



**LISBURN  
CITY COUNCIL**

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Our Ref: LS/vo

27 May 2010

Mr Sean McCann  
Assistant Clerk  
Environment Committee  
Room 247, Parliament Buildings  
Stormont Estate  
BELFAST  
BT4 3XX

Dear Mr McCann

**RE: THE DRAFT LOCAL GOVERNMENT (FINANCE) BILL-  
CONSULTATION DOCUMENT**

At its meeting of the 27 October 2009, Lisburn City Council agreed the attached response to the above Consultation. It was further agreed on the 27 May 2010 to forward this in response to your request for written evidence.

Yours sincerely

**Leah Scott**  
**ASSISTANT DIRECTOR OF CORPORATE SERVICES**



INVESTOR IN PEOPLE



Lisburn, a City for everyone

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# Lisburn City Council Response to Consultation on Finance Bill

September 2009

## **Introduction**

Lisburn City Council welcomes to the opportunity to respond to the Department of Environment Consultation on the Draft Local Government (Finance Bill) for Northern Ireland.

Lisburn City Council makes the following comments on the bill:

### ***Part 1 – Financial Administration***

#### **General**

The Council would welcome further clarification on the role of the Chief Financial Officer, in order to designate the duty to the appropriate officer. It is the Council's view that the Chief Executive should retain the role of Chief Financial Officer.

#### **Annual Budget**

The Council welcomes the requirement for a report on the "robustness" of the estimates when presented to the Council for approval. The Council, and standing committees currently receives a report on the estimates from the management team. Further clarification on the definition of "robustness" is required to ensure that the Chief Financial Officers report is adequate.

#### **Reserves**

The Council accepts that the management of reserves is essential in ensuring that rate-payers funds are efficiently and effectively managed. The introduction of controlled reserves, and imposition of regulations on recommended reserves balances, will ensure that central government has ultimate control over the Council reserves.

In order to ensure that local Councils retain sufficient autonomy, regulations should allow sufficient flexibility to allow Councils to accumulate adequate reserves to achieve medium and long-term strategic objectives. Further clarification on what constitutes "controlled reserves" is also required.

The Council has limited control over the consolidation of reserves between Lisburn City Council and Castlereagh Borough Council. The new Council will also have limited control over the costs of transition to reformed local government, which could have a significant effect on reserves balances. Therefore, phased implementation of the regulations should be considered.

## **Borrowing**

The Council welcomes the introduction of more flexible arrangements for borrowing by removing the need to obtain prior approval of the Department for Environment. The Council also agrees that it is best practise to commit to borrowings that it can afford to repay.

Compliance with the Prudential Code will introduce more detailed reporting on the Councils financial standing in the context of borrowing. The Council would support the increased transparency and improved information, which this will bring to all stakeholders.

## **Affordable Borrowing**

It would appear that a degree of control would be retained by the Department, through the introduction of regulations on how a council determines and reviews an affordable borrowing limit. It is difficult to comment on the Councils view of the proposed regulations. The Council would not be supportive of an overly bureaucratic monitoring process, in addition to its own accounting controls.

The Council has limited control over the consolidation of borrowing between Lisburn City Council and Castlereagh Borough Council. The affordability of this borrowing will be reduced through the establishment of the new Council, with a reduced rates base given the new Boundaries. This would result in disproportionate borrowing to income generated and may be outside the limits recommended by the regulations.

In addition, in order to ensure that all rate-payers receive comparable levels of Council services, the ability to invest in capital expenditure should not be restricted to resource-rich authorities. The Boundaries commissioner's recommendations will result in a significant portion of the joint Councils transferring to the new Belfast City Council.

The Department may wish to consider interim arrangements to allow for the transition to the 11 Council model.

## **National Economic Reasons**

The legislation proposes to introduce limits to borrowings for "national economic reasons". A definition of these circumstances in the legislation or supporting regulations should be provided. Regulations should clearly outline the treatment of agreed or schemes in progress in these circumstances.

## **"Credit Arrangements"**

The Council supports the exclusion of trade creditors and short-term liabilities from this calculation as working capital balances. Only long-term finance should be included in the calculation of "credit arrangements for this purpose".

The legislation requires further clarity on the definition of a "qualifying liability" including the definition of "the date for performance" and what is included as a "prescribed liability".

## **Investments**

The Council welcomes the introduction of powers to invest Council funds.

### ***Part 2 – Grants to Councils***

The Council accepts the provision in the legislation to establish the two grants for de-rating and the Rates Support.

### ***Part 3 – Payments to Councillors***

The Council accepts the consolidation of legislation to one Finance Bill will remove any uncertainty in the legislation.

The Council supports the introduction of independent assessors to recommend remuneration to Councillors and the publication of a scheme of allowances. Any recommendations should allow Councils the flexibility to make payments to Councillors to undertake duties as the Council requires. Consideration should also be given to whether the costs associated with the establishment of the panel would outweigh the benefit over the process, which is already in place.

The Council welcomes the decision to repeal section 38 in the Local Government 1972 Act, in favour of allowing Councils the flexibility to decide if attendance at a conference is in the “interest of the district”.

### ***Part 4 – Miscellaneous Powers to make Payments***

The Council accepts the consolidation of legislation to one Finance Bill will remove any uncertainty in the legislation. The Council suggests that consideration should be given to the removal of restriction of Section 38 to payments in connection with “a particular event” to extend this to cover causes in general.

### ***Conclusion***

The Council welcomes the new Finance Bill and the increased flexibility it proposes.

The Council cannot comment on the additional resources, which will be required to comply with the increased regulations from central government. The Council would request that the extent of monitoring would be “light touch” and incorporated into the existing audit cycles.