

# **SYNOPSIS OF RESPONSES TO CONSULTATION ON THE DRAFT LOCAL GOVERNMENT (FINANCE) BILL**

## **Introduction**

1. The Department of the Environment has prepared a draft Local Government (Finance) Bill. The main aim of the Bill is to modernise the current legislative framework relating to local government finance and councillors' remuneration in Northern Ireland.
2. The Department issued a consultation document, which included the draft Bill, on 24 July 2009, seeking comments by 31 October 2009.
3. This paper provides information on the responses to the consultation.

## **General**

4. The Department received a total of 28 responses to the consultation. The table overleaf shows a breakdown of the respondents.
5. 64% (18) of all respondents welcomed the Bill and the Department's proposals to modernise the current legislative framework relating to local government finance and councillors' remuneration. No respondents opposed the overall purpose of the Bill.
6. Four of the respondents (Disability Action, the Equality Commission for Northern Ireland, the Northern Ireland Judicial Appointments Commission and a district council) had no comments to make on any aspect of the proposals. A fifth respondent (a joint committee) noted the content of selected clauses, but did not comment on any of them.
7. 79% (22) of all respondents submitted comments on specific provisions in the Bill, as well as making comments of a general nature.

## **RESPONSES TO CONSULTATION**

<b>Individual district councils</b>	<b>10</b>
Antrim Borough Council	
Belfast City Council	
Coleraine Borough Council	
Derry City Council	
Fermanagh District Council	
Limavady Borough Council	
Lisburn City Council	
North Down Borough Council	
Omagh District Council	
Strabane District Council	
 The change manager for Armagh City & District Council, Banbridge District Council and Craigavon Borough Council (reflecting the views of the RPA Finance Project Team acting for those three district councils)	 1
<b>Joint committees</b> (including joint committees constituted as bodies corporate and voluntary transition committees)	<b>4</b>
arc21	
Ards and North Down Transition Committee	
SWaMP2008	
Transition Committee for Derry and Strabane District Councils	
<b>Political parties</b> (including local branches of political party members)	<b>2</b>
Sinn Féin	
Social Democratic and Liberal Party – Newry & Mourne District Executive	
<b>Representative bodies</b>	<b>2</b>
Association of Local Government Finance Officers Northern Ireland (ALGFO)	
Northern Ireland Local Government Association (NILGA)	
<b>Government departments or agencies</b>	<b>1</b>
Department of Finance and Personnel	
<b>Professional bodies</b>	<b>2</b>
Chartered Accountants Ulster Society (CAUS)	
Chartered Institute of Public Finance & Accounting (CIPFA)	
<b>Trade Unions</b>	<b>1</b>
Northern Ireland Public Service Alliance (NIPSA)	
<b>Others</b>	
An individual ratepayer	1
Disability Action	1
Equality Commission for Northern Ireland	1
Northern Ireland Judicial Appointments Commission (NIJAC)	1
PricewaterhouseCoopers LLP (PwC)	1
<b>Total</b>	<b>28</b>

8. A summary of the comments made concerning specific clauses is given below.

## **Part I – Financial Administration**

### **Clause 1(2), requirement for a council to designate an officer as its chief financial officer**

9. Ten respondents (four district councils, a change manager, a joint committee, ALGFO, CAUS, CIPFA and NILGA) commented on this clause.
- One district council stated that further clarification was needed on the role of the chief financial officer in order to ensure that duty was delegated to the appropriate officer, and that the chief executive should retain the role of chief financial officer.
  - Four district councils, ALGFO, CIPFA, NILGA and one joint committee stated that the Department would need to make regulations prescribing the qualifications required for a chief financial officer.
  - Four district councils, ALGFO, NILGA and one joint committee stated that the roles of chief executive and chief financial officer should be separated.

**Clause 2 allows the Department to make regulations or issue guidance concerning the accounting practices to be followed by a district council, any committee of a council for which separate accounts are kept, or a joint committee of two or more councils.**

10. Fourteen respondents (eight district councils, a change manager, four joint committees and ALGFO) commented on paragraphs (1) and (2) of this clause.
- All of these respondents commented that they were content that in principle the proposed legislation will give district councils greater freedom to manage their own financial affairs without having to obtain consent from the Department, but were concerned such freedom could be constrained through the use of central government regulations.
  - Seven district councils and ALGFO noted that clarification is required on how central government intends to apply regulations.
  - One district council stated that it would welcome the opportunity to engage closely with the Department in drafting the regulations under this Bill to ensure that they reflect the needs of local government in Northern Ireland and provide for the provision of a modern and responsive public service by district councils.

