

## **ANNEX B**

### **Assumptions on Proposed Work Programme for RPA (financial aspects only)**

- This document does not supersede the workplans for the RPA subgroups e.g. transfer of functions working group, finance and estates implementation group etc but should be complementary to them
- This document focuses on the work needed to identify the savings and costs of RPA and the related funding requirements – it does not focus on the detailed operational and financial workstream which will be needed to close down the old councils and set up the new ones. This work will mainly fall into the post summer 2010 period
- The assumption is that work will need to be completed broadly as follows:

Timeline	Action
April	<ul style="list-style-type: none"><li>• Decision taken on whether and how RPA will proceed</li><li>• Agreement on indicative targets for each council</li></ul>
May/June	<ul style="list-style-type: none"><li>• Identification of costs and benefits of transition by each TC</li><li>• Further work on opportunities for collaboration</li><li>• Agreement on details of funding package for transfer of functions and upfront costs by central government</li></ul>
September	<ul style="list-style-type: none"><li>• Identification of costs and benefits of transformation by each TC</li><li>• Finalisation of targets for each new council with DOE</li><li>• Identification of upfront funding requirements by each STC from central government</li><li>• Agreement on assurance processes and sanctions for non achievement of targets with central government</li></ul>
Post summer	<ul style="list-style-type: none"><li>• Detailed workstreams to close down councils and setup new ones</li></ul>

Overarching Task	Actions required	Responsibility	Deadline	Collaboration Potential			Comments	
				TC	Sub-Regional	Regional		
<b>Transition costs – one off</b>	Estimate and profile of:-	Each Transition Committee (potential role for regional group re: consistency of approach/assumptions and exploring potential options for collaborative working)					<ul style="list-style-type: none"> <li>▪ Necessary to inform any business case made to DoE for funding</li> <li>▪ Necessary to inform the financial planning cycle for 2011/2012</li> </ul>	
	▪ Costs of winding up legacy council		May/June '10	✓				
	▪ Branding and communications of new council		May/June '10		✓			✓
	▪ Recruitment of new senior management team		May/June '10	✓				
	▪ Pre-transfer salary costs of new team		May/June '10	✓				
	▪ Severance scheme for councils		May/June '10	✓				
	▪ Programme to attract new councillors		May/June '10		✓			✓
	▪ Voluntary redundancy for senior staff		May/June '10	✓				
	▪ Capacity building programme for staff and councillors		May/June '10					✓
	▪ Induction for new staff (e.g. transfer of function staff)		May/June '10	✓				✓
	▪ ICT convergence costs – one off		May/June '10			✓		✓
	▪ Accommodation costs (e.g. fit out)		May/June '10	✓	✓			
	▪ Relocation/excess fares costs		May/June '10	✓				
<b>Transition costs – ongoing</b>	Estimate and profile of:	Each Transition Committee (potential role for regional group re: consistency of approach/assumptions and exploring potential options for collaborative working)					<ul style="list-style-type: none"> <li>▪ Necessary to inform any business case made to DoE for funding</li> <li>▪ Necessary to inform the financial planning cycle for 2011/2012</li> </ul>	
	▪ Salary harmonisation		May/June '10	✓				
	▪ Salary increases in senior team		May/June '10	✓				
	▪ Increased remuneration for councillors		May/June '10	✓				
	▪ New standards committee (if required)		May/June '10	✓				
	▪ ICT Optimisation Costs - ongoing		May/June '10		✓			✓
<b>Transition Benefits</b>	Estimate and profile of:	Each Transition Committee (potential role for regional group re: consistency of approach/assumptions and exploring potential options for collaborative working)					<ul style="list-style-type: none"> <li>▪ Necessary to inform any business case made to DoE for funding</li> <li>▪ Necessary to inform the financial planning cycle for 2011/2012</li> </ul>	
	▪ Staff savings		May/June '10	✓				
	▪ Councillor remuneration savings		May/June '10	✓				
	▪ Audit fee savings		May/June '10	✓				
	▪ Insurance premium savings		May/June '10	✓				

