

ANNEX A

POSSIBLE FINANCIAL ARRANGEMENTS FOR LOCAL ADMINISTRATION

Introduction

1 We assume a body (whether or not legislative) enjoying authority over wide areas eg "industry", "agriculture", rather than a local authority-type body, which would have specific statutory powers. We also assume that the existing financial system would be adapted to minimum extent possible to create a coherent system.

Funding

2 Funding would be on the same basis as at present (ie attributed taxation, grant-in-aid, rates etc).

Block Arrangements

3 It would remain the Secretary of State's duty to secure resources for Northern Ireland from Central Government, both for his continuing responsibilities and those of the new administration. The comparability formula would continue. The Secretary of State would decide on the allocation of resources between the two sets of responsibilities. If either the Secretary of State or the local administration's responsibilities required additional resources during the year, transfers between the two areas might be made. Alternatively there might be a bid in the Reserve. There would need to be a close collaborative relationship between the Secretary of State and the local administration in this area.

Discretion

4 Within its own area of responsibility the local administration would have a very wide measure of discretion to allocate its resources in line with its view of Northern Ireland's needs. The principal exceptions to this are that:

(a) the local administration would be constrained by UK commitments to the European Community;

(b) the Treasury would, as a condition of financial support, wish to continue to be assured that the local administration used its resources with due regard for value for money. (This, of course, is likely to be an interest which any local administration would share);

(c) transfers of resources could not be made in certain areas (eg from Social Security to other areas); but additional funding for social security would not be a call on the Block.

Rates

5 The local administration would be free to vary the regional rate; but Central Government finance would assume a given level of rate income. If the local administration enjoyed legislative powers it would be able to change the rating system.

Auditors

6 The Comptroller and Auditor General for Northern Ireland would continue to examine the propriety and regularity of expenditure, and the efficiency and effectiveness of the local administration. He might report to a committee set up under the local administration.

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