

**EXPLANATORY MEMORANDUM TO  
THE LOCAL GOVERNMENT COMPANIES (BEST VALUE) ORDER (NORTHERN  
IRELAND) 2006**

**2006 No. 500**

**1.** This Explanatory Memorandum has been prepared by the Department of the Environment (the Department) and is laid before Parliament by Command of Her Majesty.

**2. Description**

2.1 The Order provides that district councils in Northern Ireland may, in exercising certain functions, establish companies or participate in companies as part of their duty of Best Value. That duty, which is contained in the Local Government (Best Value) Act (Northern Ireland) 2002 (the 2002 Act), requires councils to make arrangements for continuous improvement in the way in which their functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

**3. Matters of special interest to the Joint Committee on Statutory Instruments *or* the Select Committee on Statutory Instruments**

3.1 None.

**4. Legislative Background**

4.1 The Order has been made under section 3(2) of the 2002 Act. This is the first use of that power. Section 3(2) enables the Department to make an order conferring on district councils any power which the Department considers is necessary or expedient to permit or facilitate councils to comply with their duty of Best Value. Pending the development of primary legislation giving councils a general power to establish or participate in companies, the Department has made the Order enabling councils to establish, or participate in, companies in exercising certain functions specified in the Order, in order to carry out their duty of Best Value.

**5. Territorial Extent and Application**

5.1 This instrument applies only to Northern Ireland.

**6. European Convention on Human Rights**

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

7.1 The recent Review of Public Administration in Northern Ireland has recommended, among other things, that the number of councils be significantly reduced and that they be given additional powers and functions. The Department is therefore giving priority to the development of primary legislation to facilitate these changes.

7.2 At present, unlike local authorities in the rest of the United Kingdom, councils in Northern Ireland do not have the general power to establish or participate in companies when exercising their functions. It is likely to be some time before the necessary primary legislation can be made and, in the meantime, the Department has used the power available to it in section 3(2) of the 2002 Act to make the Order to enable councils to set up, or participate in, companies in exercising certain specified functions as part of their duty of Best Value.

## **8. Impact**

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

8.2 It is envisaged that there will be a small but positive impact on the public sector as councils' involvement in companies is restricted to certain specified functions and only to enable them to comply with their duty of Best Value.

## **9. Contact**

**Julie Broadway** at the Department of the Environment (Tel: 028 9025 6094 or e-mail: [julie.broadway@doeni.gov.uk](mailto:julie.broadway@doeni.gov.uk)) can answer any queries regarding the instrument.