



Northern Ireland
Assembly

Committee for the Environment

OFFICIAL REPORT (Hansard)

Local Government Bill: Belfast City Council

23 January 2014

NORTHERN IRELAND ASSEMBLY

Committee for the Environment

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Members present for all or part of the proceedings:

Ms Anna Lo (Chairperson)
Mrs Pam Cameron (Deputy Chairperson)
Mr Tom Elliott
Mr Ian McCrea
Mr Ian Milne
Lord Morrow
Mr Peter Weir

Witnesses:

Mr Ronan Cregan	Belfast City Council
Mr Stephen McCrory	Belfast City Council
Mr Peter McNaney	Belfast City Council
Mr John Walsh	Belfast City Council

The Chairperson: I welcome the chief executive of Belfast City Council, Peter McNaney; Ronan Cregan, director of finance; John Walsh, town solicitor; Stephen McCrory, democratic services manager. What does that mean, "democratic services manager"?

Mr Stephen McCrory (Belfast City Council): I have yet to find out. *[Laughter.]*

The Chairperson: Just to remind everyone, this session is being recorded by Hansard. Thank you all very much for coming; you are very welcome. We have your detailed written submission, which we appreciate. Can you give us a five-minute run through the main points? Then we can take questions from members.

Mr Peter McNaney (Belfast City Council): I would be delighted to do that, Madam Chairman. Thank you very much once again for the opportunity to provide a briefing. We know that you are working very hard, and we have read transcripts of some of the other submissions in Hansard. I will keep this brief and focus on some of the key issues, insofar as we believe them to be relevant.

To be fair to the Department of the Environment, its officials have worked very hard in putting this Bill together. I have been in local government for 30 years, and this is the most comprehensive piece of legislation on local government that I have seen. We appreciate that it is a hard job for everybody.

We are here on behalf of the council, which would want us to emphasise how supportive it is of the local government reform programme and its commitment to working with partners to ensure that it is successful. Belfast is slightly different in local government reform in that it is not merging with other councils; it is increasing in size to take in parts of Lisburn and Castlereagh. That has a consequence for the transfer of liabilities, and John Walsh will say something about that later. However, just to deal with a small technical point, there should be a standard rule about the transfer of assets and liabilities. I was a lawyer in a previous life, and what happens is that, 30 years after 1972, we were still dealing with transfer of assets and liabilities issues. Having a standard rule in legislation can sometimes be very helpful, as it takes away any doubt.

We have made submissions in relation to call-in and qualified majority voting. We understand that this is a political decision. We support the broad principle of call-in being available, but we have concerns that the current definition of the two circumstances in which call-in would apply — when a decision has not been arrived at after proper consideration of relevant facts and issues, or when the decision would disproportionately adversely affect any section of the inhabitants of a district — are so broad that an interpretation of them could lead to a very high percentage of decisions being subject to call-in. Those things will play themselves out through councils, but one of the most important issues is to continue to make decisions and provide services to the public. The potential of the process to elongate the time in which decisions might be taken is a matter that the Committee may wish to consider.

Local government has operated on a simple majority, and although we understand the reasons why that might be changed, we think that the potential for unnecessary tensions and delays in the decision-making process need to be considered fully.

We are very supportive of community planning and of local authorities leading and facilitating it. We are of the view that the community-planning provisions could be strengthened, as there is no statutory duty on Departments. Although Departments deliver through agencies and bodies, if we are all to take community planning seriously, perhaps they should do more than promote and encourage it, and there should be a duty to implement it.

I will move on to performance improvement. Before everyone's eyes glaze over, I cannot tell you how important the performance improvement processes will be to the proper implementation and success of community planning. My experience tells me that a proper performance improvement system and a proper performance management system drive the resources and the direction, not just of the council, but of other organisations towards their goal. For instance, community planning is about the integration of resources to prioritise actions that community and other statutory bodies and delivery agencies have agreed, whether it is health inequity, employability or action on youth unemployment. Unless you direct and align the focus of resources, you are just talking about it. Research from Scotland, Wales and England into community planning demonstrates that the more effective the performance management system that drives it, the more effective community planning is.

I cautioned at the outset because there is an obsession in community planning with the achievement of outcomes. Of course, outcomes are critical, but they are always long term. For instance, in a city such as Belfast, which has high levels of health inequity, if you have an outcome to reduce the mortality rate of males, and, of course, Madam Chairman, you realise that in Belfast, males die on average at the age of 77, while women, who have a much easier life, live until they are 82 — that was a jest — you cannot tell whether you are having an effect unless it happens over 10 years. An outcome is not enough. You have to have a process, you have to have an input, you have to have some sort of output in the meantime, and you have to have an aligned, integrated plan, because the council resources will be nowhere enough to do that. You will need social services, you will need the Housing Executive, and you will need a whole range of other bodies. However, according to the Bill, the only organisation that the auditor will audit for community planning is the council. If it is about integrated services, that seems to be a bit of a gap. You have to have an audit of the effectiveness of a community plan, which means that you have to look at the inputs and processes of the other people who contribute to it. That is the real issue that I want to make about performance improvement.

