

1 AGENDA ITEM 1 - WELCOME AND MINUTES OF LAST MEETING

1.1 The Chair welcomed everyone to the first meeting of 2010. He thanked Local Government members for the invitation to the NILGA conference. Cllr Mathews thanked the Minister for his attendance and for the contribution at the local government awards gala dinner.

1.2 Apologies were tendered on behalf of John McGrillen, David Ferguson and Geoff Allister. It was noted that Ken Hutton was representing DRD Roads Service and Geoff Beattie was representing DSD at this meeting.

1.3 The Chair said that he had another engagement to attend later in the morning and, at that stage of proceedings, he would ask the Vice Chair, Cllr Mathews, to chair the remainder of the meeting.

1.4 The minutes of the last meeting, held on 9th December 2009, were agreed, and are to be published on the DOE and NILGA websites. **Joint Secretariat**

2 AGENDA ITEM 2 - MATTERS ARISING

2.1 A table, which detailed the progress on following up the action points arising from the last meeting, had been circulated with the papers for the meeting. It was noted that appropriate action had been taken on all but two points which were to be discussed at the meeting.

2.2 Wesley Shannon reviewed the two points, the first of which related to the funding of consultancy costs associated with the development of a procurement strategy. He stated that:-

- the financial pressures across the Department had not eased and it was considered that it would not be appropriate to engage consultancy support;

- any work on the development of a procurement strategy would need to be taken forward in the context of establishing collaborative service delivery mechanisms for the sector; and
- a letter, from the Minister to Cllr Quigley, on this issue was in transit.

2.3 The second point related to the issue of community planning / cross border working. Wesley Shannon said that it was considered that this should be addressed in the context of current inter-institutional arrangements for co-operation and collaboration. Members agreed that this issue would be considered further when guidance to support community planning is developed.

3 **AGENDA ITEM 3 - LOCAL GOVERNMENT PAPER ON ACHIEVING EFFICIENCIES THROUGH REGIONAL COLLABORATION**

3.1 The Chair reminded members that, at the last meeting of the Board, there had been a lengthy discussion about the Economic Appraisal on the Assessment of Options for Local Government Service Delivery in general and the efficiency proposals in particular. He said that in the course of this discussion:-

- local government had outlined its opposition to the Business Service Organisation and the Single Waste Authority;
- he had asked that local government members explain how efficiencies could be gained through the alternative of voluntary collaborative mechanisms; and
- NILGA had agreed to undertake further work, in liaison with the sector, to set out how these voluntary mechanisms would work.

3.2 The Chair said that the paper (SLB 01/2010) “Local Government Response on Efficiency and Collaboration – February 2010”, which had been distributed at the start of this meeting, set out

local government's proposals on this issue. This was to be supported by a presentation to be made by Peter McNaney.

3.3 The Chair said that:-

- he would listen carefully to local government's proposals, and give them a fair wind, but that he would need to be convinced that there was a credible alternative to option 5 in the appraisal;
- the ultimate aim must be to maximise the benefits to councils and the ratepayers; and
- unless real savings could be demonstrated, he would not proceed with any proposal that did not reduce the cost to the ratepayer.

3.4 Cllr Mathews said that there were two key points that he wished to make prior to the presentation. The first was that local government was fully committed to making efficiencies in the order of the £438 million outlined in the economic appraisal, subject to further detailed work on the figures. The second was that there was an urgent need to resolve the outstanding issue of boundaries. He said that the lack of certainty was having an adverse impact on the morale of everyone in local government and diminishing the capacity of the sector to support the overall transition process.

3.5 The Chair said that he had presented a paper on the boundaries issue to the Executive in October of last year, that he would continue to work with Executive colleagues to resolve this matter and that he considered that there was sufficient time to do so. In these circumstances, the Chair said that the key issue to be addressed was that of savings and how these could be achieved. Indeed, he stressed that this issue would still be to the fore even if the 26 existing councils were to remain.