**Clause 4(1) requires the chief financial officer to report to the council on the robustness of the estimates of income and expenditure for the coming year submitted to it under clause 3.**

11. Fourteen respondents (eight district councils, a change manager, three joint committees, ALGFO and NILGA) commented on this clause. They asked for clarification of the concept of robustness, recommending that the Department

should issue guidance on the exact issues to be considered by the chief financial officer in order to determine whether estimated figures are robust.

**Clause 6 enables the Department to make regulations requiring councils to maintain financial reserves.**

12. Two respondents (a district council and a joint committee) commented on this clause.
  - The district council asked that the regulations allow sufficient flexibility to allow councils to accumulate adequate reserves to achieve medium and long-term strategic objectives.
  - It also asked for phased implementation of any regulations regarding reserves to cover the costs of transition to reformed local government.
  - The joint committee welcomed the prudent financial approach in requiring councils to maintain a minimum level of reserves.

**Clause 7 makes provision for reserves specified in regulations under clause 6(1) to be designated controlled reserves, with a required minimum balance at the end of the financial year. The chief financial officer must report to council on the reasons for a controlled reserve not achieving the minimum level, and any action considered necessary to prevent a recurrence in the following year.**

13. Thirteen respondents (eight district councils, a change manager, two joint committees, ALGFO and NILGA) commented on this clause.
  - Eleven respondents (six district councils, a change manager, two joint committees, ALGFO and NILGA) expressed concern that allowing the Department to specify any reserve a controlled reserve is not compatible with giving councils freedom to manage their own affairs.
  - Another council asked for further clarification on what constitutes “controlled reserves”.
  - Another council asked the Department to issue guidance for consultation in regard to the maximum level of reserves that should be maintained as this is a matter which the local government auditor comments on when reviewing the annual accounts.

**Clause 9 gives a council power to establish additional funds, with the requirement that income arising from investment of the money in, or other application of, the fund should be carried to the fund.**

14. Ten respondents (five district councils, a change manager, two joint committees, ALGFO and NILGA) commented on this clause.
  - One district council and one joint committee welcomed the removal of the current requirement for approval from the Department.
  - Eight respondents (four district councils, a change manager, one joint committee, ALGFO and NILGA) expressed a view that these funds should not be subject to any departmental control nor treated as controlled reserves in accordance with Clause 7.

**Clause 11 allows a council to borrow money for any purpose relevant to its statutory functions or for the prudent management of its financial affairs.**

15. Eighteen respondents (nine district councils, a change manager, four joint committees, a government department, ALGFO, CAUS and NILGA) commented on this clause.
- Fifteen respondents (eight district councils, a change manager, three joint committees, ALGFO, CAUS and NILGA) welcomed the removal of the requirement for departmental approval, and the widening of the purpose for which money can be borrowed.
  - Another district council welcomed the need to comply with the appropriate codes of practice.
  - Two respondents (a district council and a joint committee) asked the Department to create a general power of expenditure for councils in relation to the discharge of their statutory functions.
  - A district council recommended additional provision to confer a power on councils to enter into other methods of raising finance, such as local asset backed borrowing.
  - A joint committee recommended that the Bill should state expressly that borrowing can be applied to both capital and revenue activities.
  - A government department noted that an important element of the assurance process under the current arrangements for loan sanctions is provided by the Department of the Environment approving the loan. This respondent asked the Department for details of alternative measures proposed to provide the relevant assurance.

