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**Newry, Mourne & Down District Council**  
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**Our Ref: NMDDC-TF**  
**Your Ref:**  
**Date: 19th November 2014**

Minister M Durkan  
DOE Private Office  
8th Floor  
Goodwood House  
44-58 May Street  
Town Parks  
Belfast BT1 4NN

Dear Minister Durkan

In order to assist the Chief Executives and the Chief Finance Officers of the Shadow Councils in discharging their responsibilities under the Local Government Finance Act and to ensure that proper assurance can be provided to Elected Members, the Local Government Chief Executive's Group (LGCEG) recently appointed Deloitte to undertake an independent due diligence assessment and reconciliation of the proposed budget allocations attached to the transfer of functions to Local Government.

I acknowledge your position as the Minister with overall responsibility for the delivery of the Local Government Reform (LGR) programme and would seek your continued support in engaging with your Ministerial colleagues, as appropriate, in ensuring the effective transfer of functions with minimal disruption to future service delivery.

As Chair of the Local Government Chief Executives' Group (LGCEG), I am writing to you to highlight a number of significant outstanding issues and concerns which have emerged from this work and which need to be resolved as a matter of urgency.

For your convenience, I have enclosed a copy of a due diligence exercise undertaken by Local Government and would wish to highlight the following issues and concerns.

## **1. NOTIONAL COSTS**

### **General Allocation**

- It would appear that the methodology adopted by the Department for Finance & Personnel (DFP) in calculating notional costs is based on a "budget neutral" approach rather than the previously agreed principle of the Northern Ireland Executive of a "rates neutral" position.

## Accommodation

- It is currently proposed that a budget of £2,000 per staff member/ per annum would transfer to Councils, which is based on a ratio of 10sqm space per person. Having benchmarked this against the space currently occupied in the existing Divisional Planning Offices, a ratio closer to 15 to 18sqm would be more suitable and I would seek further discussion on this matter.

## **2. DEPARTMENT OF THE ENVIRONMENT (DOE)**

### Planning Portal

- There is currently no budget allocation to transfer to Local Government for the operation and future change control of the Planning Portal, as well as for any potential future capital costs attached to its replacement after 2019.

### Priority Actions

- Whilst it is recognised the Department will oversee the management of the portal until 2019, Local Government would strongly recommend that an appropriate budget, for both the operational and change control costs, be incorporated within the budget allocation. Local Government recognises the need for an appropriate mechanism to be put in place (e.g. Service Level Agreement) to ensure the DOE is fully reimbursed for the costs incurred for the portal up to 2019.
- Local Government would also seek further assurances that an appropriate upfront budget is made available for the capital replacement of the portal and / or a firm commitment from the DOE that it will co-fund any future replacement required after 2019.

### Consultee Costs

- Local Government notes there are notional costs attached to statutory consultee processes estimated at approximately £2.1 Million. As such costs are not currently included in the budget allocation, the assumption is made that such services will be delivered to Local Government free of charge. Local Government would therefore seek assurances that this will be the case.

### Environmental Responsibilities (Habitat Regulation Assessment)

- There is an urgent need for the Habitat Regulation Assessment budget to transfer to be quantified and factored into the budget allocation.

### Local Development Plans

- Local Government would have concerns about the adequacy of the proposed budget allocation per Council in relation to Local Development Plans. I would seek further, more detailed discussions with Senior Officials to identify and agree an appropriate budget.

## Legal Costs

- Local Government would wish to highlight its concerns in respect of the adequacy of the current limited / no budget allocation for potential legal costs (e.g. judicial reviews) incurred as a result of the Planning process. I would again, seek further more detailed discussions with Senior Officials to identify and agree an appropriate budget.

### **3. DEPARTMENT FOR SOCIAL DEVELOPMENT (DSD)**

I note the recent statement of the Minister for Social Development (Mervyn Storey MLA) confirming that the legislation to affect the transfer of a range of powers to the new Councils, will now be in place from the 1 April 2016, as opposed to the 1 April 2015 as had been previously agreed. I would seek your support to ensure all necessary steps are taken to safeguard against any future budget reductions attached to these powers in advance of 1 April 2016.

### **4. DEPARTMENT FOR REGIONAL DEVELOPMENT (DRD)**

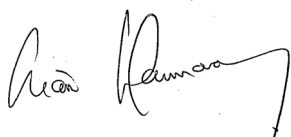
Whilst Local Government welcomes the recent introduction of a maintenance / car park re-surfacing budget, it would have concerns in respect of the adequacy of the proposed budget given the outcome of some recent local condition surveys undertaken by some of the new Councils. I would seek the Minister's support, in liaison with Ministerial colleagues, in ensuring the budget proposed to transfer for this purpose is adequate.

Furthermore, it is understood that the transfer of Donaghadee Harbour will be progressed outside of this report, however Local Government would seek an assurance that an appropriate budget for this transferring asset be included in the overall budget allocation model. I would seek the Minister's support in regard to this matter and in his discussions with Ministerial colleagues.

Although not directly linked to the outworkings of this exercise, further concerns have also been raised in regard to your recent letter of the 29<sup>th</sup> October 2014, where you cast doubt on whether the budget allocation for the transferring functions would be protected in the future. I wish to confirm that Councils were previously advised by your Department that functions transferring would not be financed by a grant from Central Government but instead would be financed from a fixed budget allocation. I would seek assurances that Local Government Reform will not be used as a mechanism for cutting budgets before the functions are transferred.

I trust the above provides you with a summary of the significant issues and concerns that Local Government continues to have in regard to the transfer of functions. I look forward to your reply and would welcome an early meeting with your Senior Officials to discuss the issues set-out in this correspondence.

Yours sincerely



Liam Hannaway  
Chief Executive Designate