

Minutes of Special Meeting of Mid Ulster District Council held on Thursday 12 February 2015 in the Council Offices, Circular Road, Dungannon

Members Present: Councillor Mallaghan, Chair (Presiding Councillor)

Councillors Ashton, Bell, Buchanan, Burton, Clarke, Cuddy, Cuthbertson, Dillon, Elattar, Forde, Gildernew, Gillespie, Glasgow, Kearney, McAleer, McEldowney, McFlynn, McGinley, B McGuigan, S McGuigan, McKinney, McLean, McNamee, McPeake, Molloy, Monteith, Mullen, Mulligan, C O'Neill, J O'Neill, T Quinn, M Quinn, Reid, Robinson, G Shiels, J Shiels, Totten and Wilson

Officers in Attendance: Mr A Tohill, Chief Executive
Mrs Campbell, Director of Policy & Development (MDC)
Mrs Canavan, Lead HR Officer
Mr Cassells, Director of Operations (MDC)
Mr Kelso, Director of Environment Health and Building Control (CDC)
Mr McCreesh, Acting Chief Executive (CDC)
Mrs Mezza, Marketing Communications Manager
Mr Moffett, Change Management Officer
Mr O'Hagan, ICT Manager
Mr JJ Tohill, Lead Finance Officer
Mrs Smith, Council Business Manager (D&STBC)

The meeting commenced at 7 pm.

SC1/15 Apologies

Councillor Bateson

SC2/15 Declarations of Interest

The Chair reminded members of their responsibility with regard to declarations of interest.

Matters for Decision

Councillor Mullen arrived at 7.05 pm

SC3/15 Estimates of income and expenditure for the financial year commencing 1 April 2015

The Chair, Councillor Mallaghan, stated that at this special meeting of the Council, we will make what is arguably the single most significant decision which a Council

takes every year. He said the rate we set impacts directly on the pockets of our ratepayers and there is not one of us here tonight who wants to do anything except minimise that impact, while still ensuring we can deliver quality services that meet the needs of, and are accessible to, local people right across our district.

He added, this is always a complex process, however, the situation we face in striking a rate for 2015-2016 is unprecedented in the last 40 years of local government. Challenges have arisen, not just as a result of reform, but due to the wider political, economic and social context in which that reform is taking place.

We have been merging the diverse budgets of 3 distinct organisations, a challenge in itself as we work to ensure that Mid Ulster District Council maintains the services and facilities which each of the predecessor councils have developed and delivered across 4 decades.

I pay tribute to the elected members, past and present, and to the staff, for their dedication to serving their areas in that time. Mid Ulster Council will seek to do likewise in the years ahead.

He said, in this new era, as well as assuming responsibility for existing councils' services, we must also manage the additional pressures of trying to bring clarity to the budgets of those services transferring from central government. We have chosen also to absorb the impact of the cuts which have been imposed regionally in the interests of maintaining high quality service delivery. This is in addition to building in the normal external factors beyond our control, such as inflation, employers' costs and superannuation, which have a negative budgetary effect.

While Mid Ulster perhaps faces greater financial pressures than have previously been experienced, we do not wish to stand still and we are determined to contribute to the growth of our district for the benefit of our residents and businesses.

Our budget will, therefore, reflect that goal, with additional resources dedicated to ensuring we can:

- build on existing economic development and regeneration activity
- continue to support and deliver development initiatives in rural areas
- continue to tap into the very real tourism potential of Mid Ulster, optimising our tourism product, investing in it and enhancing it with internationally-significant projects like the Heaney Centre in Bellaghy and the on-going development of our links with the O'Neill's.

Councillor Mallaghan stated that he had given a snapshot of the current position, because it is against this backdrop that Councillors, and staff, have been working in the last number of months to develop a clear picture of the financial position of Mid Ulster District Council and to create a robust budget for 2015-2016.

The Chair, Councillor Mallaghan invited the Lead Finance Officer to take the meeting through the budget and the implications for the district rate.

The Lead Finance Officer stated that there were a number of things that the Council was statutorily obliged to do, ie to consider and approve estimates of income and expenditure for the financial year commencing 1 April 2015, to authorise the expenditure included in the estimates and to fix for the financial year commencing 1 April 2015 the amount to be raised by means of rates and strike the domestic and non-domestic rate for 2015/16.