**Clause 13 introduces a duty for councils to determine an affordable borrowing limit.**

16. Thirteen respondents (eight district councils, a change manager, two joint committees, ALGFO and NILGA) commented on this clause.
- Nine respondents (five district councils, a change manager, one joint committee, ALGFO and NILGA) noted that there is no requirement for the chief financial officer to report to the council on the review of the affordable borrowing limit. These respondents recommended that this should be included in subordinate legislation.
  - Three respondents (two district councils and a joint committee) asked for clarification on how the affordable borrowing limit is to be determined.
  - One district council noted that, regarding borrowing, compliance with the Prudential Code will introduce more detailed reporting on a council's financial standing, which will support increased transparency and improved information for all stakeholders.
  - The same council agreed that it is best practice to commit to borrowings that a council can afford to repay, but expressed concern that it had limited control over the consolidation of borrowing between two amalgamating councils, with the affordability of borrowing being reduced through the establishment of the new council with a reduced rates base. The council gave the view that this would result in borrowing that would be disproportionate to income generated, which might fall outside limits recommended in regulations.

**Clause 14 enables the Department to impose borrowing limits in specific circumstances.**

17. Thirteen respondents (eight district councils, a change manager, two joint committees, ALGFO and NILGA) commented on this clause.
- Eleven respondents (six district councils, a change manager, two joint committees, ALGFO and NILGA) stated that the Department's power (outlined in Clause 14(2)) to set a limit on borrowing by a particular district council should be restricted to circumstances where that council has disregarded its duty or obligation under section 13.
  - Two district councils stated that a definition of "national economic reasons" should be provided in the Bill or in the regulations made under this clause. The regulations should clearly outline the treatment of schemes that are already in progress or have been agreed.
  - One district council noted that this clause was similar to legislation made in 2002 for Great Britain.
  - One district council asked for clarity as to the circumstances which would prevail for the Department to set limits in relation to borrowing under Clause 14(2).

**Clause 17 deals with credit arrangements entered into by councils.**

18. Eleven respondents (six district councils, a change manager, two joint committees, ALGFO and NILGA) commented on this clause.
- Nine respondents (four district councils, a change manager, two joint committees, ALGFO and NILGA) asked for clarification on whether long term liabilities associated with the closure and aftercare costs associated with landfill sites are to be treated as credit arrangements for inclusion when determining the affordable borrowing limit.
  - Eight respondents (four district councils, a change manager, one joint committee, ALGFO and NILGA) recommended that trade creditors should be excluded from the definition of a credit arrangement as they are part of the working capital requirement and not long term debt.
  - Ten respondents (six district councils, a change manager, one joint committee, ALGFO and NILGA) asked for clarification of the term prescribed liability.
  - A district council thought that there was a gap regarding the Department's power to make regulations referred to in clause 17(2)(b).

**Clause 19 provides for expenditure of councils to be treated as capital expenditure in accordance with proper practices. The Department may make regulations to provide for expenditure not to be treated as capital expenditure, or may determine that expenditure of a particular council should be treated as being, or not being, capital expenditure.**

19. One respondent (CAUS) stated it supported the need to modernise, particularly regarding the capital finance system.

**Clause 21 enables the Department to make regulations applying the provisions of Clause 20 (Capital receipts) to non-money receipts.**

20. One district council commented on this clause. It stated that greater clarification is required regarding the process by which non-money receipts are to be treated by councils. This respondent noted that greater clarification is to be provided in regulations.

**Clause 22 enables the Department to make regulations about the use of capital receipts.**

21. Thirteen respondents (eight district councils, a change manager, two joint committees, ALGFO and NILGA) commented on this clause.
- All of these respondents interpreted the clause as removing the current requirement (in section 59 of the 1972 Act) for capital receipts to be applied in the first instance against money borrowed for the purpose of acquiring that asset, and asked for the removal of the power outlined in clause 22 for the Department to control this area by regulation.
  - One district council asked that it would be fully consulted on the drafting of any regulations made under this clause.

**Clause 23 gives local councils the power to invest.**

22. Six respondents (three district councils, two joint committees and CAUS) commented on this clause.
- All of these respondents welcomed the introduction of the power to invest.
  - One district council stated that the ability to invest in capital expenditure should not be restricted to resource-rich authorities and that the Department may wish to consider interim arrangements to allow for the transition to the eleven council model.

**Clause 24 makes provision for security for money borrowed by a council, and for the appointment of a receiver in the event of default.**

23. Two respondents (PwC and a ratepayer) commented on this clause.
- PwC commented that this clause should not be construed or interpreted as preventing a district council from making its assets available so that it can participate in Local Asset Backed Vehicles or other Special Purpose Vehicles which allow its assets to be joint-ventured (within reason) for regeneration purposes or for earning income.
  - A ratepayer asked for paragraphs (5) to (8) of clause 24 to be removed from the Bill as a power to appoint a receiver because of a council debt is not matched by a specific power for councils to apply for the appointment of a receiver in connection with uncollected rates. This respondent went on to state that the costs of amalgamation and consolidation of liabilities could cause a council to owe well over £10,000 to its creditors, resulting in a receiver being sent in by the High Court.