We made a submission from a chap called Clive Grace, who used to be the audit commissioner for Wales. They have done some really good research, setting out the broad principles of a performance improvement system. That should be built into the Bill or, at least, a direction that it is picked up in the development of guidance. It says that you cannot focus on outcomes alone; that you have to have other intermediate measures; that you have to have clear and concise targets spread across the bodies; that you need a standard set of measures that is driven; and that you need to have local organisational indicators. The improvement objectives are set out at clause 88.

The only other issue — this comes from managing an organisation — is that, at present, councils are driven by the Best Value Act, which requires us to perform our functions, having regard to a combination of economy, efficiency and effectiveness. I understand that, and we can advise councils on it.

In future, we will have to drive our functions by strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation. I will draw your attention to one critical thing: you do not have the word "economy" in that list. "Economy" means making the best use of resources, which, in my view, is different from efficiency. Efficiency means that whatever resources you put in, you get the most out of; whereas economy means using the least amount of resources that you need to use in order to achieve the outcome. There is a balance between economy, efficiency and effectiveness. The National Audit Office defines "value for money" as a mixture of economy, efficiency and effectiveness. The Committee should consider taking advice from others, as there is a gap. Affordability is a critical issue, particularly in councils where the prime driver is the rate. That is the thing that you will have the biggest conversation on.

I have dealt with performance indicators, but I am a bit troubled by clause 97, which relates to the role of the local government auditor. Louise Mason spoke about the crystal-ball gazing clause. It is very difficult to guess whether someone is complying with their responsibility, particularly when you go back to look at the delivery of the responsibility. I agree with the auditor that if you are minded to keep the clause in — personally, I see no value in it; I do not understand why you would guess whether someone would comply when you are going to look at whether or not they comply — it should be done. You are looking at whether a body has the capacity to deliver that clause.

We are also conscious that the elected members of a council have the democratic mandate to set the priority and the delivery against it. The right balance needs to be struck so that elected members have that primacy and that it is not overcome by audit. Ultimately, audit needs to look at the process and whether what you do has the effect that you say it has, but, in respect of priorities, democratic legitimacy needs to be paramount. Our members are very firm on that, and they have asked me to stress how important it is that you take that into account. As democratic members, I am sure that you will.

Finally, we leave you with the alternative, in terms of the work that we commissioned from Clive Grace. We shared it with Departments and asked them to consider the critical issue, which is the alignment of local government delivery through the community plan, with the priorities set out in the Programme for Government. If there is alignment in youth unemployment, regeneration and poor health, the ability to deliver on local priorities and to tap into the resource priorities of Departments is much enhanced. Without that alignment, you will get confusion and tension, and, in my view, unnecessary obstacles. I do not want to add a great deal more, other than to say that we think that there is, boring as it might seem, a real criticality in ensuring that we have an aligned system, an integrated system and an audited system across all the bodies involved and, finally, that enough resources and capacity are put into that. In my view, that should not just be an investment in audit; it also needs to be investment in the capacity of the sector. The sector needs to take responsibility. I conclude by thanking you for the opportunity to make the submission, and if we can add any value to your questions, we are happy to try to do that.

The Chairperson: Thank you very much, Peter. As usual, you were succinct but very clear. I reread your written submission, having read it the first time you sent it in. It makes a lot of sense. Thank you very much for reminding us of Dr Clive Grace; we hope to meet him or bring him over to talk to us. I know that you have done a lot of work with him. The outcome approach is very good management speak, but it is a very long-term process and is very difficult to evaluate, and it should be on a long-term evaluation purpose rather than immediate performance indicators. Anyway, I did all that in my masters in management about 10 years ago, and you reminded me of my lectures. You mention capacity building a few times in your written submission and reminded us again in your presentation. In what structure do you see that? Who will take it and what needs to be put in?

Mr McNaney: There is a whole history to performance improvement across local government. Different approaches have been taken in England, Scotland and Wales, and, in Northern Ireland, we have a local government that has much fewer functions and is a much smaller size. In England, they set up a body called the Improvement and Development Agency for Local Government, which is now incorporated in the Local Government Association. That was driven by the sector approach, which mentored, added capacity and brought expertise to councils to improve. That is one approach.

Wales has taken the approach of no direct top-down-driven accountability, although the Commission on Public Service Governance and Delivery published a summary report in January 2014, which got some publicity and is a review of the delivery of public services in Wales. Very bravely, it says that the quality of public services in Wales is patchy and poor and goes on to make some recommendations. I have an obsession with performance and performance management, and there is a whole chapter in the report about how they might more properly and better integrate services. In Wales, they set up local services boards to drive community planning, and they had audit overseeing the local services boards. This recommends that that is discontinued because it became too mechanistic and became driven by process rather than by achievement of better social outcomes and benefits.

