



11 February 2019

Dear Councillor

You are invited to attend a meeting of the Special Council to be held in The Chamber, Dungannon at Mid Ulster District Council, Council Offices, Circular Road, DUNGANNON, BT71 6DT on Monday, 11 February 2019 at 19:00 to transact the business noted below.

Yours faithfully

Anthony Tohill
Chief Executive

AGENDA

OPEN BUSINESS

1. Apologies
2. Declarations of Interest
3. Chair's Business

Matters for Decision

- | | |
|--|---------|
| 4. A Minimum Revenue Provision (MRP) Policy | 3 - 4 |
| 5. Robustness of the Estimates | 5 - 10 |
| 6. Adequacy of Council's Reserves | 11 - 14 |
| 7. Estimates of Income and Expenditure for the Financial Year beginning 1 April 2019 | 15 - 40 |
| 8. Approval of Rates Estimates for 2019-2020 | |
| (i) Authorisation of the expenditure included in the estimates; | |
| (ii) Fixing for the financial year beginning 1 April 2019 the amount to be raised by means of rates and striking the domestic and non-domestic rate for 2019-2020. | |

Matters for Information

Items restricted in accordance with Section 42, Part 1 of Schedule 6 of the Local Government Act (NI) 2014. The public will be asked to withdraw from the meeting at this point.

Matters for Decision

Matters for Information

Report on	Minimum Revenue Provision Policy
Date of Meeting	11 February 2019
Reporting Officer	Director of Finance
Contact Officer	JJ Tohill

Is this report restricted for confidential business? If 'Yes', confirm below the exempt information category relied upon	Yes	
	No	X

1.0	Purpose of Report
1.1	To provide Members with an update in relation to Council's 2019/20 Minimum Revenue Provision Policy.
2.0	Background
2.1	Members will recall that Council considered and adopted a Minimum Revenue Provision (MRP) Policy as part of the process of striking its Rate for the financial year 2018/19.
2.2	This report is prepared to facilitate Council's duty under Regulation 6 of the Local Government (Capital Accounting and Finance) Regulations (Northern Ireland) 2011 which states: "During the financial year beginning on 1st April 2012 and every subsequent financial year, a council shall determine for the current financial year an amount of minimum revenue provision which it considers to be prudent and— (a) shall charge to the general fund that minimum revenue provision for that financial year; and (b) may charge to the general fund any amount in addition to that minimum revenue provision, in respect of the financing of capital expenditure incurred by the council in that year or in any financial year prior to that year."
3.0	Main Report
3.1	Council previously adopted a MRP policy in 2018/19 which confirmed the basis of calculating MRP for inclusion in the Rate estimates.
3.2	

3.3	<p>Prior to striking the 2016/17 Rate, the officers, having reflected on the adequacy and appropriateness of its original (2015/16) policy which specifically calculated the estimated useful lives of relevant asset categories, e.g.</p> <ul style="list-style-type: none"> • Land and buildings – 25 years • Vehicles – 8 years • ICT – 5 years • Assets under construction – not applicable, <p>considered that the policy should also allow Council to match its MRP with associated loan principal repayment schedules where it is deemed appropriate.</p>
3.4	<p>Council accepted the officers' recommendation to amend the 2015/16 MRP Policy prior to striking the 2016/17 Rate. This amended MRP Policy was confirmed by Council prior to striking the 2017/18 and 2018/19 Rate.</p>
3.5	<p>The officers, being satisfied that the existing (2018/19) MRP policy is sufficient to enable Council to fund its capital programme on a consistent and prudent basis, therefore recommend that the 2018/19 MRP Policy is retained for 2019/20.</p> <p>The draft proposed Rate estimates have been prepared on the basis of this recommendation.</p>
4.0	Other Considerations
4.1	Financial, Human Resources & Risk Implications
	Financial: See above
	Human: N/A
	Risk Management: N/A
4.2	Screening & Impact Assessments
	Equality & Good Relations Implications: N/A
	Rural Needs Implications: N/A
5.0	Recommendation(s)
5.1	That Council retains the 2018/19 MRP Policy as discussed above.
6.0	Documents Attached & References
6.1	N/A

Report on	Robustness of Rate Estimates 2019/20
Date of Meeting	11 February 2019
Reporting Officer	Chief Financial Officer (Chief Executive)
Contact Officer	JJ Tohill

Is this report restricted for confidential business? If 'Yes', confirm below the exempt information category relied upon	Yes	
	No	X

1.0	Purpose of Report
1.1	To provide Members with an update in relation to the robustness of the 2019/20 Rate estimates.
2.0	Background
2.1	This report is prepared to facilitate Council's duty under Section 4 of the Local Government Finance Act (Northern Ireland) 2011 which states:
2.2	<p>"4—(1) The chief financial officer of a council shall submit to the council a report on the robustness of the estimates.</p> <p>(2) A council shall have regard to that report when considering the estimates under section 3(2)(a).</p> <p>(3) In this section "the estimates" means the estimates submitted to the council under section 3(1).</p>
3.0	Main Report
3.1	The 2019/20 Rate estimates have been prepared, in so far as practicable, on a zero-base basis using the 2018/19 budgets as a baseline. This means that every proposed budget movement from the 2018/19 budget has been fully discussed with the relevant director and, where appropriate, individual budget holder.
3.2	Although this is not a complete zero-based budget build, the Senior Management Team feel that the work done in recent years has resulted in the 2018/19 budgets being a reasonable baseline from which to incrementally build the 2019/20 Rate estimates.