## **Part 2 – Grants to Councils**

**Clause 26 provides for the Department to make a de-rating grant to councils for each financial year.**

24. Two respondents (a district council and a joint committee) commented on this clause. Both welcomed the clarification provided by replacing the two elements of the general grant currently payable to councils with two separate grants.

**Clause 27 makes provision for the Department to make a rates support grant to district councils for each financial year.**

25. Sixteen respondents (nine district councils, a change manager, three joint committees, one political party, ALGFO and NILGA) commented on this clause.
- Twelve respondents (eight district councils, one change manager, two joint committees and ALGFO) asked for a review of the statutory formula currently used to calculate the resources element before it is applied to the rates support grant, especially for the new district councils taking on additional functions.
  - Three respondents (two district councils and one joint committee) stressed the importance of having a formula that will ensure that the rates support grant will be allocated to those councils that need the highest levels of financial assistance. One of those councils and the joint committee asked that Targeting Social Need measures should be applied to any review of the statutory formula for the rates support grant.
  - One district council expressed concern that, although supportive of the intention to bring the financial regime for local government in Northern Ireland in line with Great Britain, the majority of council funding in Northern Ireland is derived from the district rate collected by an external agency that is not accountable to local government. The council would like to see controls introduced to ensure councils are not affected adversely by the actions of agencies which are outside their control.
  - NILGA asked for further modelling to be undertaken to indicate the impact on councils of the redefined boundaries, and the implications for the rates support grant.
  - Two respondents (a district council and a joint committee) stated the merging of two councils with the lowest rates income and highest levels of deprivation will lead to a major equality issue if the levels of rate support grant do not change. They stated that additional resources from central government would be needed to achieve equalisation among councils, asking for the inclusion of provision to allow for payment of an additional grant to councils that will suffer financial disadvantage due to the merger.
  - Two respondents (a district council and a joint committee) asked for provision in the Bill to provide for some transitional relief in the first four years of the new council, to allow for an adjustment period before ratepayers are required to pay the significantly higher rates.
  - One political party demanded that all the costs of the RPA be met by central government rather than local rate payers.
  - Eight respondents (four district councils, one change manager, one joint committee, ALGFO and NILGA) expressed alarm that the provision in

paragraph (6) stated that the amount payable as the rates support grant could be calculated as nil.

- One district council noted that it would also be necessary to review the formula in light of the different demographics which would emerge after RPA, especially in light of the large rural councils which will be created.

**Clause 28 permits the Department to reduce the amount of the de-rating and rates supports grants payable to councils in specified circumstances.**

26. Three respondents (a district council, a joint committee and NIPSA) commented on this clause.

- The district council recognised that this clause is a continuation of provisions set out within the Local Government (Miscellaneous Provisions) (Northern Ireland) Order 2002, but suggested that any sanctions in circumstances whereby local government failed to achieve or maintain a reasonable standard of economy, efficiency and effectiveness in the discharge of its functions, should be applied as a last resort, giving consideration to the likely effect of any such sanctions upon the administration of local government. Further clarity was sought on how such sanctions would be introduced and the role of the local government auditor.
- The joint committee asked for rigorous scrutiny of the intentions behind these new powers.
- NIPSA requested absolute assurance that, as the largest local government trade union, it would be consulted before the Department uses its powers to defray expenditure and deduct costs in relation to specified bodies from the de-rating or rates support grants.

**Clause 29 will enable all departments to make payments of grants to local government in relation to their functions.**

27. Fourteen respondents (eight district councils, a change manager, three joint committees, ALGFO and NILGA) commented on this clause. All of these respondents welcomed the provision that any Northern Ireland Department and not just the Department of the Environment will have the power to issue grants to councils. This is a more effective process as the department wherein the grant originates will now have direct control over the grant it provides.

