



Report to:	Strategic Policy & Resources Committee
Subject:	Social Investment Fund Update – Proposed Council delivery of projects
Date:	22 nd August 2014
Reporting Officer:	Gerry Millar, Director of Property and Projects

1.0	Purpose of Report				
1.1	To provide Members with an update on the Social Investment Fund and the implications and resource requirements for the Council in terms of delivery of capital projects and an emerging proposal regarding delivering a revenue based project in the Belfast North Zone.				
2.0	Relevant Background Information				
2.1	Members will be aware that Belfast had been allocated £37m out of the £80m overall for SIF. The first announcements in relation to approved SIF projects were made at the start of February and letters of offer for these projects are now in place. This included 9 projects in the Belfast area (4 capital and 5 revenue projects). See Appendix A.				
	Update on current position				
2.2	Members will know that it was proposed that the Council would be the delivery agent for a number of the capital projects in Belfast in recognition of its role as a civic leader and successful delivery agent of physical projects. Members received an update on these projects at Committee in February and at this stage agreed an ‘in-principle’ commitment for the Council to deliver these projects given the increasing role of the Council in the city in terms of regeneration and the emerging community planning and area planning roles. The Council is also already working closely with OFMDFM on a number of other key strategic city initiatives including TBUC and the Interface Strategy.				
2.3	Since this time Council officers have continued to work closely with OFMDFM officials in relation to the capital projects where the Council has been proposed as the lead delivery agent. The current status of these projects is outlined below. Members are asked to note that this is still an evolving process and the projects below will be subject to further refinement as they go through the economic appraisal process				
2.4	BELFAST ZONES – CAPITAL PROJECTS – COUNCIL PROPOSED DELIVERY AGENT				
		Project Name	Cost	Status	Lead organisation
	North	Cluster – Increasing community services (new) (5 projects)	£2,598,460	Approved by DFP –letter of offer not yet in place	Various
		Cluster – Increasing community services (refurbishments) (6 projects)	£470,118	Not approved - Currently with the Consultants following the first review.	Various
	South	Market Tunnels at Lanyon	£1,857,897	Not approved - Council currently undertaking a site contamination survey.	Markets Development Agency

		Capital cluster – Increasing community services (9 projects)	£1,749,886	Not approved - Appraisal being written by SIB Consultant.	Various
	East	Capital cluster – Increasing community services (14 projects)	£1,381,296*	Not approved – * Will increase. 6 projects under this cluster are being re-appraised	Various
	West	St. Comgall's	£3,544,090	Not approved -EA issued for review to Finance and Economists	Falls Community Council
	TOTAL		£11,601,747	A breakdown of the capital cluster projects for North, South and East is attached at Appendix B. It should be noted that these range in value from around £10,000 to nearly £1,000,000 so are vastly different in scope and scale.	
	Number of projects (including cluster projects)		36		
Issues to consider					
2.5	At this time the Council is currently proposed to be the delivery agent for 36 capital projects worth over approx. £11.6 million. It should be noted that many of these projects are also subject to and/or receiving funding from other sources including LIF/BIF from the Council, DSD funding so the real value of the projects is significantly higher than this. It is important to note that after this year, DSD commitment will transfer to the Council.				
2.6	It has been previously highlighted to Members that there will be associated resource implications and resources costs in delivering these projects and the impact of delivering these also needs to be taken in the context of the Council's other project delivery commitments. The Property & Projects Department currently do not have the resource capacity to deliver the SIF projects on top of its existing workload and therefore it will be necessary to recruit additional resources to deliver these. Members are asked to note that there are also a range of support and indirect resources that will be required to help support project delivery including finance, legal, estates and procurement. This will also have to be factored in against existing workload commitments including the LGR.				
2.7	In order to facilitate the delivery of these projects OFMDFM have asked the Council to produce a resource management plan outlining the resources necessary to deliver the Programme. The Council has stressed to OFMDFM officials that it is imperative that delivery of this programme and the projects under it needs to be cost neutral for the Council as the Council is a delivery agent only. As highlighted the Council has worked closely with OFMDFM officials in this regard and discussions to date have indicated that little or no due diligence work has been carried out on most the projects therefore the Council is starting at the beginning on these which will be resource intensive.				
2.8	The Council has produced a Resource Management Plan, which has been based on our experience and learning of delivering LIF which as local community projects are similar to SIF. This has been forwarded to OFMDFM and is awaiting feedback. This has included resources to deliver the programme plus also associated costs for oversight and management of the programme. The costs equate to approx. 10% of the overall SIF costs for projects – however as highlighted this does not reflect the overall costs of the projects as many of these are in early stages of development and will have other funding sources.				
2.9	Members are also asked to note that Council officers have highlighted that there are also a number of inherent risks associated with the Council taking on a project delivery role for these projects, particularly in the case where a third party has put together costs/plans for a project, including - <ul style="list-style-type: none"> - lack of robustness in project costs which the Council have been unable to verify/ QA, - lack of contingency built into budgets - unrealistic project plans resulting in construction overruns etc. - unforeseen issues including contamination, land issues etc 				