3.6 Peter McNaney then made a presentation (a copy of which is attached as an Annex to this note) outlining the key principles and framework proposals set out in the paper submitted at the meeting. Key points made included:-

- as mentioned by Cllr Mathews, local government was committed to progressing on the basis of the £438 million savings subject to detailed work being taken forward by it on the figures (as recommended in the economic appraisal);
- the annual and cumulative efficiency savings set out in the paper, embracing the three year period from 2012/13 to 2014/15, were all achievable;
- the basis of the efficiency framework advocated in the paper was that central government sets out efficiency targets and local government takes responsibility for achieving the savings and deciding on how they can best be achieved;
- central government would have audit assurance that the savings have actually been delivered with grant / loan sanctions applied against individual Councils if they are not;
- the 6 underpinning principles for local government were that:-
 - decisions about how efficiency savings should be delivered need to be made by the people who are responsible for delivering them;
 - each local authority will agree its annual contribution to the overall sector efficiency target with DOE;
 - an assurance on the delivery of each council's efficiency savings against its target will be provided by the NIAO as part of the final accounts process;
 - efficiency savings will be initially used to repay any pump-priming loan finance provided by central government unless otherwise agreed;
 - each local authority will then decide on how best to use the efficiency savings following repayment of

central government finance;

- where feasible, existing delivery mechanisms at regional and sub-regional levels should be used in order to avoid burdening the sector with additional overheads;
- the 5 underpinning principles for central government were that:-
 - the reform of local government needs to be rates neutral to the ratepayer at the point of transfer and, therefore, central government should provide financing mechanisms to meet upfront implementation costs and any upfront costs of rates equalisation;
 - where efficiency savings are not achieved, central government may wish to consider appropriate sanctions e.g. penalty interest payments, withdrawal of loans, or the introduction of a statutory BSO;
 - there would be no impact on the ratepayer for the transfer of central government services to local government so they need to be fully funded at the point of transfer;
 - central government will implement an improvement plan to maximise collectable rate income to ensure NI collection rates compare more favourably with collection rates across the rest of the UK;
 - urgent confirmation of final boundary changes was required so that the reform process of reducing 26 councils to 11 can be delivered by May 2011 assuming that is still a feasible target;
- it was proposed that councils secure the efficiency targets set out in the paper on the basis of a 3 phased approach comprising:-

- a focus on the convergence from 26 to 11 councils in the first instance;
- post convergence efficiencies with a focus on regional collaboration, sub regional collaboration and organisational transformation; and
- in the medium to longer term, a focus on collaboration around place which would be closely linked to community planning.

3.7 The Chair thanked Peter for making the presentation and said that he welcomed the assurances provided about the commitment to achieving the efficiencies. He invited members' comments on the paper.

3.8 Leo O'Reilly said that that there were three main points he wished to make. First, there were some similarities between the PwC report and the local government paper, particularly in terms of the identification of the key areas where savings were likely to be achieved e.g. procurement, asset management and ICT. The key difference was in relation to the approach to how the savings would be realised. The PwC report advocates that this could be achieved through a business service organisation, owned and operated by local government, whilst the local government paper contended that this was too prescriptive and that the efficiency framework outlined would achieve the savings and engender voluntary collaboration across councils.

3.9 Second, Leo said that he noted the point made about central government needing to ensure that the implementation of reform is rates neutral. He said that ratepayers are also taxpayers and hence if the reform resources were not generated by the local government system, whether through efficiencies, borrowing or rates; then the only other option was to divert resources available to the Executive to support public services funded on a regional basis. There was, therefore, no cost free option in terms of impacts on taxpayers / ratepayers and / or local and regional public services.

3.10 Leo also noted the comments made about ensuring that functions transferring are fully resourced. He said that in considering this issue it was important to bear in mind the case of Planning Service where revenue, derived from applications, had decreased substantially because of the economic downturn. No additional resources had been made available to make up the £7 million deficit arising from this shortfall in revenues and accordingly it has been necessary to adjust Departmental expenditure to accommodate the shortfall. It was likely that the fall off in planning fee receipts would continue for the foreseeable future and this would have an impact on the levels of funding available to support planning service activities – whether they were located in Departmental or in local government.