**Part 3 – Payments to Councillors**

28. Thirteen respondents (eight district councils, one change manager, two joint committees, ALGFO and NILGA) made a general comment on this Part of the Bill, welcoming the consolidation of all of the provisions dealing with payments to councillors into one Act.

**Clause 30 will give the Department power to make regulations concerning the payment of allowances and other payments to councillors by councils. Regulations may also require councils to publish a scheme of allowances.**

29. Sixteen respondents (nine district councils, a change manager, three joint committees, one ratepayer, ALGFO and NILGA) commented on this clause.
- Eleven respondents (seven district councils, two joint committees, ALGFO and NILGA) stated that they had no objection to the requirement to publish a payment scheme by a prescribed date, as this information can already be accessed through publication schemes.
  - Six respondents (two district councils, a change manager, a joint committee, ALGFO and NILGA) recommended that, in terms of proper accountability for public funds, all expenses should be supported by appropriate evidence of expenditure incurred in accordance with Her Majesty's Revenue and Customs (HRMC) requirements.
  - One district council noted that, in this Part of the Bill, any reference to a council includes reference to a joint committee of two or more councils. It recommended that such a clause should be generic to the Bill (similar to Schedule 7 to the 1972 Act) to state expressly the provisions which would apply to joint committees.
  - A ratepayer stated that paragraph (6) will require ratepayers to pay the costs of voluntary and statutory transition committees which councils have been forced to establish as a consequence of a Boundaries Bill which was rushed through the Assembly by accelerated passage without giving the councils or ratepayers any say in the matter. This respondent also stated that a Finance Bill which forces the ratepayers to pay the costs for transition committees, which were not included in the rates estimates or budgeted for, should not be allowed by the auditor and should be removed. In addition this respondent stated that the sentence 'In this section any reference to a council includes a reference to a joint committee' should be removed as it is misleading, inaccurate, and confers power on a 'joint committee' which it is not entitled to.

**Clause 33 allows councils to make payments towards expenditure reasonably incurred by a councillor in attending a conference or meeting on matters relating to the interest of the district or any part of it, and the inhabitants of the district or any part of it.**

30. Fourteen respondents (eight district councils, a change manager, three joint committees, ALGFO and NILGA) commented on this clause.
- Thirteen of these respondents (eight district councils, a change manager, two joint committees, ALGFO and NILGA) welcomed this clause, which would allow for attendance by councillors at events which, although not directly related to the functions of a council, deal with matters that are of interest to the district.
  - One district council asked for the inclusion of a further criterion, pertaining to the advancement of the affairs of local government. A joint committee commented in a similar vein to the effect that it would be sufficient for expenses incurred in attending conferences and meetings relevant to the administration of local government, rather than testing if the expenditure was in the interest of the district.

- Two respondents (a district council and a joint committee) asked for regulations to stipulate a requirement for each council to assess each event against its relevance to the interests of the district or the inhabitants of that district, and to also assess value for money to ensure appropriate and relevant use of council funds.
- Two respondents (a district council and a joint committee), while noting that provision of Clause 35, expressed a view that it would be clearer to make specific provision for payment towards expenditure incurred by an officer of a council in Clause 33.

**Clause 34 gives the Department power to make regulations for the establishment of an independent panel to advise the Department on payments to councillors.**

31. Fifteen respondents (eight district councils, a change manager, three joint committees, CAUS, ALGFO and NILGA) commented on this clause.
- All of these respondents welcomed the proposal to make regulations establishing a panel to advise the Department on payments to councillors, as such a panel will provide a common framework of allowances for all councillors in Northern Ireland.
  - NILGA welcomed the commitment from the Department to implement outstanding recommendations from the Councillors Remuneration Working Group report of 2006.
  - One district council supported the introduction of independent assessors to recommend levels of remuneration, and asked that such recommendations should be flexible enough to allow councils to make payments to councillors to undertake duties as the council requires. It also asked if the costs associated with the establishment of the panel would outweigh the benefits of changing from current practice.
  - One district council stated that members of the panel should be appointed using the public appointments process, and drew attention to the importance of appropriate expertise and knowledge of the roles and responsibilities of elected members and familiarity with remuneration issues for councillors as criteria for selection.
  - One district council asked the Department to consider making specific provision in the draft Bill for an allowance scheme for joint committees.
  - One district council welcomed the objective process which is being proposed for the membership of the panel.