	- the lack of capacity of the groups involved
	The Council has therefore stressed that it is key that a robust governance structure and approval/sign-off processes are in place for these projects and Council officers are working closely with OFMDFM to develop and agree these. It should be noted that the SIF programme will remain an OFMDFM programme - the Council will advise at each stage of the outcome regarding projects (due diligence, tender process and delivery) however all decision points regarding projects will be up to OFMDFM and the individual Steering Groups. OFMDFM will also be responsible for all monitoring post completion and management of benefits and outcomes.
3.0	Next steps
3.1	Subject to agreement from OFMDFM on the Resource Management Plan, and sign-off internally by the Director of Finance & Resources and Legal Services if any changes are proposed, agree that the Director of Property & Projects progresses the recruitment of the necessary resources in conjunction with HR to deliver the SIF projects.
4.0	Revenue project – North Belfast
4.1	Members are asked to note that a ' <i>Fuel Poverty & Unemployment</i> ' revenue project has been approved under the North Belfast Steering Zone. This £2million project was announced in February and a letter of offer (LOO) is now in place for the project. However Ballysillan Community Forum who were due to be the lead partner for this project have now withdrawn from the process and it was highlighted at the most recent North Belfast Steering Group that a new lead partner needs to be identified in order to ensure that this project can commence and be successfully delivered.
4.2	The project is aimed at tackling fuel poverty and helping to increase the number of NEETS into employment. The project aim is to put in place an environmental work programme to promote and lead a project based on reducing the ecological footprint produced by the community and the community sector in the North Belfast area. It also offers the opportunity to create local home improvements; improve local housing stock; build local pride; improve local image and provide placements to local people. Members are asked to note that this scheme has a number of links with the Council's other ongoing work – particularly the synergies with the Affordable Warmth Scheme and the ongoing Fuel Poverty work including the fuel stamps scheme.
4.3	Members are therefore asked to consider if the Council should act as the lead partner for this project. This would be subject to further discussions with OFMDFM and agreement by the North Belfast Steering Group. It is envisaged that this project will be lead by officers from Health and Environmental Services given the synergies with other ongoing work and a report is due to be taken to the next Health & Environmental Services Committee at start of September. Members are asked to note that a management fee which should cover resource costs is built into the revenue projects. Officers are currently looking at this in greater detail for its implications for the Council.
5.0	Recommendations
5.1	Members are asked note the contents of this report and Capital projects <ul style="list-style-type: none"> • agree that the Council acts as the delivery agent for the proposed capital projects as outlined in 2.6 above and notes that the implications of SIF are still somewhat emerging and that there may be some further amendments to this list • note that the Property & Projects Department currently does not have the resource capacity to deliver the proposed capital projects as it is already over-stretched by existing workload and that extra resources will be required to deliver this programme and that there will also be a

	<p>range of associated support and indirect resources that will be required to help support project delivery including finance, legal, estates and procurement</p> <ul style="list-style-type: none"> • note that the Council has highlighted to OFMDFM officials that this programme can only be delivered on a cost neutral basis to the Council • note that a detailed resource plan, based on the Council’s experience and learning from delivering LIF, has been forwarded to OFMDFM and feedback is awaited on this • note the inherent risks associated with the Council becoming the delivery agent for the proposed capital projects and that Council officers are working closely with OFMDFM to ensure that a robust governance structure and approval and sign off processes are in place for all projects • subject to agreement from OFMDFM on the Resource Management Plan, agree that the Director of Property & Projects progresses the recruitment of the necessary resources in conjunction with HR. <p>Revenue Project</p> <ul style="list-style-type: none"> • agree that the Council acts as the lead partner for the ‘Fuel Poverty and Employment’ project in North Belfast following the withdrawal of the previous lead partner to ensure that this project is delivered, subject to further discussions with OFMDFM and the North Belfast Steering Group and further clarification over the management fee which is included for this project. It is anticipated that this project will be led by officers from the Health & Environmental Services Department given its synergies with other work which is ongoing
5.0	Decision Tracking
The Director of Property will oversee the implementation of the recommendations within this report.	
6.0	Equality
Equality screening for SIF is an OFMDFM responsibility	
7.0	Documents Attached
<p>Appendix A – Overview of proposed SIF projects to be delivered by the Council</p> <p>Appendix B – Overview of the ‘Fuel Poverty & Unemployment’ revenue project – North Belfast.</p>	