Before the creation of the Improvement and Development Agency, England had a very top-down legislative-driven process through a thing called comprehensive performance assessment that was driven by audit inspection, and Scotland has a sort of in-between system of partial regulation and partial self-help. Personally, I think that that is the best. Of course councils should be encouraged to improve internally, but they should also have the spectre of external challenge and being held to account, and that push-pull system is probably the best.

The Chairperson: Yes, and they need to have ownership of it.

Mr Weir: Thank you, Peter. From looking through the submission that has been made by Belfast City Council, I agree with the bulk of what is there, although not absolutely everything. I fully endorse everything that you have said today.

I want to probe a bit on the details and get your thoughts. You raised concerns about the application of the qualified majority vote — I think that that is a crucial area — and linked in with that is what is an automatic call-in or, indeed, the circumstances in which councils have a legitimate call-in. I suppose that there are two aspects to that, which I want to get your views on. First, there seems to be two headings on the call-in, and the first of those is procedural irregularities, if you like. I place a caveat on this by saying that, whatever mechanism is there, we need something that will deal pretty quickly with any level of challenge so that it does not simply become a delaying mechanism. The procedural side of things is relatively straightforward, and I suppose that the key focus is on the interpretation of what counts as a legitimate call-in on the grounds of, essentially, breach of community balance or disproportionate impact. Leaving aside the direct definition of that, which I will come to in a moment, at present, the legislation has the testing mechanism of that being that the chief executive or town clerk simply refers that to a solicitor or a barrister — I cannot remember the exact wording — and gets an opinion on that. That seems to me to be quite a loose concept, and, as you said, Peter, with both of us being former lawyers, depending on which lawyer you get, you can sometimes get different interpretations. What are your views and thoughts on that? Whatever way there is for call-in, there has to be some level of test of the legitimacy of that. What are your thoughts on that as a mechanism for testing that out? If you believe that that is not necessarily the best format at present, what do you see as an alternative mechanism?

Mr McNaney: I agree with you totally that the lawyer that you go to will very much impact on the advice that you get.

The Chairperson: It depends on who pays for it too.

Mr Weir: I suppose that it is a bit like consultants in that regard.

Mr McNaney: Absolutely. I think that this needs to be assisted by guidance. Guidance needs to be given on the type of factors that would constitute a disproportionate impact. Of course, councils already have a statutory duty under section 75 to promote equality, and that already will require, in many policy initiatives, an equality impact assessment to be carried out. On this, I have a schizophrenic view. As a chief executive, I think that you will abrogate chief executives' responsibility for advising on the management of councils by saying that, every time there is a call-in, they will go to a lawyer and seek an opinion. Ultimately, I think that they need to have "responsibility" to advise their council, but that should be against a consistent set of guidance that they apply objectively and which, hopefully, will allow a consistent and fair administration of the council's duties. I think that there is a role for lawyers, and John, our lawyer, is here. There are plenty of circumstances where they are needed. For instance, we have standing orders around notices of motion. When Stephen receives them, he refers to me. We often refer those to the lawyers for comment on whether they comply with the conditions that we have set out in the standing orders on notices of motion. I think that this is the only real way, in practice, that this will apply. I also think that it is very difficult if, all of the times, you

go to an outside lawyer, because, until such time as they become sufficiently cognisant of the affairs of the council and how it makes decisions, that could delay decision-making.

Mr Weir: This may not be something that could be enforced in legislation. If there is a test of whether something is a legitimate call-in, I think that the ultimate test on that has to be outside of the council. I think that everyone will agree with the need for clear guidance on that. Having said that, whether or not there is some level of encouragement through a very short informal arrangement, I suspect that a lot of these things will tend to be a case of a party from whatever side saying, "We are not happy with that decision, and we are going to try to call that in". There could perhaps be an informal approach internally first of all to ask their views on whether that meets the targets. There may be some merit in doing that and not looking at a formal mechanism.

Mr McNaney: I will respond to that very quickly and bring in Stephen and John. I think that is right. Stephen, you were talking to me about that yesterday. Do you want to come in?

Mr McCrory: I will say something about the call-in on the community impact. We are not here to discuss the percentages. We accept that the Committee and the Minister have taken a view on the 15% for call-in and the 80% on qualified majority. In the new Belfast district council or city council, when we get the status, that will be nine members, and it is likely that, in any projection of election results, three or four parties alone will constitute that number. So, there is no cross-community element, and you are right, Mr Weir, in saying that it allows a party that does not find a decision acceptable to call it in on community-impact grounds. You are quite right that the call-in on procedural issues is a little more straightforward. The opinion from the solicitor is only putting the decision to the full council in a traditional committee system on a weighted majority vote. So, anything that you call in on community impact ends up requiring an 80% majority of the council to support it. It causes some concern in Belfast where, if there is a very divisive issue, it might often not be possible to get 80% to vote for anything.