He stated that he would present the rates estimates in the format previously presented and shared, following which the Council will hopefully reach an agreed decision. The presentation focused on;

- Table 1 - Opening Position – the net amount to be raised in aggregate by the three legacy councils in 2014/15 - £26,745,450
- Table 2 - Additional Costs - totalling £3,877,350 made up of costs categorised as follows:
 - Local Government Reform £1,452,100
 - Inflationary increases £688,500
 - Regional Government Impacts £550,500
 - Resource pressures £510,000
 - Development initiatives £407,750
 - Pension costs £171,500
 - Waste Management £97,000
- Table 3 - Rates Impact due to additional costs - Non Domestic district rate of 22.5992 and domestic district rate of 0.3002
- Tables 4 and 5 gave comparison with the existing legacy councils' 2014-15 domestic and non-domestic rate poundage after convergence relief and assuming a regional rate increase of 1.4%.

The Lead Finance Officer stated that as part of consideration of the rates estimates the Council was also obliged to agree a policy on Minimum Revenue Provision (MRP) and, in presenting the proposed rate estimates, the officers have assumed that Council will agree to the officers' recommended MRP policy. A MRP has therefore been included in the calculation of the estimates. The Officer explained the concept of MRP and recommended that the Council agree the suggested MRP policy which provided as follows:

- Capital expenditure would generally be funded by a MRP included in the rate estimates in the financial year following the expenditure being incurred;
- Capital expenditure would be defined in accordance with the Council's accounting policy in relation to same and would include expenditure deemed to be capital in accordance with the provisions of Section 19 of the Local Government Finance Act (Northern Ireland) 2011 and Regulation 12 of the Local Government (Capital Finance and Accounting) Regulations 2011 (and/or any subsequent relevant legislative provision);
- Capital expenditure would also include expenditure for which Council had received a capitalisation direction from the Department;

- In an exception to the general principle of funding capital expenditure in the financial year following the expenditure being incurred, Council would fund capital deemed to be capital by Regulation 12 of the Local Government (Capital Finance and Accounting) Regulations 2011 and that which was the subject of a capitalisation directive from the Department in the year in which the expenditure was actually incurred;
- MRP would be calculated on bases deemed appropriate to the asset, such bases to normally be based on the officers' estimation of the relevant assets' useful economic lives (or such bases as might be determined by the Department);
- The officers' present estimation of asset useful lives is as follows:
 - Land and Buildings – 25 years
 - Vehicles – 8 years
 - ICT – 5 years
 - Assets under construction – not applicable

The Lead Finance Officer recommended the acceptance of the proposed MRP policy, the acceptance of the estimates as presented, the authorisation of the expenditure and the striking of the rate as detailed.

The Chair, Councillor Mallaghan, stated that Council would deal with the recommendation with regard to MRP first.

Councillor McLean asked why recommendation is to go with 8 years for vehicles when, in his opinion, a 6 year useful life would be adequate.

The Lead Finance Officer stated that relevant officers from the 3 councils had considered the state of the motor fleet and have proposed a replacement cycle of 8 years for vehicles. The Officer stated that he fully accepted that this may be a long life span but, in the context of the Council's overall capital programme, it was unlikely that reducing the estimated useful life to 6 years from 8 years would make a material difference to the calculation of an appropriate MRP.

Proposed by Councillor S McGuigan
Seconded by Councillor Cuddy and

Resolved That the Council agree the recommended MRP Policy.

Councillor McPeake congratulated staff and in particular the Lead Finance Officer in bringing figures together which had been a daunting task with 3 merging councils and the number of unknowns. He welcomed the proposals, noted RPA pressures which amounted to £1.45m for the luxury of councils coming together, a robust figure had been included for economic development which is important and commented that losses to Council in relation to the imposed cut in the DoE Rate Support Grant are due to no fault of Mid Ulster District Council. The Member stated he was broadly happy with the figures but the proposed additional financial contribution for regional and minority languages had reduced from an earlier workshop and with deaf and sign language now falling within this heading he indicated that the figure of £25k as presented in the presentation was light and suggested that it should revert back to the previous figure of £50k.

Proposed by Councillor McPeake

That figure included for regional and minority languages should be £50k.

Councillor McGuigan seconded the proposal.