**Clause 35 provides that, for the purposes of this Part of the Bill, “councillor” includes a member of a committee or sub-committee of a council, whether a member of the council or not, and that expenses payable under Clause 33(1) shall also be payable to officers.**

32. One respondent (a ratepayer) commented on this clause recommending the removal of the provision that includes an officer of the council in the definition of the term “councillor” on the basis that it equates paid members of staff already receiving a salary with elected representatives entitled to extra remuneration.

#### **Part 4 – Miscellaneous powers to make payments**

33. Eleven respondents (seven district councils, a change manager, a joint committee, ALGFO and NILGA) welcomed the consolidation of provisions relating to payments by councils into one piece of legislation

**Clause 36 allows a district council to make payments for any purpose which in its opinion are in the interests of, and will bring direct benefit to, the council, its district or any part of its district, or the inhabitants of the district or any part of its district.**

34. Twelve respondents (seven district councils, a change manager, two joint committees, ALGFO and NILGA) queried the need for this provision, given the proposals to introduce a general power of well-being.

**Clause 37 requires payments under section 36 to be commensurate with the direct benefit accruing to its district or any part of its district or to the inhabitants of its district or any part of its district.**

35. Nine respondents (four district councils, a change manager, two joint committees, ALGFO and NILGA) commented on this clause.
- Seven of these respondents (three district councils, a change manager, one joint committee, ALGFO and NILGA) recommended an amendment to the wording of paragraph 1, so that it would now read “... *shall not make payments under Section 36 unless, in its opinion, the direct benefit accruing...*”.
  - A district council and a joint committee asked for guidance to ensure that a standardised assessment would be used by all councils when assessing whether the direct benefit accruing is commensurate with the payments to be made.

**Clause 38 allows a council to make payments to a fund raised in connection with a particular event directly affecting persons resident in the United Kingdom under specified circumstances.**

36. Eight respondents, (four district councils, one change manager, one joint committee, ALGFO and NILGA) asked for the provision to be extended to apply to circumstances or causes in general rather than being restricted to a particular event.

**Clause 39 places restriction on the cumulative amounts payable under provision of clauses 36 and 38.**

37. Eleven respondents (six district councils, one change manager, two joint committees, ALGFO and NILGA) queried the need for this restriction in the light of proposals to introduce a general power of well-being for district councils.

**Clause 40 allows a council to pay reasonable subscriptions to specified classes of associations or voluntary bodies.**

38. A district council suggested that this should include where a council considers it necessary or desirable for an officer to hold membership of a professional body in connection with that officer's discharge of duties.

### **Part 5 – Supplementary**

**Clause 42 states that regulations made under any provision of the Bill, with the exception of regulations under section 27, shall be subject to negative resolution. (Regulations under section 27 deal with the calculation of the rates support grant)**

39. A political party commented on this clause. It supported this clause on the grounds that it establishes democratic control over some local government finance by determining that regulations on the calculation of the rates support grant will not come into operation unless approved by a resolution of the Assembly.

**Clause 43 places a requirement on the Department to consult with**

- **councils;**
- **such associations representative of councils;**
- **such associations representative of officers of councils; and**
- **such other persons or bodies it considers appropriate**

**before making any regulations or Orders, or issuing any guidance, under the provisions of the Act.**

40. Three respondents (a district council, a joint committee and NIPSA) commented on this clause.
- Two respondents (the district council and the joint committee) asked for assurance, or an express provision, for the Department to consult with joint committees.
  - NIPSA requested absolute assurance that it would be included as a specified consultee.

**Clause 46 provides that the title of the proposed Act will be the Local Government Finance Act (Northern Ireland) 2009.**

41. One respondent (a district council) expressed a view that, as Part 3 deals with payments to councillors and other expenditure issues, the Bill should bear the title "Finance and Expenditure Bill".