Mr Weir: I have seen that argument, and I slightly disagree with you about a different sphere of it. I appreciate the impact directly on Belfast, but I would have thought that the argument for it in Belfast would be stronger than in most areas in the sense that, if the argument in a particular area is that 25% is hostile to something but may be able to block it, a situation where it is maybe on a 55:45 being imposed, where it is regarded as being legitimate, there are stronger grounds for saying that a particular thing should not happen.

Mr McCrory: I fully understand that. However, from an administrative and an administrator's point of view, it opens up the possibility of a council not taking a decision to do anything, and, therefore, it is a decision to do nothing on certain of the issues that are uncomfortable.

Mr Weir: Finally, may I ask about the definitional side? To be fair, I am throwing this at you and you may want to follow up in writing. How do we tie down in quite a tight manner the definition of community disadvantage? It seems that the thinking behind it is to essentially say that a decision in a largely unionist council that would adversely affect the nationalist community should be subject to some level of protection and vice versa in a nationalist council. In some stuff that has come out at times from the Department, there have been suggestions that QMV, for instance, would be automatic where it cuts across DEAs. That is clearly nonsense. Most particularly, you will know that, in Belfast, a very large percentage of your decisions would be affected, and that is a recipe for gridlock.

Part of it is that we must ensure that we have something that provides protection but does not become so wide that it becomes a blocking mechanism and is used for purposes that were not originally intended. For example, a neighbouring council felt that, down the years, too many small play parks had been put around an area and that those were very difficult to maintain. It felt that the area would be better off with a smaller number of play parks that were much more modern and larger. If you apply that to Belfast or anywhere else — presumably we are looking at it from the point of view of interpretation — a council might, for the sake of argument, be either rationalising its play parks or, alternatively, saying that it wants more play parks. If a policy was being driven through that meant that, for the sake of argument, overwhelmingly, all the play parks were getting put in nationalist areas or in unionist areas, that would clearly result in community disadvantage. If, on the other hand, you say that, as part of this, we will close eight smaller play parks throughout the city to try to concentrate resources on another element, you could almost certainly, particularly because of the geography of Belfast — it would apply in other areas in a similar fashion — point very easily to one of the play parks and say, "That area is overwhelmingly nationalist or overwhelmingly unionist". If you take that in isolation, the decision to close that play park could clearly, in a very narrow interpretation, be counted

as a community disadvantage. However, you may be in a situation where you are closing eight play parks; four in nationalist areas and four in unionist ones. It is clearly an overall policy and one that is driven by overall need. That would clearly be an example.

Maybe, therefore, we should try to get quite a tight definition, whether it is in the legislation or in guidance, to tie this down, so that it becomes a very clear-cut issue, which people will see as being properly legitimate, as opposed to their saying simply, "There is something happening in our area that we do not like, and we are going to use this mechanism to stop it." Or, as sometimes is the case as well, it almost becomes a sort of pork barrel-type issue, and people say, "If you are going to take something that affects our DEA, we will block that unless you agree to such-and-such in another area." That is not good politics either, and it is not to the advantage of citizens. If you can give us any thoughts on how to tie in that definition, that would be helpful as well.

Mr McNaney: We are happy to do that, and I think that that is a very good example. From my experience, the key issue is that you always have to look at a decision in two ways. You have to look at its local impact and at its borough-, city- or district-wide impact. To look at something just on the impact of one of those can lead to unfairness in the other. The issue of play parks is a good example. The solution might lie in a consideration of balancing disproportional impact, taking into account the overall effect it has on the borough, city or district. Otherwise, you could be held a hostage to fortune. That is one of the problems in the continuous improvement regime, which actually puts in service availability. As a manager, I am deeply troubled by that, because it does not allow you to balance it with economy. For instance, to use your example, one of the things that we are looking at is that we have 13 leisure facilities provided because of the sectarian geography or where people live in the city. They live in different places. If we tried to rationalise that to improve the quality of service and perhaps have only six on a citywide basis, we would be in real trouble with the definition as it stands. So, we will be happy to offer some thoughts. I think that it is a good point.

Mr Ronan Cregan (Belfast City Council): There is also the issue of the hierarchy of decisions. We agree an overall capital programme, which hopefully demonstrates balanced investment across the city. However, you then have sub-decisions within that, such as, "Where do the playgrounds go?". So, one of the issues is that setting the rate of the capital programme at the major decision level is a different issue from where you put the playground. I think that there needs to be a balance about the hierarchy of decisions within that call-in as well.

