



Minister Edwin Poots MLA  
Minister of the Environment  
DOE Private Office  
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4 June 2010

Dear Minister Poots

Thank you for your letter dated 28 May 2010 entitled “Progressing the Delivery of Local Government Reform”. I would like to begin my reply by restating, on behalf of local government, our commitment to the local government reform programme.

Local government has been investing significant resources in the development of policy to inform the legislation required to support the introduction of 11 new councils in May 2011, together with further work to support implementation. The reform of local government is a key step towards developing a modern and effective government and a public service regime for Northern Ireland for generations to come. Local government plays a crucial role in delivering better outcomes for citizens and in shaping the local areas to meet the needs of citizens. Councillors are community leaders – taking a broad view of the well-being of local people and communities in a way, which is not expected or possible for other public service providers. Please be assured that local government remains committed to reform.

You ask in your letter, if local government would fund the full upfront costs of the reform programme. You will recall from the Strategic Leadership Board meeting on 25 February that I presented to you a local government paper on funding the reform programme setting out the principles for our contribution.

It may be helpful, if at this stage, I restate the principles:-

- a. The reform process should be cost neutral to the ratepayer as promised at the outset of the reform process and that any rate rise to the ratepayer must be avoided.
- b. Where there is no financial benefit to local government, costs should be met by central government.
- c. Councils may contribute where benefits will be accrued. Contribution should be apportioned based on the level of benefit gained.
- d. Central government should fund activities where equity across the sector is required.
- e. The final programme costs and the apportionment must be negotiated based on a robust and mutually agreed business case.
- f. The final programme costs must be affordable.
- g. Repayment of any loans from central government to local government should only be considered when councils have made demonstrable savings.

The principles have been endorsed by the 11 transition committees in March 2010 and re-affirmed by representatives from all 26 councils at an engagement seminar organised by NILGA and held today.

Local government has committed, in the context of the reform programme, to making savings in the order of those outlined in the PWC report. It should be noted the exact level of savings would be established through the development of detailed business cases. This response therefore cannot and will not commit individual councils to specific apportionment of savings to be accrued. As highlighted in Principle (e) above the final programme costs and the apportionment must be negotiated based on robust and mutually agreed business cases.

It is unfortunate there was no opportunity for more detail in your letter about possible funding mechanisms available to local government. In earlier discussions, you said the Finance Minister, Sammy Wilson, had suggested the possibility of a funding model based around extending the existing Capital Loans' Regime to cover revenue costs. We would welcome further clarity and discussion on this and any other possible options.

As I have reiterated in recent letters to you the work taken forward by local government on improvement and collaboration provides a good foundation on which to secure significant efficiencies, to realise citizen expectation of local government service improvements and to contribute to the aim of creating "strong, dynamic local government in Northern Ireland. It is vital that this momentum for change is not lost. That said there are a number of issues

outside our area of responsibility but within the remit of the Executive which, must be addressed to allow the reform process to move on.

These include-

- Introducing the required legislation for establishing the boundaries for the 11 new district councils and the reorganisation legislation to provide modernised powers for the new councils.
- Resolving the rates convergence issue of amalgamating councils.
- Ensuring the transferring functions result in no additional costs to local government at the point of transfer.
- Ensuring the necessary practical arrangements are in place for example Land and Property Services systems and processes are aligned to the 11 council model.

I would re-emphasise that without the resolution of these issues the reform process cannot move forward. It is the Executive's responsibility to make the decision on the future of the reform programme for local government. We therefore call on you and your executive colleagues to take these decisions quickly and to provide now the necessary clarity.

As I am sure you will appreciate, it has not been possible within the timescale to seek the formal ratification of all councils to this response. Over the past week, there has been extensive consultation with elected members and council chief executives including, as stated above, representatives from all 26 councils at our engagement seminar today.

Finally, as you as Minister will be aware, the purpose of the local government reform process has been the improvement of services to the citizen at a local level and to enable local government, acting on behalf of its citizens, to place shape their areas. I am sure you will agree that these important aims should not be lost in our discussion on the way forward.

Yours sincerely



**CLLR JOHN MATHEWS**  
**President**