



Chief Executive and Finance Officers  
District Councils

Circular No. LG 31/04

Local Government Division

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Your reference:  
Our reference: LGD 8/49/04  
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Dear Sir/ Madam

## **POLICY – BORROWING AND CAPITAL RECEIPTS**

Following recent statements made by Ian Pearson, Minister with responsibility for the Review of Public Administration (RPA), updating the position on the developing model of public administration and future financing of local government, several district councils have written to the Department. Clarification has been sought on current policy relating to financing of proposals for development or redevelopment of council headquarters and other facilities, which could have implications for applications for loan sanction and/or approvals for the use of capital receipts.

The Department has no immediate plans to change the existing legislation relating to borrowings and capital receipts but is seeking legal advice on the extent of its powers in the current circumstances. We are unable to give any firm commitments as to government policy for the future but as the outcome of the RPA emerges, we will continue to review the position and advise district councils accordingly. In the interim, we would encourage you to retain flexibility within your proposals to accommodate possible changes to the structure of local government.

Ian Pearson has asked district councils and other public bodies to exercise prudence and not to enter into commitments that would impose an unnecessary burden on ratepayers, now or in the future. The Department of the Environment endorses this message.

Yours faithfully

**M F T FINNEGAN (MISS)**