

**EXPLANATORY MEMORANDUM TO
THE LOCAL GOVERNMENT (GENERAL GRANT) (AMENDMENT)
REGULATIONS (NORTHERN IRELAND) 2007
2007 No. 126**

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

2. Description

2.1 The Regulations-

- apply the Northern Ireland Multiple Deprivation Measure (NIMDM) income domain to community services expenditure, with a 50% weighting to adjust for deprivation and consequently reduce the NIMDM employment domain from 100% to 50%, with effect from 1st April 2007; and
- remove the domestic net annual values (NAV) from the economic development expenditure and increase the NIMDM employment domain from 50% to 100%, with effect from 1 April 2007, as a further adjustment for deprivation.

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

3.1 None.

4. Legislative Background

4.1 The Local Government (General Grant) Regulations (Northern Ireland) 2003 (the 2003 Regulations) (S.R. 2003 No. 58) replaced the existing statutory formula for the calculation of the resources element of general grant payable by the DOE to district councils. The formula measures the wealth of a council against its estimated needs. Where a council's wealth base is greater than its estimated needs it does not qualify for any grant; if the wealth base is lower than a council's needs it is eligible for a share of the grant, in proportion to the total shortfall.

4.2 The Regulations are made using powers in the Local Government (Miscellaneous Provisions) (Northern Ireland) Order 2002 (the 2002 Order) (S.I. 2002/3149 (N.I. 3)).

4.3 The 2003 Regulations have been amended by The Local Government (General Grant) (Amendment) Regulations (Northern Ireland) 2005 (2005 Regulations) (S.R. 2005 No. 101) and The Local Government (General Grant) (Amendment) Regulations (Northern Ireland) 2006 (2006 Regulations) (S.R. 2006 No. 39).

5. **Extent**

5.1 The Regulations apply to Northern Ireland only.

6. **European Convention on Human Rights**

6.1 As the Regulations are subject to negative resolution procedure and do not amend primary legislation, no statement is required.

7. **Policy Background**

7.1 An extensive review of the formula used in calculating the general grant payable to district councils was completed in December 2002. The outcome of this review was given effect through the 2002 Order and the 2003 Regulations.

7.2 The DOE continually reviews the information used in the statutory formula and considers the relevance of new data when they become available. The 2003 Regulations provided for the data in the statutory formula to be updated on a tri-annual basis, to allow better financial planning by district councils. However, the implementation of the review of rating policy had a direct impact on some of the key data used in the formula, with the result that the data must be updated on an annual basis. This was achieved by the 2005 Regulations. The 2006 Regulations allowed the latest version of the Northern Ireland Multiple Deprivation Measure (NIMDM) published by the Department of Finance and Personnel in May 2005 to be included in the statutory formula.

7.3 It is DOE policy to carry out a formal review of the formula on a regular basis. The changes contained in these Regulations are the outcome of a recent review undertaken by the General Grant (Statutory Formula) Working Group and completed in December 2006. A copy of their report can be found on the DOE website - <http://www.doeni.gov.uk/ggsfwg-2.pdf>.

7.4 The DOE has consulted all district councils in Northern Ireland and such other interested bodies or persons it considers appropriate. All respondents were content with the Regulations.

8. **Impact**

8.1 A Regulatory Impact Assessment has not been prepared for these Regulations, as they will not impact on business, charity or voluntary sector.

8.2 The Regulations affect district councils and a government department – the DOE.

9. **Contact**

- 9.1 Marie Finnegan at the DOE Tel: 028 9025 6079 or e-mail: marie.finnegan@doeni.gov.uk, can answer any queries about these Regulations.