Councillor McGinley agreed with the comments made by Councillor McPeake and asked what was included in estimates for the new power, the General power of Competence.

The Chief Executive stated that as the budgetary position currently stands there is no provision included for Council to spend monies on the Council's general power of competence. He indicated that budgets for 2015-16 were broadly set with existing budgetary arrangements so no provision was made for utilising that new power in 2015-16.

Councillor McGinley stated that as this is a new function it was important that provision is made, following which the Member proposed that a budget figure of £100k should be included in the estimates.

Councillor Dillon seconded the proposal to include £100k in the estimates for general power of competency.

Councillor McLean disagreed with Councillor McPeake on provision for regional and minority languages, he stated that he had no problem with sign language but had an issue with Irish Language and Ulster Scots. The Member indicated that the addition of the proposed amount would not make a significant difference to the overall budget but stated that Council should be looking at all areas for savings. In relation to the general power of competence the Member stated the Council currently has enough on its plate with the merger of the three Councils following which he proposed that it should not now be included in estimates as outlined in above proposals.

Councillor Cuthbertson seconded Councillor McLean's proposal.

Councillor Cuddy stated that the 3 legacy councils had good results in relation to striking rates and it was sad to see where we are with budgets tonight. The Council has agreed a new facility in Bellaghy at a cost of £4,100k to build, along with running costs over the next 10 years and RPA was promoted as being cost neutral to local ratepayers due to economics of scale, but that seems to have been lost.

Proposed by Councillor Cuddy that the increase in the rate from 2014/-15 be kept as close as possible to the rate of inflation.

Councillor Monteith stated that he was first elected in 2001 when RPA was being discussed on the basis that change would be rates neutral to new councils. He said figures presented have confirmed the fears held by all Councils who said it could not be done. Councils were not listened to by central government who should now be hanging their heads in shame. The Member noted that RPA would now cost Mid

Ulster District Council approximately £1.45m with ratepayers still getting the same service but being asked to pay more.

The Chair, Councillor Mallaghan, stated that he would take the two proposals together on the inclusion within estimates an additional £25k for regional and minority languages and £100k for the general power of competence.

The proposal was put to the meeting 23 (twenty three) Members voted in favour and 15 (fifteen) Members voted against.

Councillor Wilson stated that the accepted proposal included £125k on the estimates and asked for a true reflection on what this would put onto the rates.

The Chair, Councillor Mallaghan, agreed to adjourn the meeting for 10 minutes to allow the Lead Finance Officer to update figures.

The meeting adjourned at 7.45 pm

The meeting resumed at 8.03 pm

The Lead Finance Officer advised of the result of the alterations made:

- £100k added to local government reform and £25k added to development initiatives leaving a Non-domestic rate 22.6822 and district rate 0.3013

Proposed by Councillor Cuddy
Seconded by Councillor Wilson

That the rate should have only increased from 2014-15 in line with inflation.

The Chief Executive stated that as Members were aware the Lead Finance Officer for Mid Ulster District Council had presented the estimates. He, however, was the Council's Chief Financial Officer which brought a legislative responsibility to report to the Council on the robustness of the estimates. He further advised that the Council should have regard to his comments in this regard.

The Chief Executive advised that he was satisfied that the rate estimates have been completed and comprehensively reviewed and are sufficiently robust to be recommended to Council for adoption. He also advised that the officers had spent the last number of months trying to get the proposed rate as close to a rate which increased by no more than inflation as possible, in other words, doing exactly what Councillor Cuddy's proposal requests.

Councillor Cuddy stated the proposed estimates included a lot of discretionary costs and the adopted proposal has just included an additional £125k to the overall total of additional costs. He said that, in this first year of transition the Council should not include costs that we can do without. He acknowledged that the Officers had worked hard preparing proposed estimates but it was the Council that directs what the rate should be.

The Chair stated that given the advice of the Chief Executive in relation to officers trying to get the rate increase as “close to inflation as possible” he would not be accepting Councillor Cuddy’s proposal but indicated that he would be prepared to accept a more specific proposal.

Councillor Cuddy stated that Stormont, which is in serious financial problems, has managed to keep the regional rate increase at 1.4 per cent in line with inflation and yet proposed estimates tonight show proposed rate increases of 8.4/ 8.5 per cent.