Mr Weir: Let us keep using the analogy of play parks. I chose it because it is quite an easy one to get your head around. You may find that you have an overall balanced picture, but, arising out of that, there may be a need for individual decisions on particular playgrounds. They may or may not happen as a block; they may happen individually, depending on timing. I appreciate that Belfast is in a situation where, generally speaking, the level of resources tends to be bigger than that of most councils. However, most councils pursuing a play park strategy will say, "We have enough money to do two playgrounds this year and two next year", or whatever it happens to be. So, there may well be an overall strategy, which then prioritises and sequences developments, but the individual decisions that are taken, purely from the point of view of capital, may be such that they cannot be green-lighted all in the one go. They may need to be staggered.

The Chairperson: The departmental officials have told us that they are taking on board all the comments about call-in — the percentage and all that — and they are going to issue very clear criteria on what issues can be called in. But is that enough? You can never have an exhaustive or totally inclusive list. That is one way of maybe dealing with it. Are you saying that you want to lower the majority voting?

Mr McNaney: That is not really a question for us, as officers. I think that that is a political conversation, and a political balance needs to be struck. What we are saying is that, in making that decision, you should have cognisance of the impact that setting it at too high a level may have on the efficient dispatch of business. Look at the core issue, which is confidence in democracy. We have always looked at the standing in which the council is held, and that goes up and down depending on some decisions you take, the potential impact they have on people and how people are unhappy. However, we have found from our surveys that not taking decisions leads to disengagement by the public and a questioning of the organisation's relevance. Therefore, I caution you that, in an attempt to protect against one mischief, you can counterbalance too much and cause a greater mischief, which is a disconnection, as people are not satisfied that their democratic institutions take decisions quickly enough and in the interests of everybody. Let me qualify everything that I have said by adding that, of course, decisions should be made on the basis of trying to serve everybody and having due

regard to the need to promote equality and access to services. We, as officers, have always tried to advise along those lines. So, it is a delicate balance, and I am glad that you are making the decision, rather than us.

The Chairperson: But, certainly, you want to see the smooth running of the council. You want to provide continuous services rather than have stalemate all the time.

Mr McNaney: That is absolutely right, Chair.

The Chairperson: Tom, you have been very patient. It is your turn.

Mr Elliott: Thank you very much for your presentation, folks. Let me just follow on with the call-in issue. Do you think that it would be useful if criteria were set for all the councils in Northern Ireland, as opposed to each council making up its own criteria? I suppose that, particularly, I am asking about the qualified majority. Sorry, I should have said that, because, obviously, that has to be built into standing orders.

Mr McNaney: I think genuinely, at the start, particularly for qualified majority voting, there should be guidance that is consistently applied across Northern Ireland. As you say, building it into the standing orders and making it a process that is consistently applied to every decision is essential. I just caution that people are careful on the criteria for QMV, because, as people said earlier, if you use a criterion such as, "This is an issue that affects more than one DEA", as has been suggested, any decision will be subject to it. We have loads of universal services: cleansing, leisure, planning, and regeneration. Decisions will always affect more than one DEA. Potentially, that means that you will have everything called in.

There are also certain decisions that a council has to take. A council has to legislatively set a rate. You cannot have QMV on setting a rate, because what is the alternative? You do not set one, and you do not have any resources. Similarly, there are other decisions. When you look at the nuts and bolts of a council, my advice is to follow the money, because that is where the impact of the decisions will be. Look at the agreement of the capital programme, for instance. A capital programme must benefit all the ratepayers, but you cannot benefit all the ratepayers at one time. Sometimes, you might have to do it over a period of two capital programmes, over eight years. So, it might be that you are doing the north of the city in the first four years and the east of the city in the next four. If you must achieve 80%, you are going to have pork barrel politics all the time. It is going to be one for you and one for us. It may be that that is what you want, but that will be the consequence. And, therefore, I think that —

The Chairperson: And we have seen plenty of that in action in the last 40 years.

Mr McNaney: Absolutely. Therefore, I think that the balance of consideration has to be this: yes, you have determined that you want QMV; now, you have to balance the potential mischief that that could cause by being quite specific about the circumstances in which it will apply.

Mr Elliott: On the issue of control arrangements in councils, I know that there have been suggestions around the committee style, which most councils currently use, or the executive style, which probably is not as popular in Northern Ireland as it is in other areas. What are your thoughts on that? Being the biggest council in Northern Ireland, you may have more opportunity to trial the executive model than others. I sometimes think that the current council system in Northern Ireland is probably too small to use the executive-type system. I am keen to hear your thoughts.

Mr McNaney: Again, I encourage my colleagues to come in.

We are presently doing an exercise in the council, assisted by a body called iESE, which is the improvement agency for the south-east of England. We are doing a governance review, and that agency is heavily involved with our elected members in looking at the three potential styles of governance, which are committee, executive and scrutiny, and streamlined committee. The feedback that we are getting — this will be a political choice, as you know — shows a preference from our elected members for a streamlined committee system, which will encourage inclusivity. It will mean that everyone is involved, but, at the same time, it will allow decisions to be made with more dispatch and more quickly.

