



**ALGFO**

Association of Local Government Finance Officers in Northern Ireland

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Sheila Mawhinney and Sean McCann  
Committee for the Environment  
Northern Ireland Assembly

Dear Ms Mawhinney and Mr McCann

## LOCAL GOVERNMENT BILL [AS INTRODUCED]

As a local government stakeholder, the Association of Local Government Finance Officers (ALGFO) welcomes the opportunity to provide evidence to the Committee for the Environment on the Local Government Bill, and, if called upon, to elaborate on our comments. The Association was founded in the 1970s, and is the representative body for senior finance officers working in local government in Northern Ireland.

ALGFO recognises that the Bill is enabling legislation and that much of the detail will be contained in subordinate legislation and guidance which is still in the process of being developed. We wish to support the NILGA submission that this legislation (and associated guidance) is developed in partnership with local government prior to its introduction to the Assembly as there will be no opportunity to make amendments once that has occurred.

Of particular professional interest to the Association is Part 12 of the Bill which introduces proposed arrangements for Performance Improvement. The Association recognises the benefits and supports the concept of an agreed performance framework, annual reporting and assurance reporting by Local Government Audit but urges that provisions should allow Local Government to develop the protocols for such a format.

The proposed legislative framework would appear to be transposed from the Welsh experience and promotes a prescribed reporting format policed by Local Government Audit. The Association would like to see a more progressive framework offering best practice advice and help to local Councils which is aimed at developing a performance management culture led by Councillors and officials. Councils would determine their own reporting needs and in doing so this would rebalance the focus away from regulators towards local communities as citizens, service users and taxpayers. This would be similar to the principles established when the Prudential Code was introduced in Northern Ireland. This removed a number of central controls, replacing them with a principle driven regime, requiring local decisions on its application, based on local circumstances.

The Committee will be aware in the 2002 review of the Best Value Bill a similar raft of legislation, involving a panoply of prescribed performance indicators, league table reviews and mechanistic reporting by Audit, was rejected as inappropriate. If anything that argument is stronger in 2013, as the rest of the UK moves away from this approach.

The Association would contend that despite the increase in services and size of the new Councils their remains an overwhelming argument to avoid the worst extremes of the 'performance industry' which sprung up around the Best Value initiative. The new Councils in NI will spend around 5% of the public purse compared to 25% by the typically much larger UK local authorities. The Association would want to ensure that any performance framework will be in proportion to the much smaller range of services and size of the new Councils in NI.

In summary, the arguments against a prescriptive performance framework regime include the following:

- Equity – there is no evidence that there has been any historical need for a rigorous performance regime. On the contrary persistent regional surveys have established high levels of rate payer satisfaction with Council services and we believe annual Auditor reports indicate an increasingly sophisticated approach to governance and management control issues. In addition, Local Government Audit have an existing legal authorisation to carry out special value for money (VFM) audits and in the last 25 years have restricted this arm of their service to a periodic review of 'absenteeism'.
- Costs – the costs of establishing a rigorous regime based on prescribed performance maintenance and reporting, with Councils and Audit both allocating key personnel to deal with what has evolved as a negative audit culture, will displace key resources which could more usefully be ploughed into the service of the New Councils or help ameliorate the District Rate. Additional audit costs alone have been estimated at £1m per annum (source: 2009 PWC report to the Department on re-organisation options).

As stated above the Association recognises the benefits and supports the concept of an agreed performance framework, which focuses on local improvement and adding value. However we would argue that the transposition of prescribed reporting formats and negative mechanistic audit reports are out of time and out of place.

We thank the Committee for the opportunity to present our views and trust that they may receive due attention.



Graham Coulter  
Chair – Association of Local Government Finance Officers