



Local Government Division

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8 July 2009

Capital Expenditure Loan Sanctions

At the Strategic Leadership Board (SLB) on 22 May 2009, a query was raised about whether Councils needed to seek approval from their relevant Transition Committee to proceed with capital loans. As recorded in the minutes of that meeting, the Department confirmed that this would not be a requirement before the establishment of Statutory Transition Committees, but that it would be best practice to keep Voluntary Transition Committees informed. It was also agreed that any future correspondence from the Department to Councils should refer to the need for capital expenditure loan sanctions to “be discussed” with, but not “approved by” Voluntary Transition Committees.

Following further research into the circumstances of the issue in question, I am writing to confirm the above position as recorded in the SLB minutes of 22 May 2009 and the SLB round up paper issued subsequently.

Guidance and Advice issued in DoE circular LG 04/09 (Annex 1) in paragraph 8 suggests a range of questions to be considered by Transition Committees when assessing the potential impact of key decisions on the new Council area. These questions would, of course, apply to important decisions on capital expenditure. The purpose is to ensure dialogue and the exchange of relevant information.

Finally, I would reiterate that there is no requirement for capital expenditure loan sanctions to be approved by Voluntary Transition Committees. However, it would be good practice for Councils to keep relevant Voluntary Transition Committees informed. As a result, I will ensure that future correspondence from the Department reflects the above.

A handwritten signature in black ink, appearing to read 'John Price', is written in a cursive style.

JOHN PRICE
Local Government Policy Division