Personally, in a divided community, I think that inclusivity is important. As an officer, if I was being entirely selfish, I would prefer an executive system, because it means that you have a dedicated group of eight to 10 elected members who you could go to, who could make a decision quicker, and who could then front that decision to the press. However, it is likely that our preference, politically, will be for a streamlined committee system. I would not knock the committee system; I think that the committee system, which has stood in place since Victorian years, has many strengths. One such strength is that, particularly in a council such as ours, when we make decisions in committee, there is always the opportunity, before it goes to full council for approval, for further political discussion and for further information to be given to refine decisions. I think that having that gap in time between making a committee decision and going to full council has always served us relatively well.

Mr Elliott: Can you see the executive-type system causing difficulty for the councillors themselves, in that it would provide a two-tier councillor system, where one set of councillors is on the executive and the rest of them may feel that they are being marginalised and are not as important?

Mr McNaney: Yes, I think that that would be the case, but, if you look at democracy overall, is that not always the case? Are there not Back-Benchers? Are there not members of Committees? Are there not Ministers? I think that there is a question to be asked. There will always have to be a differentiation in role. Even in a council with the present committee system, you will have councillors who are members of the committees, you will have a party group, and you will have a chair of committee. We have party group leaders who we pay special responsibility allowance to, and we have civic positions. So, there is a range of positions of responsibility. We operate in a system whereby our party group leaders meet informally and are paid special responsibility allowance to try to discuss and agree matters where there are political differences. Their decisions are not formal; they are fed in through the committee system. It is to encourage political dialogue.

Lord Morrow: But they are paid for that?

Mr McNaney: They are paid a special responsibility allowance. That is common across the UK.

Lord Morrow: Is it common in other councils?

Mr McNaney: I am unable to answer. I do not have that knowledge.

Lord Morrow: Well, I can tell you that it is not done on the council that I served on. Maybe other councils do it. I do not know.

Mr Elliott: I can confirm that there are other councils that do not do that either.

Mr McNaney: There are 51 councillors in Belfast. It is harder to talk to 51 individuals.

Mr Elliott: I want to ask about a couple of things that are slightly outside the Bill. You said that Belfast is a different case, not a special case, but it is different from other councils because there is not the same merging. Do you feel that there will not be the same significant costs or savings in the reorganisation in Belfast as there will be in other areas?

Mr McNaney: I am wise enough to defer to my director of finance and resources on that.

Mr Cregan: I think that there are bigger opportunities for the other councils through merging three councils. They have the potential to have one system instead of three, such as one payroll system and one finance system. Belfast, through the members, has already had an efficiency programme for the past six years. We have taken £18 million of pure cash out of the estimates.

Mr Elliott: So, your rates have come down every year.

Mr Cregan: Our rates last year were set at zero, and, hopefully tomorrow, they will be set at zero again for this year. In real terms, that is a cut of around 5%. That was done purely through the savings or cash, so they are given back to the ratepayer. The big issue, although not at an individual council level, is the potential for regional collaboration across the 11 councils in areas such as common IT infrastructure. That is where the big potential is, and collaboration can also take place on

the bigger procurement items. So, I think that the issue will be how we put governance arrangements in place that will support savings at that regional level.

Mr Elliott: There is no huge onus or responsibility to carry that out at the moment, is there?

Mr Cregan: No, because each council sets its own rate, and the efficiency savings have to be integrated. We have integrated that into the rate-setting process. I think that, when the councils come together, they will look at that. Seventy five per cent of our money comes from the rate. The key driver for us was that, over the past number of years, the rate base has been stagnant, so there has been no growth in the rate. So, if you want to keep the rate low, you need to take cash out of the system.

Mr McNaney: I think that there is an opportunity. Again, it is a balance, as all things normally are. The key driver in most councils is the rate and its level. We receive representation all the time from businesses in these economically stringent times saying that markets have realigned rental values but rates have remained the same. Obviously, as officers, we are very sympathetic to that, but the problem is that, once you have invested the rate in services, the only way to lower it is to cut services. There is no political will to do that.

I think that, therefore, you have to look for the opportunity. There are always three elements to efficiency. The first is that you can increase your income. It is not just that you cut services; you can make yourself more efficient. We have derived a lot of efficiencies. For example, we completely reconfigured our insurance procurement. We were spending maybe £2 million a year on insurance, and a lot of that was due to our bad claims experience with our drivers and our fleet of vehicles. We intensively worked with our fleet in training, and we dramatically improved our accident-reduction rate. In turn, we did different procurement for our insurance and reduced our insurance figures by, I think, half a million pounds. I think that joint procurement is critical. Belfast City Council has an information services bureau where 90 people work. We sell our services to across the UK, and we provide services to many councils in Wales and in England.

The Chairperson: What services do you provide?