3.11 Peter McNaney said that he agreed with the point made about there being many similarities between the proposals in the PwC report and the local government paper and that the key difference was in the approach. He stressed, however, that he did not consider that it was appropriate that local government should now be required to demonstrate how it would collaborate. He contended that, at this stage, the key issue was to ensure that there was a process in place for identifying enforceable efficiency savings which local government would deliver. It was the target that would drive the achievement of savings and enable local government to be creative in ensuring their delivery.

3.12 In the course of subsequent discussion the following key points were made:-

- it was confirmed that the local government elected members of the Board supported the proposals in the paper and they had, therefore, been agreed by the representative organisations ;
- in view of time constraints, however, there had not been the opportunity to consult with the Transition Committees on the proposals;

- Cllr O’Kane stated that any agreed efficiency savings must be set in the context of the overall cost of reform including for example harmonisation costs, TUPE and relocation costs. He also emphasised that the savings to be achieved must be agreed with Transition Committees; and
- Cllr Quigley reiterated local government’s commitment to achieving efficiencies but emphasised that further detailed work is required on how this can be achieved. Alderman Hatch and Cllr Beggs both supported this view.

3.13 Cllr McPeake recapped the local government position by restating the commitment to making substantial savings with further work required on the figures.

3.14 Members agreed that, to enable decisions to be taken on the way forward, further work was required on two fronts. First, there was a need to ensure that the proposals in the paper have the full support of the overall local government sector. It was agreed that NILGA would take the lead in this through consultation with Transition Committees.

NILGA

3.15 Second, that local government should further develop the proposals, particularly in terms of:-

- the voluntary collaboration mechanisms to be utilised;
- examining the figures which underpin the £438 million savings; and
- the setting of efficiency savings targets and enforcement.

3.16 It was also agreed that NILGA would take this forward, with assistance of DOE officials as required, and that the outcome would be presented at the next meeting of the Board on 14th April.

NILGA / DOE

The Minister left the meeting at this stage and the Vice Chair, Cllr Mathews, took over as Chair.

4 **AGENDA ITEM 4 - LOCAL GOVERNMENT PAPER ON FUNDING CONTRIBUTION TO THE REFORM PROGRAMME (SLB 02/2010).**

4.1 Cllr Mathews introduced the paper, which provided a summary of local government's views on the proposal that it contribute to the cost of the reform programme. He said that the strong view, across the sector, was that:-

- central government should honour the initial basis of the RPA proposals and fund the local government reform process; and
- if councils were required to contribute to reform costs, this should only be based on the key principles set out in the paper.

4.2 It was noted that the key principles were:-

- the reform process should be cost neutral to the rate payer as promised at the outset of the reform process and that any rate rises to the ratepayer must be avoided;
- where there is no financial benefit to local government, costs should be met by Central Government;
- councils may make a contribution where benefits will be accrued. Contribution should be apportioned based on the level of benefit gained;
- central government should fund activities where equity across the sector is required (e.g. Elected Member and Officer Severance Schemes);
- the final programme costs and the apportionment must be negotiated based on a robust and mutually agreed business case;
- the final programme costs must be affordable; and
- repayment of any loans from central government to

local government should only be considered when councils have made demonstrable savings.

4.3 Against this background, Cllr Mathews said that the paper recommended that further detailed financial models be developed and that central and local government continue negotiations based on these key principles.

4.4 It was noted that the proposals had been considered at a NILGA Full Members' Meeting (held in January 2010) and that three members had voted against them taking the view that councils should not make a contribution. In the course of subsequent discussion on the paper it was agreed that:-

- it would be important to get sign up to the funding principles proposals from across the local government sector;
- NILGA would take the lead in seeking formal support from Transition Committees and report the outcome at the next SLB meeting on 14th April; and
- the paper should be considered in conjunction with the outcome of the further work, commissioned in the preceding business item, on efficiencies / collaboration.

NILGA

4.5 It was also noted that £4.5 million for local government reform had been ring fenced in the Department's budget for the next financial year.

