



**SYNOPSIS OF RESPONSES TO
CONSULTATION ON THE REGULATIONS
TO BE MADE UNDER PART 2 OF THE
LOCAL GOVERNMENT FINANCE BILL**

AND

DEPARTMENTAL RESPONSES

- **Draft Local Government (Rates Support Grant) Regulations (Northern Ireland) 2011**
- **Draft Local Government (Specified Bodies) Regulations (Northern Ireland) 2011**

**Department of the Environment
March 2011**

CONSULTATION ON REGULATIONS TO BE MADE UNDER PART 2 (GRANTS TO COUNCILS) OF THE LOCAL GOVERNMENT FINANCE BILL

SYNOPSIS OF RESPONSES AND DEPARTMENTAL RESPONSE

Introduction

1. The Local Government Finance Bill ("the Bill"), which was introduced in the Assembly on 19 April 2010, completed its Assembly progress on 15 February 2011 and is currently awaiting Royal Assent.
2. Part 2 of the Bill (Grants to councils) updates the provisions for payment of grants to councils and in particular replaces the current general grant with two new grants – the derating grant and the rates support grant. It also extends to all government departments (not just, as at present, the Department of the Environment) the general power to pay grants to councils.
3. The Department of the Environment has prepared two draft sets of regulations to be made under Part 2 of the Bill:
 - the Local Government (Rates Support Grant) Regulations (Northern Ireland) 2011; and
 - the Local Government (Specified Bodies) Regulations (Northern Ireland) 2011.
4. A consultation document inviting comments on the draft regulations was issued on 17 December 2010, with a closing date for responses of 24 February 2011.
5. This document provides a summary of the comments made by respondents and the Departmental response to those comments.

SUMMARY OF RESPONSES

6. The Department received a total of 13 responses to the consultation. The table below provides a breakdown of the respondents.

CATEGORY	NUMBER
Individual district councils Antrim Borough Council Armagh City and District Council Ballymena Borough Council Belfast City Council Castlereagh Borough Council Craigavon Borough Council Derry City Council Down District Council Lisburn City Council Omagh District Council	10
Government departments or agencies Department of Agriculture and Rural Development (DARD)	1
Others Association of Local Government Finance Officers (NI) (ALGFO) Northern Ireland Judicial Appointments Commission (NIJAC)	2
Total	13

7. None of the respondents opposed the regulations.
8. 23% (3) of all respondents noted the proposals and had no comments to make on particular aspects.
9. 8% (1) of all respondents fully supported the proposals and had no further comments to make on particular aspects.
10. 69% (9) of all respondents submitted comments on specific provisions in the regulations, as well as making comments of a general nature.

GENERAL COMMENTS

11. Three respondents stated that they welcomed the regulations and the clarity that the legislation gives in defining policy, in particular the separation of the two elements of general grant into the rates support grant and the derating grant.

Departmental response

The Department noted this support.

LOCAL GOVERNMENT (RATES SUPPORT GRANT) REGULATIONS (NORTHERN IRELAND) 2011.

Background

12. In Part 2 (Grants to councils) of the Bill, provision is made at clause 27 for the Department of the Environment to make regulations to determine the amount of the rates support grant payable to a council.
13. The proposed Local Government (Rates Support Grant) Regulations (Northern Ireland) 2011 will apply, without modification, the statutory formula currently used to calculate the resources element of the general grant to the calculation of the rates support grant. The purpose of the rates support grant is to provide additional financial resources for councils whose needs exceed their wealth base.

Comments

14. Seven respondents stated that the rates support grant should be protected to prevent in-year cuts. Two of these respondents stated that they supported the recommendation made by the Environment Committee that the Bill should be amended to prevent in-year cuts to the rates support grant. One respondent stated that any potential reduction should be discussed in detail with councils so as to establish the potential implication on service delivery.

Departmental response

An amendment proposed by the Environment Committee to the Local Government Finance Bill was agreed by the Assembly at the Bill's Consideration Stage on 25th January 2011. The consequence of this amendment is that the rates support grant will be protected from in-year cuts during the financial year.

15. One respondent welcomed the extension of legislation to allow all departments to pay grants to councils.

Departmental response

The Department noted this support.

16. One respondent commented that the statutory formula used to calculate the rates support grant would need to be reviewed post the Review of Public Administration.

Departmental response

As part of the Local Government Reform programme, the Policy Development Panel on Structural Reform (Panel C) had carried out preliminary work to consider whether the formula for calculating the resources element of general grant was fit for purpose for the proposed new 11-council structure. The same formula is used to determine the rates support grant. Early analysis has indicated that the formula may be suitable but that further modelling would be required when the new structures are settled. Once the Executive agrees the timetable for the reform programme further consideration will be given to this issue.

17. One respondent expressed concern that in the current round of rates setting, those councils receiving a higher level of the rates support grant (currently resources element of general grant), were in turn able to reduce their rates.

Departmental response

The formula for setting the rates support grant (currently the resources element of general grant) is designed to measure each council's wealth base against its

needs. The grant is and will be paid only to those councils whose needs exceed their wealth. The setting of the district rate is a matter for each council.

LOCAL GOVERNMENT (SPECIFIED BODIES) REGULATIONS (NORTHERN IRELAND) 2011.

Background

18. Clause 28(6) of the Bill allows the Department to defray expenditure incurred by bodies providing services to councils, and to make deductions from the de-rating grant and the rates support grant to meet that expenditure. The bodies currently specified by virtue of the Local Government (Specified Bodies) Regulations 2007 will continue to be specified as being those bodies for whom such deductions are to be made. This is provided for in the draft Local Government (Specified Bodies) Regulations (Northern Ireland) 2011.

Comments

19. Two respondents accepted the need to update legislation in the Local Government (Specified Bodies) Regulations (Northern Ireland) 2011.

Departmental response

The Department noted this response.

20. One respondent questioned the role and purpose of such bodies and asked that the Department review the value gained from these bodies.

Departmental response

The Department noted this response. The Department will consider the comments made and take this matter forward separately.