		Accommodation savings		May/June '10		cycle for 2011/2012		
		Operational cost savings (on transition only)		May/June '10				
<b>Transformation costs – one off</b>	Estimate and profile of:	<ul style="list-style-type: none"> <li>Necessary to inform any business case made to DoE for funding</li> <li>Necessary to inform the financial planning cycle for 2011/2012</li> </ul>						
	<ul style="list-style-type: none"> <li>Voluntary redundancy for senior staff</li> </ul>							
	<ul style="list-style-type: none"> <li>Invest to save initiatives</li> </ul>							
	<ul style="list-style-type: none"> <li>ICT convergence costs (e.g. new systems and processes)</li> </ul>							
	<ul style="list-style-type: none"> <li>Service harmonisation costs</li> </ul>							
	<ul style="list-style-type: none"> <li>Training and development costs</li> </ul>							
	<ul style="list-style-type: none"> <li>New performance management system</li> </ul>							
	<ul style="list-style-type: none"> <li>Restructuring costs</li> </ul>							
<b>Transformation costs - ongoing</b>	Estimate and profile of:	<ul style="list-style-type: none"> <li>Necessary to inform any business case made to DoE for funding</li> <li>Necessary to inform the financial planning cycle for 2011/2012</li> </ul>						
	<ul style="list-style-type: none"> <li>ICT convergence costs (e.g. Network NI annual costs)</li> </ul>							
	<ul style="list-style-type: none"> <li>Service continuity costs</li> </ul>							
	<ul style="list-style-type: none"> <li>Ongoing Apps Update and Maintenance e.g. performance management system</li> </ul>							
	<ul style="list-style-type: none"> <li>Community Planning</li> </ul>							
	Each Transition Committee (potential role for regional group re: consistency of approach/assumptions and exploring potential options for collaborative working)							
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<b>Transformation Benefits</b>	Development of proposals with regard to potential transformation benefits and efficiency savings e.g.	Each Transition Committee (potential role for regional group re: consistency of approach/assumptions and exploring potential options for collaborative working)					
	<ul style="list-style-type: none"> <li>▪ Efficiency savings in service delivery</li> </ul>		Sept '10	✓	✓	✓	
	<ul style="list-style-type: none"> <li>▪ Procurement benefits from economies of scale</li> </ul>		Sept '10	✓	✓	✓	
	<ul style="list-style-type: none"> <li>▪ Reduction in management costs through new governance interfaces</li> </ul>		Sept '10	✓			
	<ul style="list-style-type: none"> <li>▪ Financial benefits on premises through disposal of unused properties and removal of their running costs</li> </ul>		Sept '10	✓			
	<ul style="list-style-type: none"> <li>▪ Based on detailed design of organisation's target operating model</li> </ul>		Sept '10	✓			

## REGIONAL ISSUES

<p><b>Efficiency target – split between new councils</b></p>	<ul style="list-style-type: none"> <li>Once overall target for the sector has been agreed, produce options paper on how the target should be split between councils for DOE consideration and decisions</li> </ul>	<p>Solace and subgroup produce options and DOE decides indicative targets</p>	<p>Indicative April Final Sept</p>			<ul style="list-style-type: none"> <li></li> </ul>
<p><b>Funding Reform</b></p>	<ul style="list-style-type: none"> <li>To develop potential options with regard to how the RPA reform programme is to be funded. – principles of funding package then to be confirmed by central government (DOE/DFP)</li> </ul>	<p>Transfer of functions working group</p>	<p>May/June 2010</p>		<p>✓</p>	<ul style="list-style-type: none"> <li>Needs to be tied down in advance of Statutory Transition Committees coming in being.</li> <li>Understood that DoE are currently developing a paper on this issue.</li> <li>LG should be given opportunity to input into this.</li> </ul>
<p><b>Rates</b></p>	<p>Rate Equalisation</p> <ul style="list-style-type: none"> <li>To undertake a detailed assessment (modelling) of the potential impact on the rate base resulting from the changes in boundaries</li> <li>To agree how the rates convergence issues will be dealt with</li> <li>To consider and resolve the allocation of the costs of collection and levels of losses</li> </ul>	<p>Solace and subgroup working with DOE/DFP/LPS</p>	<p>May/June 2010</p>		<p>✓</p>	<ul style="list-style-type: none"> <li>Dependant upon final agreement on revised boundaries</li> <li>Examine and quantify the impact on the rate base and impact on EPP from the extended boundary proposals.</li> <li>Examine with DFP potential for some form of interim transition rate relief to moderate the potential impact on district and regional rates in 2011/2012 (and beyond).</li> <li>Explore potential for new estimated valuation process for the calculation of rates.</li> </ul>
<p><b>Rate Support Grant</b></p> <ul style="list-style-type: none"> <li>To undertake modelling of rate support grant when data becomes available on an 11-council basis.</li> </ul>	<p>Rate Support Grant</p> <ul style="list-style-type: none"> <li>To undertake modelling of rate support grant when data becomes available on an 11-council basis.</li> </ul>	<p>Solace and subgroup working with DOE/DFP/LPS</p>	<p>?</p>		<p>✓</p>	<ul style="list-style-type: none"> <li>Data on 11-council structure will not be available until late 2010.</li> <li>Further modelling to ascertain if the formula remains fit for purpose under a new council structure</li> </ul>

