

Committee for Finance and Personnel: NILGA Briefing August 2011

Introduction

The Northern Ireland Local Government Association (NILGA) is the representative body for district councils in Northern Ireland. NILGA represents and promotes the interests of local authorities and is supported by all of the main political parties in Northern Ireland.

NILGA welcomes the opportunity from the Committee to provide briefing notes on issues affecting local government. NILGA is currently seeking to strengthen its collaborative relationship with the Department, in order that together, the two tiers of government can collectively direct more investment and support to those communities we commonly serve.

For further information, please contact Derek McCallan, NILGA Chief Executive on (028) 9079 8972 or at d.mccallan@nilga.org.

European Funding

Issue: Our strategic priority as local government for the next round of regional EU Programmes 2014 – 2020, is to align investment where it will have greatest impacts and remove economic and administrative ‘bottlenecks’ preventing the present and proposed EU 2020 targets being met.

NILGA wants to make it easier for local communities to access all elements of regeneration funding, including EU Structural Funds support, without compromising accountability and good governance. NILGA believes that a new design for the forthcoming Structural Funds, emphasising more local management and design, co-ordinated by the strong relationship referred to above, will secure greater infrastructural benefit across Northern Ireland in terms of EU drawdown.

Local councils are committed to giving localities and communities greater control and influence over European programmes and services delivered in their areas, in order that local people and businesses can influence the shape of future programmes and see local benefits right across Northern Ireland.

There exists a real, dynamic opportunity for the two tiers of government to work together, giving strategic direction to EU Operational Programmes locally, ensuring that they are delivered compliantly, that investment is in part designed, managed and accounted for by councils and local communities – in the interests of subsidiarity and through local elected member democratic input and scrutiny. NILGA is able to offer a partnership and corporate commitment to achieve this.

Suggested Action: For the Committee to support a collaborative approach to the forthcoming European Commission negotiations on the next round of regional EU funds 2014-2020, and in doing so, to ensure that sustainable investment opportunities are realised and delivered where they are needed most.

NILGA will produce an evidence and options paper for the Committee, to inform this work and to highlight more cost effective systems and adding value to collaborations between the DFP and NILGA.

EU fines

Issue: It is critical that Northern Ireland is protected against future EU fines as outlined under Clause 2 of the Localism Bill (UK), currently making progress through the House of Lords. The economic consequences for local councils would be significant and would impact on the planning and delivery of local services and on ratepayers.

Bearing in mind the UK Government can be fined for infringement / non-compliance with any EU law past, present or future, this policy would create financial difficulty for individual councils, already struggling to protect vital public services in the current tough financial climate.

The future possibility of being forced to pay EU fines, especially when these cannot be distributed fairly, will create new financial uncertainty, making future economic planning extremely difficult.

Some reassurance has been given by the DOENI on council's current exposure to EU fines regarding reserved matters, but uncertainty remains, particularly with regard to potential fines on devolved matters such as waste management.

We believe that in recognition of subsidiarity and democracy, colleagues in the NI Assembly will want to progress in partnership the protection of the Northern Ireland purse against any unjustified EU fines.

Suggested Action: For the Committee to collaborate with NILGA in ensuring that Northern Ireland ratepayers are protected by opposing these clauses in the UK Localism Bill on the grounds that the proposal is unfair, unworkable, dangerous for local economies and unconstitutional; and to oppose any future attempted distribution of EU fines to councils through local legislation.

No other Government across the EU has subjected its local authorities to such punitive measures without the requisite financial autonomy or ability to influence such EU laws.

Business/ Domestic Rates

Issue: It is recognised that additional funding is required to maximise rates revenue collection on behalf of both district councils and the Northern Ireland block. LPS is dealing with record levels of non-payment, court cases and enforcement action. If additional funding is not provided in 2013-15, rates collection levels are likely to deteriorate significantly, increasing the financial constraints already facing district councils and the NI block.

Suggested Action: For the Committee to form an opinion on the revised proposals for LPS collection mechanisms particularly in cases of non-payment; and to endorse after comment, the emerging partnership between LPS and local councils. (Appendix attached.)

Strategic Use of funding to implement PfG

Issue: It is the experience of councils that government departments are developing strategy and policy, without the necessary funding available for implementation.

Suggested Action: For the Committee to examine how the implementation of strategy and policy is costed, the impact on delivery resulting from inadequate funding, and to make recommendations.

Secondly, for the Committee to consider the utilisation, as per other parts of the UK, of investment in the Local Government Association through a service level agreement to formally link the sector as part of the new Programme for Government, through existing budgetary lines (specifically within DFP and DoE) and through minor revisions of these existing budgets to optimise outputs and performance in the interests of the citizen.

Strategic Waste Funding

Issue: The severe recent cutback in capital and revenue funding support will significantly decrease the ability of councils to successfully deliver the essential facilities to meet the collective responsibility of NI Executive, DOE and local government to comply with EU Directives. The fluctuation in funding has a severe impact on the ability of councils to negotiate with the private sector, weakening our position within procurement negotiations.

Suggested Action: For the Committee to review the current position on budget allocation for this matter and to recommend full reinstatement of the Strategic Waste Infrastructure Fund and revenue budgets.