Mr McNaney: ICT services. We design systems, and we have customer relationship management (CRM) systems that we sell. The problem in Northern Ireland is that everybody, quite understandably, wants the services provided in their area or district. Therefore, I think that the only way forward that we will get agreement on is if we get away from this issue that you have to have one centre for Northern Ireland and move to a conversation that means that you might have three subregional centres. So, you might have one in Enniskillen, one in Dungannon, one in Belfast and one in Derry/Londonderry. I am desperately looking around to see whether there is anyone here from there. The only way that you can do it is to have subregional centres of excellence that do those types of services. I think that we are going to waste loads of time trying to get agreement that it is in one place because people will not want it in Belfast or other places. So, if you have five or six councils or three or four councils collaborating, that is likely to add benefit.

I also think that there are shared services that people do not see on the ground. People do not see back room services, such as payroll. There may be pressure going forward on councils to set a low rate.

My final issue is that you cannot have local government reform that brings councils together, puts rates up and closes facilities. The public are just going to say, "Well, this has really worked for us, hasn't it?" You have to have local government reform that shows an improvement. That means that there is going to be a lot of pressure on, say, the three councils coming together. There will be the opportunity to rationalise services, but in whose district are you going to close the leisure centre? Are you going to close it in Armagh, Banbridge or Craigavon?

Mr Cregan: The other key strand of the efficiency was the actual rate base. Members set us a target of maximising the collectable rate. That does not mean that you increase your rates by putting them up. Through a forensic analysis of the actual rate base, we have increased by about £11 million the amount of rates that Land and Property Services collect. So, we have been able to compensate for the loss of rates through the recession by doing forensic analyses on inspections of vacant properties, to give an example. If a property becomes occupied, we know straight away that that person should be paying rates again. Through that, we have been able to stabilise the rates income, and that will be a key part of our financial strategy for the new council.

Mr McNaney: I have one very quick observation to make. The sharing of data between statutory agencies and Departments is critical. For years, we struggled to get access to the data. Land and Property Services told us that it could not give the data to us because of data protection. You pay rates only if a property is occupied, so we cross-referenced vacant property rates with the premises that we were collecting bins from. It is a good hint that, if you are collecting a bin, there might be somebody in it. We found 13,000 properties that people said were vacant but were occupied.

The Chairperson: You have to pay rates now, though, when they are vacant.

Mr McNaney: It is 50% now, but it was not when we did that. However, you are quite right, Madam Chairman.

That sharing of data between agencies for public benefit is critical. It will also be critical for community planning.

The Chairperson: Your corporate community plan will set the direction for all committees, whether executive, streamlined or whatever, as will your code of conduct. Everybody knows the goals and the behaviour that they need to demonstrate. That is the main thing.

Lord Morrow: Do you see absenteeism as a driver?

Mr McNaney: We have worked very hard on absenteeism in our council. We have reduced our absenteeism from 16.7 days. We are very hopeful this year of getting it down to 9.8 days. Clearly, absenteeism is a critical health indicator for an organisation. We have found that you can get the rate to come down, but only with absolute dedication to the management of effective absenteeism. We have put additional resources into the management of absenteeism, our occupational health and trying to motivate staff. Absenteeism is a good health indicator of the strength of an organisation, and I believe that it is incumbent on the management of public services organisations to manage it very carefully.

Lord Morrow: I will ask a supplementary question on that. You gave the very good example of the cross-referencing of data on occupied and unoccupied properties. Do you see any potential in doing a similar exercise on this issue?

Mr McNaney: Across absenteeism?

Lord Morrow: Yes. Local government has a record of very high absenteeism. I am talking not about Belfast but about local government in general. Do you see any new initiative that could be introduced across local government to bring the figure down? You said that you have brought your rate down from 16.7 to 9.8 days, which is quite significant.

Mr McNaney: It has taken a lot of time and effort. I am referring to the report on achievement, accountability and improving performance in local government. One of the core findings of that report is that the sharing of comparative data across authorities is critical to improvement. So, there is no question that, in setting a proper performance framework for councils, absenteeism should be an indicator of organisational efficiency. It is common in performance management that what gets measured gets done. The biggest difference that we made to absenteeism is that I made it a performance target for each of the directors. I have to make that admission. You either get your absenteeism down or you get a bad performance appraisal. We also put massive additional resource into managing the policy and the environment, and we have been successful. I think that 9.8 days is still too high, but we are restrained by the standard terms and conditions across local government. The standard terms and conditions in the green book are that you get six months' half pay and six months' full pay when you are sick. You probably do not see that in the private sector. However, if you have worked for the council for 30 years and all of a sudden get cancer, maybe it is fair that you have that time. However, I agree with you, Lord Morrow, that it would be good to have comparative data on absenteeism and for a performance indicator to drive performance across councils.

The Chairperson: The figure is usually affected by long-term sick, such as people hurting their back

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Mr McNaney: That is absolutely right, Madam Chair.

The Chairperson: — or stress, and they take six months off.