5 AGENDA ITEM 5 - LOCAL GOVERNMENT REFORM PROGRAMME MONTHLY PROGRESS REPORT (SLB 03/2010)

5.1 John Price introduced the progress report which provided members with the new reporting templates and programme plan. It was noted that there were two levels in the report, a management summary and a detailed report.

5.2 Members noted the paper and approved the format of the reports. In subsequent discussion on the programme:-

- it was agreed that the Joint Secretariat dispense with the practice of sending members hard copies of the minutes of individual Transition Committee meetings. However, it was agreed it was important that the Joint Secretariat make alternative arrangements to ensure that members have access to electronic versions of the minutes;
- Cllr Beggs said correspondence from Minister Goggins had indicated that elections in May 2011, based on the 11 council model, would be virtually impossible if the Executive could not agree on the new boundaries by the end on January 2010. Given that this date had passed and that there was still no decision on boundaries, Cllr Beggs asked if there had been any further correspondence from Minister Goggins on the matter;
- in response, Ian Maye said that he was not aware of any further correspondence. However, he understood that Minister Goggins was exploring what further latitude there was in the timetable for the District Electoral Areas Commissioner to complete his work, and for the NIO to make the legislation to establish the new electoral areas, to enable the elections to the new councils to take place in May 2011;
- Cllr McPeake said that he noted that all the key milestones, in the traffic light reporting system, were coded as green or amber and asked what would warrant a red categorisation. Ian Maye explained that milestones would be designated red when it was clear that they could no longer be delivered in accordance with the timescales prescribed; and
- it was noted that a Rates Convergence paper would be provided to Policy Development Panel C within the

next number of weeks.

DOE

Cllr Mathews left the meeting at this stage. Cllr McPeake took over as Chair.

6 AGENDA ITEM 6 - POLICY DEVELOPMENT PANEL A PAPERS

6.1 Cllr Bunting said that, in the course of its recent meetings, Policy Development Panel A had considered the guidance it considered necessary to underpin the proposals it had brought forward in relation to the governance arrangements for the statutory Transition Committees. The detailed guidance agreed by Panel members was set out in the three subsequent papers on the agenda, which were presented for the consideration and endorsement of SLB.

AGENDA ITEM 6 a – Guidance for Allocation of Positions on Councils (SLB 04/2010)

6.2 Cllr Bunting introduced the first paper and said that:-

- it set out an agreed step-by-step guide for the application of D'Hondt, Saint Lague or Single Transferable Vote for the determination of a council's representation on a statutory Transition Committee;
- the guidance was designed to assist officers in operating the process agreed by the Council and ensure that members fully understood the process;
- worked examples for the allocation of positions on the new councils had been included for information; and
- the operation of the processes for the establishment of the statutory Transition Committees would, if necessary, provide the opportunity to review the guidance prior to the creation of the new councils.

6.3 Members confirmed that they were content to endorse the paper.

AGENDA ITEM 6 b – Draft model Standing Orders for Statutory Transition Committees (SLB 05/2010)

6.4 Cllr Bunting introduced the second paper on model standing orders for the statutory Transition Committees and highlighted the following key points:-

- the proposals were developed following representations from a number of councils;
- the model standing orders provide a framework that draw on the standing orders operating in many councils and those that have been developed to support the operation of voluntary Transition Committees;
- the model presented was only for guidance; and
- it had been recognised that it would be a matter for each statutory Transition Committee to develop its own standing orders but the Panel considered that the guidance would provide an appropriate template to deliver a degree of consistency.

6.5 Members confirmed that they were content to endorse the paper.

AGENDA ITEM 6c – Guidance on Call In Procedures in Statutory Transition Committees (SLB 06/2010)

6.6 Cllr Bunting introduced the final paper on call in procedures guidance and highlighted the following key points:-

- in bringing forward governance proposals for the statutory Transition Committees, the Panel recommended that the Call-in and Qualified Majority Voting procedures should be available for decisions to be taken by them;
- the paper set out the Panel's views on how the process should operate in practice;

- that Policy Development Panel A members expressed the view that Transition Committees should, as far as possible, focus on operational issues and avoid issues that are likely to be contentious and require the use of the 'adverse impact' call-in; and
- the tight timescales that the Panel had built into the process reflects the significant work programme to be delivered by the statutory Transition Committees before May 2011.

