

**LOCAL GOVERNMENT TASKFORCE
FINANCE SUB-GROUP**

**MEETING HELD ON TUESDAY 25 APRIL 2006
AT 10.00am IN McKELVEY HOUSE, WELLINGTON PLACE, BELFAST**

MINUTES

Present:	Leo O'Reilly	DFP (Chair)
	Cllr Alan Lawther	Alliance Party
	Cllr Jim White	Democratic Unionist Party
	Cllr Gary Stokes	Social & Democratic Labour Party
	David Bell	Chair of ALGFO/Coleraine Borough Council
	Richard Lewis	Moyle District Council
	Dave Clarke	Ards Borough Council
	Heather Loudon	Belfast City Council
	Bronagh Slevin	Craigavon Borough Council
	Joe Campbell	Derry City Council
	Brendan Hegarty	Fermanagh District Council
	John Buchanan	Local Government Audit Office
	Richard Pengelly	DFP – Central Expenditure Division
	Julie Anderson	DFP – Central Expenditure Division
	Marie Finnegan	DOE – Local Government Division
	Peter Aiken	DOE – Central Finance
	John McNeill	DRD – Roads Service
	Donald Henry	DRD – Finance
	Derek Baker	DSD – Resources, Housing and Social Security Group
	Brenda Dickson	DOE - Local Government Division (Secretariat)

Action

1. Apologies/Introductions

Apologies were recorded from Ian Eagleson, Carrickfergus Borough Council. Elected representatives from the remaining two parties ie Sinn Fein and Ulster Unionist Party have yet to be named.

The chair welcomed everyone to the first meeting of the Local Government Taskforce Finance Sub-Group and introductions took place. Members were given the opportunity to consider the draft agenda and expand on it if necessary.

2. Note of planning meeting held on 5 April 2006

The chair suggested that the draft note of the planning meeting and the issues

paper (LGT/FSG No. 4) provided by the Association of Local Government Finance Officers (ALGFO) could be merged and used to form a series of agenda items for future meetings. This was discussed further under Agenda item 5.

A paper, which would provide a comprehensive list of legislation relating to local government finance, should be prepared. Legislation should be retained as a regular agenda item.

3. Draft Terms of Reference for the Finance Sub-Group

The draft Terms of Reference were considered and the chair suggested that they could be revised for the next meeting, to further define the outcomes. He also suggested that they could then be agreed and finalised by members.

DFP

The timetable for the delivery of the group's outcomes was identified as the end of June 2006. Members challenged the delivery time for other sub-groups of the Taskforce, as there appeared to be some inconsistency. It was agreed this would be clarified for the next meeting.

DOE

4. List of functions transferring from Central Government and Quangos to Local Government

A document covering the transfer of functions to local government had been circulated and members recognised that this was a very broad list, which would need to be refined. Cllr White suggested that a short paragraph about the individual functions might be useful and it was agreed that some further detail was necessary and be prepared for the next meeting.

DOE

Cllr Stokes recommended that figures should be attached to the functions. It was agreed that this detail would be provided when a more comprehensive list was compiled.

DFP

5. Identification of items and issues to be considered by the sub group

(i) Paper prepared by the Association of Local Government Finance Officers

Dave Clarke presented the paper prepared by the Association and discussion took place on a range of issues identified.

The subject of borrowings was discussed in some detail. It was suggested that the NIHE debt, currently administered by district councils, should be transferred to the Executive. Issues around write-offs and penalties were also touched on and members were advised that any change to loan arrangements would result in a cost to Northern Ireland as a whole.

Council assets and the timing of VLA valuations were highlighted. This was recognised as a matter that could possibly be addressed at an early stage, as all assets would need to have a common base. These, along with other issues identified would be expanded upon in a paper to be prepared for the next meeting (see below).

(ii) Preliminary list of items and issues considered at the planning meeting

Richard Pengelly summarised the issues identified at the planning meeting.

It was recognised that the ALGFO paper was a high-level list of issues and it was agreed to merge the paper prepared by the Association with the points identified at the planning meeting and provide some further detail where appropriate. It was also agreed that an attempt should be made to identify options for financing local government, both in the short and long term.

**ALGFO
/DFP**

It was considered that it might be useful to investigate lessons learned from the past. Suggestions included the Northern Ireland Local Government restructure in 1972 and more recent restructuring in other parts of the UK. It was accepted that the financial set-up in other UK local authorities was different, but that the principles rather than the detail could be explored.

DOE

6. Central Government – Public expenditure arrangements in Northern Ireland

Richard Pengelly outlined the key issues in the paper Central Government – Public Expenditure in Northern Ireland (LGT/FSG No.1). He explained how the Barnett formula was applied and the differences between Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME).

7. Current rating system in Northern Ireland – Overview

Julie Anderson presented the paper Current Rating System in Northern Ireland- Overview (LGT/FSG No. 2) and explained that a review of rating policy has been underway for some time. The outcome of the review of domestic rating will be effective from 2007/2008 and will have some significant consequences. A separate paper on the review of rating policy will be provided for the next meeting.

DFP

8. Local Government financial arrangements

Marie Finnegan provided some detail on the paper relating to Local Government Financial Arrangements (LGT/FSG No.3). Discussion followed and a number of action points, in relation to this paper, were agreed for the next meeting:

- Identification of finance-related legislation which would include provisions for which Local Government Division is responsible and legislation relating to specific grants, fees/charges for which other Departments have responsibility DOE/
DFP
- Identification of the future legislation which would be required DOE
- General Grant distribution (Capital Values data) DOE
- Table showing capital reserves DOE
- Updated borrowings table, to include population DOE
- Planning Gain Supplement - Consultation document DFP

It was realised that there will be a need to identify potential savings, but accepted that this would be difficult to ascertain at this stage.

9. Arrangements for future meetings and preparation of papers

It was agreed that the meetings for this group would be held fortnightly, on a Tuesday morning where possible. The secretariat would provide members with a schedule of dates, with venues to be confirmed as soon as possible.

DOE

10. Any other business

No other business was recorded.

11. Date of next meeting

The date of the next meeting was agreed as Tuesday 9 May 2006 from 10am – 1pm. Future dates were agreed as:

10am – 1pm Tuesday 23 May 2006

10am – 1pm Tuesday 6 June 2006

10am – 1pm Tuesday 20 June 2006

Post meeting note: Dates and times of some meetings had to be changed due to unforeseen circumstances.

**Brenda Dickson
May 2006**