016/17 if they were progressed. This is only for delivery – Members should note that there may also be an ongoing maintenance implication from these types of projects.
6.3	This would have significant capital consequences for the Council and it is therefore recommended that the Council does not commit to any of the PREI schemes that could potentially have an implication post 2015 as the Director of Finance & Resources is unable at this stage to confirm that these schemes would be within the affordability limits of the Council given the ongoing rate calculations and outcome of the rate setting process. It is therefore proposed that whilst these schemes <u>MAY</u> be considered once available funding has been clarified (post 2015 and in the context of the Council's forward work plan for physical projects) an appropriate policy frameworks for prioritising these schemes will be required. Members are asked if they agree with this proposed recommendation.
7.0	<i>Masterplans</i>
7.1	Members are asked to note that a range of Masterplans will also transfer over from DSD. While some of these may need to be revisited given the time which has elapsed from their publication others are more recent and have a Delivery Executive and/or an Implementation governance structure in place including for example the recently formed DSD/BCC Delivery Executive for Glen 10, a proposed implementation delivery structure for the Greater Ballysillan Masterplan while project boards are also currently in place for the Queen's Quay project, Shaftesbury Square, South West Gateway etc which raises expectations that projects are going to be delivered. However Members are asked to note that no specific DSD funding has been profiled against the implementation of these Masterplans. It is envisaged that the range of masterplans will need to be reconsidered in the context of the Council's new Planning / Community Planning processes going forward

8.0	Urban Development Grants (UDGs)
8.1	Members will be aware that DSD currently funds a range of projects under its Urban Development Grants funding stream. These are discretionary grants used for promoting job creation, inward investment and environmental improvement by developing vacant or underused sites.
8.2	The current total expenditure profile on UDGs from now to 2016/17 is just over £4million. Again there is no direct associated budget line for these. 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. Members are asked to note that the application process for Urban Development Grants (UDG's) remains open and DSD are continuing to deal with new applications.
8.3	It is therefore proposed that a recommendation is made that this funding stream is closed to new applications from now and that the Members are asked to note that UDG is a discretionary funding stream and as such the Council has no obligation to continue with it post transfer. Further consideration can be given to the reinstatement of such funding as circumstances allow in future years.
9.0	Equality Implications
This would have been considered by DSD and proposals are based on finance and deliverability given the short period left before March 2015.	
10.0	Recommendations
Committee is asked to note the contents of this report and -	
Overall	
<ul style="list-style-type: none"> • note that the funding allocation which is transferring across from DSD does not match the levels of financial commitment required to progress all the physical projects currently underway or proposed by DSD and that this will require Members to take some challenging prioritisation decisions. 	
Neighbourhood Renewal Capital Projects	
<i>Projects due to complete by 31st March 2015</i>	
<ul style="list-style-type: none"> ▪ note that a risk assessment on the potential for slippage/over run of these types of projects is underway with DSD to ascertain the potential implications for post March 2015. ▪ Agree that Council Officers work with DSD on the basis of projects identified in Tables 2, 3 & 4 to maximise DSD expenditure in Belfast as much as possible for 2014/15. There will be no definite list of projects until DSD monitoring bid is completed. 	
Public Realm/Environmental Improvement (PREI) projects	
<ul style="list-style-type: none"> ▪ note that there a number of schemes currently underway which are due to complete by March 15 ▪ Note that over 20 other PREI schemes have been worked up by DSD but that none of these are contractually committed for delivery ▪ agree that the Council does not commit to any of the proposed PREI schemes that could potentially have an implication post 2015 as these would have significant implications for the Council and the Director of Finance & Resources is unable at this stage to confirm that these schemes would be within the affordability limits of the Council. ▪ It is proposed that these schemes <u>MAY</u> be considered once available funding has been clarified (post 2015 and in the context of the Council's new capital programme) and the appropriate policy frameworks for prioritising these schemes are agreed 	

Masterplans

- note that there are a number of project boards and delivery structures in place for existing Masterplans which raises expectations that projects will be delivered but that no specific DSD funding has been profiled against the implementation of these Masterplan
- these will have to be reconsidered in the context of the Council's new Planning / Community Planning processes going forward

Urban Development Grants (UDGs)

- agree if a recommendation is made to DSD at a Ministerial level that this funding stream is closed to new applications from now on and that the ongoing liabilities associated with this funding stream up to now remain with DSD

11.0 Appendices

Appendix A – RAG Status