

LOCAL GOVERNMENT REFORM: WINDING UP ARRANGEMENTS

Agenda Item: 6

Summary: **Winding Up Arrangements for the period leading up to and after the formation of the new Councils in May 2011.**

Action required: **For discussion and approval**

1 Introduction

The DOE Local Government RPA decisions have established the implementation framework for progressing the defined reforms to the commencement date of the new Councils in May 2011. In support of these decisions, DOE circulars have elaborated on the structures and responsibilities assigned to the various stakeholders. As part of the process, the transferring bodies, including Councils, Government Departments and other Public Bodies, will make provision for the transfer of all functions and the related components, such as finance, staff, assets and liabilities, by the changeover date. In addition, the ensuing dissolution of the current Councils and the affected changes in other Public Bodies will require careful management in terms of winding up actions for the period leading up to the formation of the new Councils in 2011 and, in particular, for a specified period beyond that date. Winding up actions will be of an administrative nature and will not impinge on policy development.

2 Legislative Context

The proposed legislation to establish the 11 new Councils will incorporate the legal requirements to be fulfilled in advance by the transferor bodies. Transferor responsibilities completed by 2011 will greatly facilitate and simplify the winding up of the Councils and similarly those parts of the other RPA affected Public Bodies (DSD, Roads Service, DSD, NIHE, etc.) impacted by the transfer of functions process. Nevertheless, there will be particular work that is legally necessary and that can only be completed after the changeover date, for example finalising and audit of the accounts of dissolved Councils and

accounting issues surrounding transferred functions from Public Bodies, such as Planning Service.

3 Winding up period

The winding up period falls into two parts. It is related in the first instance to the lead-in to the new Council commencement date in 2011. During this period, as the transferor responsibilities are prioritised and advanced, preparatory winding up work will also be planned and commenced and, where possible, completed. Secondly, the residual administrative work required to finalise the dissolution and transfer of functions processes should be completed, preferably before the start of the new financial year in April 2012, and in any event no later than 15 months after the new Councils begin operating.

4 Integrated Process

Transfer and winding up responsibilities are interwoven, and for the process to be effective it is important that winding up responsibilities are the remit of designated senior officers. These officers will have 'legal' accountability and defined reporting arrangements during the implementation period.

5 Designation of Winding Up Managers

Each transferor body - Councils, Government Departments and other Public Bodies transferring functions to the new Councils in 2011- is required to designate a Winding Up Manager. As this officer will undertake an important role it is recommended that a senior officer be so designated by the transferor body for the winding up period. If a replacement is required this should be done immediately to secure continuity of the process.

6 Key Responsibilities and Activities

It will be essential for Winding Up Managers to have the co-operation of elected members and employees to help them efficiently and effectively exercise their

responsibilities. They should have authority to request information necessary for completion of their work.

The key areas that will need to be addressed by Winding Up Managers in the period's pre and post May 2011, include: -

Management and Coordination

Winding Up Managers will work closely with key staffs that have transfer responsibilities in their organisation to ensure effective management of the transition process, and they will engage with other Winding Up Managers to coordinate activities pre and post May 2011. The respective Transition Management Team (TMT) will overview this work.

Transferring functions, assets and liabilities

Arrangements for transfer of functions, assets and liabilities will proceed under the specific terms of the legislation established for the transferor bodies. Winding Up Managers will have an overview management role in this process, liaising closely with TMTs to help the smooth transfer of functions, assets and liabilities to new Councils on the commencement date in May 2011. They will deal with any residual administrative matters associated with the transfer that for exceptional reasons could not be finalised before the commencement date.

Finance

Winding Up Managers will have key financial responsibilities, including-

- *Ensuring the preparation of the required Final Accounts of the dissolving Councils and in respect of the transferor functions of Public Bodies*
- *Ensuring such accounts are presented to the responsible Public Sector Audit bodies and new Councils within 6 months after the commencement date of the new Councils*

- *Co-operating with the Public Sector Audit Bodies in the exercise of their responsibilities to ensure that the interests of citizens/ratepayers and everyone using public services has been safeguarded in the accounting period prior to 2011.*
- *Closing all necessary bank accounts and transfer of any final balances to the new Councils*
- *Transfer of all residual financial records and information to the new Councils*

Staff

Winding Up Managers responsibilities will **not** include RPA affected staffing matters – transfer, recruitment, severance, etc. which will be dealt with through several mechanisms, such as agreed transfer schemes, PSC guiding principles, etc. Responsibility for all aspects of staffing matters not concluded by the final transfer date will rest with the new Councils and the Public Bodies transferring staff.

Administrative Issues

The responsibility for ensuring that there are completed schedules of all transferring assets, important documents, etc, will rest with Winding Up Managers. It is also envisaged that there will be some unpredictable administrative issues for Winding Up Managers to attend to, which will only emerge after May 2011.

Reporting and Accountability

Winding Up Managers will be accountable to their transferor body – Council, Government Department or other Public Body - during the lead-in period to the new Councils in May 2011. Post May 2011, Council Winding Up Managers

responsibility will transfer to the new Council, and Winding Up Managers in Government Departments and other Public Bodies will continue to be responsible to those bodies and will engage with the new Councils, as required.

Winding Up Managers will work closely with TMTs and submit periodic progress reports to the transferor bodies, Transition Committees (TCs), TMT and Regional Transition Coordinating Group (RTCG). The RTCG will have an overarching monitoring role.

Programme

Winding Up Managers will identify a programme of work in association with each TMT and transferor body. This will include a Check List of issues to be addressed and activities to be completed.

Communication

Winding Up Managers will ensure that there is effective communication and engagement with all the appropriate public bodies to achieve completeness in the process. Information sharing will be a critical to achieve success.

7 Conclusion

This advice should not be regarded as conclusive. The range of responsibilities assigned to Winding Up Managers will further evolve as the reform process proceeds and the programme of work is developed. For the new Councils to be fully effective and the public interest protected, it is important that winding up, including the related transfer management, is afforded a high priority by the RPA affected Public Bodies.

SLB Joint Secretariat