Councillor McLean stated that he would like to keep rates as low as possible and always endeavoured to do that. He stated he did have a problem with an increase of 1.4 per cent being practically impossible to achieve in the current climate given the pressures facing Council and taking on board the Chief Executive’s advice. The Member further stated that he and his party colleagues did have concerns in relation to the discretionary expenditure that had been previously tabled and factored in to the proposed estimates and the further increase added tonight. He stated that based on his previous consultation with the Lead Finance Officer he still maintained that a substantial amount could come out of the proposed estimates and thereby achieve a reduction in the proposed rate increase of between 0.5 and 1.5 per cent. He added that he was conscious that the unionist grouping was a minority grouping and to make a counter proposal was a waste of time but he was unhappy with the adoption of the previous proposal and there were discretionary costs built into the proposed expenditure that they were objecting to.

Councillor McPeake stated that figures presented are far from ideal but we are in a place that we do not have full control over and amalgamation, which was to be cost neutral, is costing us money. He added that Council has to accept its leadership position and advocated the budget as outlined with the couple of minor amendments previously adopted.

The Chair, Councillor Mallaghan, stated that everyone has listened to the presentation, to the answers given to the questions posed and there had been some useful discussion to ensure that Members all understand the current financial position. In the circumstances, he believed that the Council has achieved a fine balance between our commitment to minimising the rate burden and ensuring that we are well placed to begin delivery and, crucially, development of services for the new Mid Ulster District and proposed that the revised expenditure, etc. be authorised and the revised rate be struck.

Proposed by Councillor McLean
Seconded by Councillor Cuthbertson

That estimates should be reduced to effect a 1 per cent reduction in the increase in the amount calculated to be paid by ratepayers by removing discretionary items, including the introduction of the living wage from 1 April 2015 and the additional expenditure added in to the proposed expenditure tonight.

The Lead Finance Officer stated that to generate a 1 per cent saving on the amount calculated to be paid by ratepayers would require a reduction in net expenditure of approximately £800k.

The Chief Executive stated that in his position as Chief Financial Officer and the magnitude of such a reduction he could not recommend to the Council that the rates estimates would then be sufficiently robust for Council to deliver its intended services and remain within budget.

The proposal was put to the meeting 15 (fifteen) Members voted in favour and 24 (twenty-four) Members voted against.

The Chair declared the proposal not carried.

The Lead Finance Officer referred to a document circulated with papers which analysed the proposed 2015-16 income and expenditure budget between the various directorates. He explained that, given that this was the Council's first year of budgeting, this analysis was the best that could be delivered in terms of enabling the Members to consider the estimates of income and expenditure as required by legislation. He further asked that, given the special circumstances, authority be given to the Chief Executive so that, throughout the year as services and structures are developed, he may without referral to Council, make whatever budgetary virement he deems necessary between the directorates and services.

Proposed by Councillor Mallaghan
Seconded by Councillor McGinley

To:

- approve the estimates of income and expenditure, as presented and subject to the foregoing amendments, for the financial year commencing 1 April 2015 but note that the Chief Executive is authorised to vire budgetary amounts between directorates and services, if necessary, without referral to Council
- authorise the expenditure included in the estimates as presented and subject to the foregoing amendments, and
- strike the domestic and non-domestic rate for 2015/16 in the amount of 0.3013 and 22.6822 respectively.

Councillor Reid requested a recorded vote.

The proposal was put to the meeting 24 (twenty-four) Members voted in favour and 15 (fifteen) Members voted against.

Those in favour: Councillors Bell, Clarke, Dillon, Elattar, Gildernew, Gillespie, Kearney, McAleer, McEldowney, McFlynn, McGinley, B McGuigan, S McGuigan, McNamee, McPeake, Mallaghan, Molloy, Monteith, Mullen, M Quinn, T Quinn, C O'Neill, J O'Neill and Totten

Those against: Councillors Ashton, Buchanan, Burton, Cuddy, Cuthbertson, Forde, Glasgow, McKinney, McLean, Mulligan, Reid, Robinson, G Shiels, J Shiels and Wilson

The Chair declared the proposal carried.

SC4/15 Duration of Meeting

The meeting was called for 7 pm and ended at 8.25 pm.

CHAIR _____

DATE _____