## **Other comments – not linked to specific clauses**

42. A number of comments of a general nature were made, not linked to specific provisions of the Bill.
43. Although there was general support for the Bill and the steps taken to modernise the legislative framework for local government finance, one political party disputed the reality of this, given the financial pressures on councils arising through the proposed introduction of three quangos- a Single Waste Authority, a Business Services Organisation and a Municipal Bank.
44. Two respondents (a district council and a joint committee) asked why the draft Bill had been screened out for an equality impact assessment, particularly with regard to the equity of the rates support grant, which is of major importance.
45. NIPSA questioned the timing of the consultation following the Minister's announcement on 20 October 2009 in respect of the Phase II PwC Report – "*Assessment of Options for Local Government Service Delivery*". NIPSA expressed the view that there has been limited opportunity to examine the content of the Report to consider what, if any specific implications may arise that interface with the draft Local Government (Finance) Bill.
46. NIPSA also expressed concern over the issue of loans from the Department of Finance and Personnel for the implementation of the local government aspects of the Review of Public Administration. NIPSA was concerned that this would impact severely on future staffing levels and provide for unfair differential treatment between local government and other RPA sectors, specifically regarding the funding of a voluntary early severance scheme.
47. A joint committee took the view that the proposed updating of legislation for local government finance was timely, given the financial implications of the Review of Public Administration. It recommended that the Department take the opportunity to specify the provisions that would apply to joint committees, similar to Schedule 7 to the 1972 Act.
48. One district council noted that the Bill does not extend, in general terms, to joint committees, and requested a provision to extend the provisions of the Bill, insofar as they are relevant, to joint committees
49. Eleven respondents (five district councils, a change manager, three joint committees, ALGFO and NILGA) expressed concern that the Bill does not make provision to support new initiatives and models for service delivery, such as introducing powers for councils to participate in public private partnerships or public finance initiatives.
50. Nine respondents (four district councils, a change manager, two joint committees, ALGFO and NILGA) noted that the Draft Finance Bill does not provide for the signing off of the accounts of the existing twenty-six district councils for 2010-11.

51. Two respondents (a district council and a joint committee) asked for clarification on whether section 59 of the 1972 Act was to be repealed.
52. Eight respondents (four district councils, a change manager, a joint committee, ALGFO and NILGA) asked for the repeal of section 96(5)(a) of the 1972 Act, which currently requires all disposals of land for less than best price to be approved by the Department, and replace it with a power enabling the Department to specify in regulations the purpose and limitations applicable to such disposals. NILGA expressed the view that the current role of the Department was not compatible with the proposed introduction of the power of well-being, but also stated any such regulations should include safeguards and scrutiny mechanisms to prevent any possible malpractice.
53. Seven respondents (three district councils, a change manager, a joint committee, ALGFO and NILGA) asked for the limit specified in section 100 of the 1972 Act (which currently permits a council to make contracts up to £30,000 in value without use of the common seal of the council) to be updated. They recommended that the Department should have the power to amend the limit by regulation.
54. Three respondents (a joint committee, a political party and NILGA) recommended that the Bill should make provision for the inclusion of social clauses in public procurements.
55. CAUS stated it would welcome a framework to support regional or co-operative approaches, for example, taking advantage of shared services or avoiding duplication of resources in neighbouring areas.
56. A joint committee indicated that the full implications for joint committees of the Review of Public Administration would not be known before the closing date for responding to this consultation exercise. It asked for the inclusion of provisions in the Bill that would allow for flexibility as more RPA-based financial issues emerge.
57. PwC asked, in the event of any delays to the legislation for the local government aspects of RPA, for consideration to be given to introducing the power of well-being in the Finance Bill. In addition, PwC recommended that consideration be given to developing the power of well-being along the lines of the “power of competence in relation to functions” that operates in some countries in Europe.
58. A joint committee stated that, in order to deliver better value to the public purse, councils and joint committees should be able to make capital contributions to capital projects to minimise long term costs, particularly the cost of finance charged. It clarified this by adding that the ability of local government to borrow at more competitive rates, and often for longer periods, than the private sector could result in more cost effective solutions for the public sector, particularly in the case of large scale capital projects which often create long term financial liabilities for councils.

59. Four respondents (two district councils, a joint committee and CAUS) noted that the detail of the new financial framework will be provided in regulations, and expressed concern over the content, resource implications, timing and procedure for regulations.
60. NIPSA outlined trade union interest in the issue of councillors' remuneration, given potential issues over pay levels for council employees vis-à-vis those for councillors.
61. NIPSA reserved the right to make further representations to all appropriate parties as the Bill progresses through the legislative process.
62. One district council requested that monitoring of councils under of the new statutory financial framework should be "light touch" and incorporated into the existing audit cycles.