

LOCAL GOVERNMENT (MISCELLANEOUS PROVISIONS) (NORTHERN IRELAND) ORDER 2002

S.I. 2002 No. 3149 (N.I. 3)

EXPLANATORY MEMORANDUM

BACKGROUND

2. The main purpose of the Order is to put in place a new methodology for distribution of the resources element of general grant, payable to district councils. The previous statutory formula was complex and frequently resulted in wide variations year-on-year, making effective long-term financial planning difficult for councils. The Order provides a legislative framework and introduces a new methodology which has addressed the complex nature of the previous formula and it provides for regular payments to facilitate good financial planning. In addition, it takes account of relative socio-economic disadvantage between districts, in accordance with New Targeting Social Need (TSN) principles.
3. Options considered included models used in Great Britain (GB) for distribution of grant to local authorities. Variations on the GB models were examined and efforts were made to determine the standard cost of 'core services' across district councils here. It was concluded, however, that reliable figures for standard costs were not attainable.
4. The option selected is a formula designed to measure the wealth of a council against its estimated needs. Wealth is determined by the gross penny rate product of a district council, relative to the Northern Ireland gross penny rate product. Needs are measured by population of a district council, again relative to the total for Northern Ireland. To take account of councils' specific needs, (which have been identified as deprivation; the influx of population; and sparsity), population data have been refined. Adjusted population figures then replace base population data in the calculation. Councils whose needs exceed their wealth are entitled to a share of the grant.
5. This Order is also used to extend the existing powers of district councils to promote the economic development of their areas. It removes the financial limit placed on councils and allows them to engage in a broader range of activities. In addition, provisions are made in the Order to provide powers to district councils to engage (if they so wish) in community safety activity through community safety partnerships.