								needs to be undertaken following issue of this data.
	<ul style="list-style-type: none"> <li>To prepare Guidance relating to the preparation of estimates, agreeing budgets and setting district rates for the first year of the new councils</li> </ul>	Finance and Estates Implementation Group	July/August 2010				√	<ul style="list-style-type: none"> <li>Needs to inform the financial planning and rates setting process of councils.</li> </ul>
<b>Model transfer scheme(s): Assets and Liabilities</b>	<ul style="list-style-type: none"> <li>To prepare model transfer scheme or schemes in consultation with local and central government and representatives of the receiving councils within an agreed timescale.</li> </ul>	Finance and Estates Implementation Group	Dec 2010				√	<ul style="list-style-type: none"> <li>Timetable for transfer of functions</li> <li>Transfer of assets and liabilities <ul style="list-style-type: none"> <li>i. Need to quantify the number of staff proposed to transfer</li> </ul> </li> </ul>
<b>Transfer of Functions</b>	<ul style="list-style-type: none"> <li>To quantify and validate the funding transferring from central government</li> </ul>	Transfer of Functions Working Group	May/June 2010				√	<ul style="list-style-type: none"> <li>the true cost of services (functions) transferring to be known in sufficient time for inclusion of any potential resources implications in the 2011/2012 estimate process</li> <li>Need a robust assessment undertaken of costs to deliver services otherwise LG will be unable to identify or plan</li> </ul>
	<ul style="list-style-type: none"> <li>To develop potential options on the future funding regime for transferring functions from central government</li> </ul>	Transfer of Functions Working Group	May/June 2010				√	<ul style="list-style-type: none"> <li>Linked to CSR bidding process</li> <li>Working assumption is that the funding will transfer of a Grant Basis for the 1<sup>st</sup> 3 years</li> <li>Ultimately it will be Ministers who decide how funding will</li> </ul>

									transfer from central to local government.
	<ul style="list-style-type: none"> <li>To develop options as to how funding will be disaggregated across the 11 councils.</li> </ul>	Transfer of Functions Working Group	June / August 2010				√	<ul style="list-style-type: none"> <li>Options need to be developed and potential impact accessed.</li> <li>Consultation with Transition Committees required</li> <li>Service continuity should be paramount.</li> </ul>	
	<ul style="list-style-type: none"> <li>To undertake a detailed assessment of the potential capital liabilities attached to transferring functions</li> </ul>	Transfer of Functions Working Group	May/June 2010				√	<ul style="list-style-type: none"> <li>Particularly pertinent to DSD given its substantive asset /land banks.</li> <li>A number of the regeneration sites have been acquired under vesting orders and some may have outstanding claims for compensation from landowners.</li> <li>Budget provision has been provided by the Department for future payments and it is envisaged that similar arrangements will be put in place for the new councils. This will be subject to DFP approval.</li> </ul>	
	<ul style="list-style-type: none"> <li>To clarify with DFP the future use by councils of capital receipts from transferring functions</li> </ul>	Transfer of Functions Working Group	June / August 2010				√	<ul style="list-style-type: none"> <li>In line with the Investment Strategy for Northern Ireland (ISNI) surplus capital receipts received by Departments are surrendered to DFP for redistribution in line with the Executive priorities.</li> <li>DFP confirmation will be required on the local councils' ability to retain some or all of the regeneration receipts to fund future</li> </ul>	

									developments.
	<ul style="list-style-type: none"> <li>To examine the DSD proposal to establish an investment fund.</li> </ul>		Transfer of Functions Working Group	June 2010				<ul style="list-style-type: none"> <li>✓</li> </ul>	<ul style="list-style-type: none"> <li>DSD proposal to establish an investment fund (part funded by assets and capital monies) which councils would bid for money to take forward major capital schemes</li> <li>Need to examine the potential implications for councils</li> <li>Need to consult with Transition Committees on this issue</li> </ul>
	<ul style="list-style-type: none"> <li>To examine and quantify the potential insurance implications attached to the transferring functions</li> </ul>		Finance and Estates Implementation Group	June 2010				<ul style="list-style-type: none"> <li>✓</li> </ul>	<ul style="list-style-type: none"> <li>Central Government self-insures whilst local government use various insurance methods.</li> <li>Potential insurance requirements linked to functions transferring would need to be assessed and financial cover identified.</li> </ul>
	<ul style="list-style-type: none"> <li>To consider the most appropriate method of ensuring relevant fees and charges, collected but not yet spent by central government, transfer with funding to local government.</li> </ul>		Transfer of Functions Working Group	June/ August 2010				<ul style="list-style-type: none"> <li>✓</li> </ul>	<ul style="list-style-type: none"> <li>Local Government wishes to have assurance that any unspent fees collected by central government will transfer with funding eg planning fees which are paid up-front.</li> </ul>

<b>Achievement of target</b>	<ul style="list-style-type: none"> <li>▪ Assurance processes to confirm that targets have been achieved</li> </ul>	Solace and subgroup – ultimately to include involvement of NIAO and DOE	August/Sept 2010				▪
	<ul style="list-style-type: none"> <li>▪ Development of proposals re sanctions should the target not be achieved by any individual council</li> </ul>	Solace, subgroup and DOE	August / Sept 2010				▪