6.7 Members confirmed that they were content to endorse the paper.

7. **AGENDA ITEM 7 – RTCG PAPERS**

7.1 It was noted that the RTCG had presented two papers for the consideration of members.

Agenda Item 7a – RTCG (including Joint Forum and Transition Committees) Update (SLB 07/2010)

7.2 The Chair of RTCG, Ian Maye, introduced the first paper which provided updates on the work of RTCG, the Local Government Reform Joint Forum and Transition Committees. Key points made, in relation to RTCG, included:-

- since the last SLB meeting, the RTCG had met on two occasions (21st January and 12th February);
- at the 21st January meeting members:-
 - were updated on deliberations of the last SLB meeting on 9th December, including the views expressed about the economic appraisal and funding of the reform programme;
 - were updated on the work of the Joint Forum; and
 - agreed a phased approach to branding in the new councils and commissioned further work by the Communications Group prior to presentation of proposals to SLB; and

the second meeting, on 12th February, had been dedicated to the consideration of the Transfer of Functions Working Group Report, which was to be considered at the next agenda item.

7.3 Ian highlighted the work of the Joint Forum and mentioned that this had included consideration of:-

- the arrangements for filling senior posts in the new organisations. It was noted that the Forum had commissioned its own advice from Senior Counsel on the issue and was weighing this up along with the positions of the interested parties;
- a further draft of the transfer scheme. It was noted that the final draft was likely to issue for consultation; and
- the remaining responses to the consultation on a final staff severance scheme which the Joint Forum expect to agree at its next meeting.

7.4 Ian also said that the Minister had visited and addressed ten of the eleven voluntary Transition Committees and that the final visit, to the North Down / Ards Transition Committee, had been scheduled for 1st April.

7.5 In discussion on the update members:-

- agreed with Councillor Bunting's request that more detail of RTCG decisions be recorded in the "RTCG Key Outcomes" document which accompanies the RTCG Update paper presented to SLB;
- expressed concern that the following statement included in the SLB Key Outcomes paper (which issued after the last meeting on 9th December) was not accurate *"While there was strong agreement to support the principles of option 5 (transformation with Regional Collaboration) the Business Services Organisation, as described in the report was unanimously rejected"*;
- agreed that a corrective statement be included in the minutes of this meeting and reflected in the SLB Key Outputs document, confirming that in discussion on the

**Joint Secretariat
(Communication
Team)**

Joint Secretariat

economic appraisal report of PwC “*SLB members supported option 4 plus collaboration*”; and

(Communication Team)

- agreed that it would be helpful for local government members of SLB to meet with Councillor Tom Hartley (a local government employers’ representative on the LGR Joint Forum) to discuss the current position on arrangements for filling senior posts in the new councils and related legal advice.

NILGA / DOE

Agenda Item 7b – Transfer of Functions Working Group Update (SLB 08/2010)

7.6 The Vice Chair of RTCG, Peter McNaney, introduced the paper, which provided an update on the work of the Transfer of Functions Working Group. Key points he highlighted included:-

- the work undertaken by the Group to date had provided clarity on a number of key issues and this work would continue;
- the report provided details of a range of strategic and cross cutting issues relating to the transfer of functions together with recommendations on the way forward;
- it was important to have early decisions on a number of these key issues - such as funding of the reform programme, the funding regime for transferring functions, governance, etc, - in order to progress the further development of transfer of function implementation proposals; and
- in the context of this meeting, he suggested that members focus on the four key recommendations at paragraphs 9, 10, 20 and 21 of the report.