Public Sector Pensions

Issue: Public sector pensions in Northern Ireland are a devolved matter for the Assembly. The costs of providing those pensions have increased substantially in recent years. The Local Government Pension Scheme has a membership of approximately 43,000 employees, (including employees of councils and numerous other employers e.g. NIHE).

The DOE has legislative responsibility over the scheme, including mechanisms for the setting of employer and employee contributions. In the last decade, employer contributions have increased from 2.5% to 20%. This has a huge impact on public spending, as the Local Government Pension Scheme now costs £120 million more per annum to fund than it did seven years ago. NILGA believes that the costs associated with running the scheme will continue to rise, impacting on front line services and /or increasing the rates burden on citizens.

Suggested Action: For the Committee to undertake an examination of the affordability and sustainability of Public Sector pension schemes taking account of the recent Hutton review.

NILGA recognises the important scrutiny, policy development and consultation role played by the Committee in relation to the Department of Finance and Personnel, and trusts that a constructive working relationship with local government through NILGA can continue to be developed, to the benefit of the public we collectively serve.

17th August 2011

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Appendix

AMENDED TERMS OF REFERENCE FOR LPS/ LOCAL AUTHORITY STRATEGIC STEERING GROUP

Purpose and scope

The Strategic Steering Group (SSG) provides strategic leadership to monitor progress and drive improvements in the many areas in which LPS and Local Authorities collaborate, thereby ensuring that the organisations assist each other in the delivery of their corporate objectives and improve delivery to citizens and other stakeholders.

The SSG is a key forum for discussing and resolving issues of concern through constructive engagement. The SSG recognises that it has no power to bind either local government or LPS to particular courses of action or expenditure, but is seen by the parties represented as a central and important forum in determining the most effective manner in which to deliver required outcomes.

Key issues of concern to the SSG include ensuring that as much as possible of the rates due are collected in a timely and equitable manner, as well as assisting in the economic development of Northern Ireland through the maintenance of accurate and current address records, asset portfolios, mapping and land registers. Areas within the scope of the SSG are listed at Annex A.

Procedures

The SSG will work at a strategic level, receiving reports from sector experts and working groups on progress in resolving various matters. It will use a suite of progress indicators from the Memorandum of Understanding to focus discussions and action, and will determine what changes are required to the suite of indicators over time.

The sub-groups of the SSG are:

- The Penny Product Working Group
- The Property Services Liaison Group

These groups of subject experts are important forums in which to resolve the optimal approach to technical and operational issues.

Alongside its formal reporting relationships to the LPS Management Board and the NILGA Executive, the SSG will report widely to the local government community, using action minutes and other means to do so. The SSG will collectively decide if it wishes formally to raise any issues with the DFP and/ or DOE Ministers, and will agree the mechanism for doing this on each occasion.

These terms of reference will be reviewed formally by the SSG at least once a year, and revised through agreement as necessary.

Meetings

The Group will meet as required, but with a norm of biannual meetings which recognise the key decision points in the annual rating cycle.

Membership

Membership of the Group will be:

- 1 NILGA Officer
- 3 Council Chief Executives – or their nominees – nominated by SOLACE
- 4 LPS Management Board members
- Chairs of the sub-groups or their nominees

Other individuals may be invited to attend when required.

Representative groupings may nominate deputies who will receive papers and minutes; the deputies may attend meetings in the absence of the lead representative(s). Each grouping may change its representatives as it wishes.

Chairmanship of meetings of the Group will alternate between LPS and Local Government. LPS will provide a Secretariat service to the SSG.

The current membership of the SSG is listed at Annex B.

AREAS WITHIN THE SCOPE OF THE STRATEGIC STEERING GROUP

1. Content and areas of focus for the Memorandum of Understanding between LPS and Local Authorities, and its use to drive performance and improvement;
2. Timely and streamlined provision of property information to LPS to assist the maintenance of the Valuation List;
3. Timely and streamlined provision of data about owners/ occupiers and vacancies, to support the LPS billing functions;
4. Making the provision of EPP and APP information as timely and robust as possible and agreeing timetable from year to year;
5. Accurate and timely two way sharing of information to support Local Authorities' projections of penny products in future years;
6. Provision of appropriate data and information between LPS and Local Authorities to support activities, including the development of the LPS rating Service Delivery Model;
7. Maintenance of accurate, current and definitive address registers and mapping of Northern Ireland and ensuring use throughout LPS and local authorities;
8. Improving the coverage of the land registers for Northern Ireland, recognising that secure title to land is vital to economic activity;
9. Provision of timely and accurate property services to local authorities by LPS;
10. Technical and legal issues to facilitate the above;
11. Discussing and providing input to the development of rating policy and assessing the impact of Rating Reform;
12. Monitoring of progress on the above issues.

MEMBERSHIP OF THE STRATEGIC STEERING GROUP – SEPTEMBER 2011

Grouping	Lead representatives	Deputies
NILGA	Derek McCallan, CEO	
SOLACE	David McCammick, CEO Antrim Borough Council Trevor Polley, CEO North Down Borough Council Ronan Cregan, Finance Director, Belfast City Council	
LPS	John Wilkinson, CEO Alan Bronte, Director of Mapping & Valuation Patricia McAuley, Director of Transformation & Customer Iain Greenway, Director of Revenues & Benefits	
PSLG	Stephen Hipkins, Larne Borough Council	
PPWG	Dave Clarke, Ards Borough Council	