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Dear William

You will have heard in the media that the Executive was unable to reach agreement on a way forward for the local government reform programme. I thought it might be helpful to write to you to advise on where that programme now stands and what the next steps will be in the reform process.

The Executive has now considered all of the issues around the delivery of the local government reform programme and we have concluded that it will not now be possible to create the 11 new councils together with their new functions in 2011 as planned.

I regret that the Executive have not yet reached agreement on an alternative delivery timetable, but I can say that the Executive remains committed to delivering our vision for local government: a strong, dynamic local government that creates vibrant, healthy, prosperous, safe and sustainable communities that have the needs of all citizens at their core. Central to that vision is the provision of high-quality, efficient services that respond to people's needs and continuously improve over time. That is why I will be bringing fresh proposals on a delivery timetable before the Executive over the summer, with a view to reaching agreement within the Executive and providing clarity on the delivery timetable for all those affected by or with an interest in local government reform.

I should make it absolutely clear that one of the pillars in reducing the number of councils in Northern Ireland was to save money for the ratepayer through bigger, stronger, more efficient and effective councils. It has been a key focus throughout the process to identify, where and how savings can be made and then, more importantly, to put in place structures that will deliver those savings. We do not have sufficient clarity at this point on how those savings will be made to enable the programme to be delivered in 2011 as originally planned.

As many members of the Assembly will know, there is clear support throughout local government for significantly increased collaboration across councils to harvest the efficiencies that we all know can be found. However, I know that without robust and properly-costed delivery mechanisms, the reform of local government cannot work. Those

who have been opposed to functions moving to the new, larger councils will have been proved right, if ratepayers do not see real value for money being delivered by their new councils. We will all be judged by whether those new councils deliver efficient, effective and value for money services to the ratepayer.

In February 2009 my Department began work on the detailed design work for a full economic appraisal of the local government service delivery models, including the savings and projected costs of transformation. This took 9 months to complete and led to the publication of an appraisal in October last year indicating that by investing £118m now we could deliver savings of £438m over a 25 year period. I was, and still am, confident that the figures projected in the preferred option 5 of the appraisal are robust and that they stand up to scrutiny.

For a number of reasons, local government rejected the PwC Option 5 delivery model and I, therefore, invited the sector in December 2009 to develop credible alternative proposals. What they did propose was a framework which requires considerable development including going through the rigours in economic appraisal this has had an impact on the overall reform timetable.

I am pleased that a framework can now be developed for a new collaborative delivery model and that local government share my commitment to making savings using a system of efficiency plans and statements for each council. I am content these proposals can be delivered to create a framework but only after extensive development whereby local government can deliver savings of £438m. I feel this is a positive outcome and sets an achievable pathway to deliver significant efficiencies on the basis of council collaboration and cooperation. Whilst they provide a basis on which to proceed, which I have accepted in principle, a considerable level of design work remains to be done. We now have the time to do this and I will now proceed to have the local government collaborative delivery model economically assessed to ensure that it will be affordable and deliverable in the current financial climate, and will work with Councils and other delivery bodies as soon as possible.

Departments and local government have already invested considerable time, effort and money in the programme and I am sure the Assembly will concur with me when I say that I do not want that wasted by abandoning the programme. That is why I will move quickly to bring fresh proposals for a delivery timetable before the Executive, with a view to announcing the way forward to the Assembly when we return after the Summer Recess.

I am sending copies of this letter to all Assembly Members, to Councillor John Mathews, President of NILGA, to Council Mayors, Chairs and Chief Executives, and to the Chairs of Transition Committees.

Yours sincerely



**EDWIN POOTS MLA**  
**Minister of the Environment**