7.7 In discussion members agreed that:-

- the recommendation in paragraph 9 of the report - about a mechanism for local government being involved in establishing future Programmes for Government - should

DOE / NILGA

be taken into account in developing the central / local government concordat;

- the proposal at paragraph 10 of the report - that consideration be given to the potential of securing a single line budget within the Comprehensive Spending Review – would be pursued by DOE officials in conjunction with their colleagues in DFP and the Departments transferring functions; **DOE**
- the recommendation at paragraph 20 of the report - about consideration being given to establishing voluntary RTC and RTMT bodies as an interim measure – should be examined by Wesley Shannon and Heather Moorhead and proposals presented for the consideration of SLB; and **Joint Secretariat**
- the recommendation at paragraph 21 of the report - about Task & Finish joint officer teams being established and charged with developing working examples (i.e. local, sub regional and regional) of how transferring functions would be integrated – should be taken forward by RTCG. **RTCG**

7.8 Geoff Beattie confirmed that there would be consultation with local government, towards the end of the year, on the DSD proposals relating to the establishment of an investment fund to administer funds to priority regeneration projects across Northern Ireland. He said that this consultation would embrace the issues raised in the report about how the fund would be created, governed, administered, evaluated and the impact upon the transfer of assets to local government

8. **AGENDA ITEM 8 – LEGISLATION PROGRAMME UPDATE (SLB 09/2010)**

8.1 The Legislation Programme Update paper was presented for the information of members. It provided an update on the legislative programme and highlighted the position on the 3 Bills

being taken forward by DOE and the transfer of function legislation of the Departments transferring functions to local government.

8.2 Key points highlighted, in relation to the DOE legislation, included:-

- the Local Government (Miscellaneous Provisions) Bill completed its final stage on Tuesday 23rd February;
- consultation on the Local Government (Finance) Bill ended on 31st October 2009. Officials are currently considering the responses received and the Bill was scheduled for introduction to the Assembly early in March; and
- subject to Executive agreement, it was anticipated that policy consideration of the Local Government (Reorganisation) Bill would commence next month (i.e. March 2010). Subject to Executive agreement, it was anticipated that the Bill will be introduced to the Assembly by May 2010. However, it was noted that this timetable was now extremely challenging.

8.3 Cynthia Smith advised that Planning Reform policy proposals were with the Executive for agreement.

8.4 Geoff Beattie, DSD, advised that, subject to Executive agreement, it was anticipated that an 8 week consultation on DSD's draft Urban Regeneration and Housing Bill would commence in March 2010.

8.5 Ken Hutton, DRD Roads Service, advised that consultation on DRD's Roads (Functions of District Councils) Bill was scheduled for late March of this year.

9. **AGENDA ITEM 9 – ANY OTHER BUSINESS**

Public Accounts Committee Report on Planning Service

9.1 Local government members raised the issue of the Public

Accounts Committee (PAC) report on the Planning Service. Cynthia Smyth stated that Planning Service acknowledged and welcomed the 15 recommendations contained in PAC report. A Memorandum of Reply is to be laid before the Assembly by the Minister by 16th April 2010. She indicated that the report did not make comfortable reading but that it highlighted a number of issues that Planning Service were already aware of and were working to address. She further stated that Planning Service was committed to reforming and improving the planning system and to push forward the reform programme of which the transfer of functions was an integral part.

- 9.2 In reply to concerns voiced by local government members, Cynthia stated that the original proposals and date for the transfer of Planning Service functions, including Area Plans, had not changed and welcomed this opportunity to scotch any rumours to the contrary.
- 9.3 Councillor McPeake advised that there was confusion in local government about the centralisation in different regions of Planning Service. Ian Maye advised that, when visiting Transition Committees, the Minister had asked them to think seriously about the grouping for Planning Service to avoid additional cost that 11 Planning Offices would incur.
- 9.4 Heather Moorhead passed on congratulations to the Planning Service for its recent success at the Royal Town Planning Institute Awards 2009 in respect of Streamlined Council Consultation Scheme. The success of the Planning Service scheme for streamlined council consultation – piloted with Derry City Council and now operating in all 26 councils in Northern Ireland – means that one in three decisions are issued in an average of 32 working days. This has provided excellent customer service and sets the scene for the wider planning reform agenda.

10. **AGENDA ITEM 10 – DATE OF NEXT MEETING**

10.1 It was agreed that the next meeting would be held on Wednesday 14th April 2010 at 10:00 am in the Learning and Development Centre.