Mr McNaney: Of course, nobody who works for me would ever be stressed.

Lord Morrow: You take all the credit.

Mr McNaney: Not for much longer. My job is in the paper today. I will not have to take it for much longer.

The Chairperson: Will you not steer the ship to new horizons?

Mr McNaney: After 13 and a half years, I am happy to pass the baton on to some other poor soul.

Lord Morrow: What does the stress part of the job description say?

Mr McNaney: It says to be resilient.

The Chairperson: It is not to take a couple of tablets — headache tablets, I mean.

Mr I McCrea: I am glad that, when you referred to which leisure centres should close, you did not mention Cookstown, Dungannon or Magherafelt. That is because a former councillor from each of those areas is here. So, we would all probably have a conflict of interest.

Nonetheless, I am more interested in your submission where you referred to whether staff and employees of councils should become councillors. The submission more or less says that, in England or Wales, officers can be councillors as long as it is in a different authority. My experience, from speaking to senior officers, is that they have concerns about all aspects of any member of staff of a council either working or becoming a councillor in their council or in any other council. I can look at the flip side of that and tell you that, in my 12-year experience of being on a council, I cannot honestly tell you that I know 100% how any member of staff of Cookstown District Council voted. It was never discussed, and I never cared to ask. An important part of the role of a councillor and a member of staff is that you treat them all the same regardless. The difficulty that I have is when a member of staff is sitting beside someone else who, all of a sudden, declares their political hand, as it were. In essence, it could make sickness absence an issue if people are using it as a means of trying to get off work as a result of bullying or anything else because of a different political opinion. I am interested in your view as a chief officer and in how you feel the issue would have an impact on the way that you treat a member of staff because they have some political cover. If, for example, they are a member of a party that may be in the majority on the council and they have that cover, they should not, but it is Northern Ireland. I suppose that, in a sense, although this happens in England and Wales, we are in Northern Ireland, and we are different because of the political make-up and the way that things are here. So, I am interested in how you see the management of that, if it was to happen.

Mr McNaney: The staff code of conduct requires staff to be politically impartial and objective in how they give their advice. I am completely committed to that, and I think that it is utterly essential. From a personal point of view, I think that it would be an unwise course. Presently, under the Local Government Act, you cannot be both a council officer and a member of a council elsewhere. My understanding is that that has been changed because of human rights legislation, but I am not familiar enough with the detail of that. I think that we would have to manage that very carefully.

If the legislation allows for that and you had a member of staff who was a councillor in another political party, I think that we would have to look at whether there were politically sensitive posts and whether there were certain posts in an organisation that were so politically sensitive that you would have to declare a conflict of interest if you were a councillor in another party. I think as well that we would also have to make sure that there was a special arrangement, whereby if you became a councillor elsewhere, you would have to sign up to some sort of memorandum of impartiality that set out the requirements in the context of how you perform your duties in that particular council. You would not be allowed to take cognisance of other things. That would at least put a management framework around it.

If you are asking whether it would work, I think that you are quite right to say that Northern Ireland is a different place, and it would be extremely difficult. What would happen is that elected members from certain political parties would, I think, be cautious in accepting advice or sometimes accepting the

impartiality of somebody who might be a member of a political party elsewhere. So, I think that it is something to be cautious about, and, if it does happen, it would need careful management.

Mr John Walsh (Belfast City Council): That is correct, and I think that what you will find is that the English model is the bare minimum that is regarded as necessary for compliance with human rights. The position adopted in the Bill was cognisant of the human rights position, so that is why it is there.

The Chairperson: We are going to clarify that with the officials who are coming in after you. Certainly, research is showing that, in 1998, the case was thrown out of court. There was a more recent example, but I do not know what the outcome was.

Mr Walsh: I think that the English model, where the councillor can be a councillor but not in an employing authority, is generally regarded as the minimum that is required for compliance with the Human Rights Act.

Mr Weir: We will probe this with officials. A key issue in that is that there is a reasoned enough argument on that basis. If that has been the case for quite a long period in England and it has not been provoked as a result of a recent legal challenge, the other issue is why a particular position was simply allowed to happen for many years. Consequently, the question is why the imperative is there now. That is obviously something that we will probe with the officials.

Mr Walsh: I think that the chief executive is right, in that you probably need additional provisions or protections in those situations.

Mr McNaney: I have every confidence that Linda MacHugh will be able to clarify the situation.

The Chairperson: No pressure, Linda. Thank you very much, gentlemen, and happy retirement. Are you retiring or moving on?

Mr McNaney: No, I am too young to retire. I am going to dabble in other things. Can I say what a great pleasure it was to appear before the Environment Committee? I sincerely wish you well in your deliberations. I think that this will be a notable piece of work and will stand local government in good stead for the next 30 years. Thank you very much for the opportunity to appear before you, Madam Chairman.

The Chairperson: Thank you.