3.3	The amounts included within the Rate estimates have regard to the officers' best estimates of known financial pressures and the resource requirements of continuing to deliver Council services in 2019/20.
3.4	As previously discussed with Members, both in Committee and in separate meetings between Members and the Chief Executive and/or the Director of Finance, the proposed Rate estimates have not yet sought to use the Council's recent Rate Support Grant (RSG) Judicial Review success at Court of Appeal to suppress the proposed Rate increase.
3.5	In addition, Members will be aware that the officers, although not including an additional contribution to Council's Minimum Revenue Provision (MRP) included within its 2018/19 baseline are recommending that the £5.8m windfall received re RSG from 2015/16 to 2018/19 will largely compensate for the absence of the additional contribution (normally £550,000) in 2019/20.
3.6	Members will also be aware that the Rate estimates continue to include, as discussed, approximately £1m, which was previously used to service the loan (now repaid) used to fund the initial costs of local government reform. The officers continue to recommend that this amount is protected as it provides Council with the ability to deliver upon its responsibilities under the anticipated Growth Deal and will assist in the meantime with funding capital projects without drawing down loans. This funding could also be applied by Council to lever significant third-party investment into the Council district for major infrastructural or other investment such as roads, rail or broadband.
	<u>Funding of capital expenditure</u>
3.7	As stated above, the Rate estimates make very limited express provision for the funding of capital projects beyond those to which Council is already committed.
3.8	Typically, capital projects are funded via Council making a minimum revenue provision (MRP) which seeks to fund the cost of borrowing (or replenishing cash reserves used in lieu of borrowing) over a period equivalent to the estimated life of the capital asset being funded. The MRP is calculated in accordance with the MRP policy adopted by Council (see separate report considered earlier in this meeting).
3.9	The Rate estimates presently recommended to Council would result in Council striking a district domestic Rate which will be 2.89% higher than the 2018/19 district domestic Rate.
	The recommended Rate continues to include £1m (£500k 2017/18 plus £500k 2018/19) which will be required to fund vehicle and equipment additions as well as capital projects.
3.10	At the time of writing this report, the Policy and Resources Committee had yet to consider the potential for Council to include in its Rate estimates an amount to be applied for the funding of the NI Air Ambulance. This matter was initially considered at the Council's meeting on 24 January 2019 and the amount under discussion at that time was £181,818. The Council deferred discussion of this

matter to allow consideration by the Policy and Resources Committee at its meeting on Thursday, 7 February 2019. If Council were to add an additional £181,818 to its Rate estimates, this would result in the proposed increase in district Rate increasing by 0.45% to 3.34% (from 2.89%).

- 3.11 Members will, however, recall that discussion subsequent to Council's success at Court of Appeal in respect of its RSG Judicial Review, noted that Council might be minded to apply some of the additional RSG that is likely to be received in 2019/20 as a consequence of the appeal to suppress the 2019/20 Rate increase in the knowledge that it should fund any amount suppressed in the following year's (2020/21's) Rate estimates.
- 3.12 On the assumption that Council can continue to access borrowing at competitive rates (currently approximately 3% fixed for 25 years) and interest rates increase to an average of (say) 4% over the life of the capital programme, Council's borrowing costs can be estimated to be approximately £60,000 per annum per million pounds borrowed. Consequently, the proposed £1,000,000 per annum capital budget would finance approximately £16m of capital expenditure.
- 3.13 The above calculation obviously assumes that all the assets would have an estimated useful life of 25 years, which vehicles and equipment do not, of course. This draws attention to the fact that the £1m will fund loans of less than £16m due to the need to also repay loans associated with vehicles and equipment over 7 years as opposed to 25 years.

Cash position

- 3.14 Council's cash position is good. This has resulted from a combination of sound revenue and capital budgetary management and the fact that Council has benefited from positive Rate finalisations in recent years and the recent RSG windfall. However, Members should note that the windfalls are all non-recurrent in nature.
- 3.15 The officers recommend that Council continue to apply its cash balance as follows:
1. Maintain an appropriate level of cash reserves – the officers will present a further report in relation to Treasury Management and Cash Reserves to a future Policy and Resources Committee meeting; and
 2. To be a source of internal borrowing for capital projects

Uncertainties

- 3.16 As in all budget estimate processes, senior officers have utilised their professional judgment where appropriate and had regard to market forces in so far as it has been practicable to do so.
- 3.17 The estimation of future financial requirements has also had regard to the projected financial outturn in 2018/19 and the desire to utilise reserves generated in prior financial years, where possible, to deliver outcomes in the District as agreed with Council.

<p>3.18</p> <p>3.19</p> <p>3.20</p>	<p>Members should note that the proposed estimates have been prepared on the basis of assumptions and information provided to Council by third parties such as the Department for Communities (DfC) and Land and Property Services (for example Estimated Penny Product (EPP)) previously notified to the Policy and Resources Committee.</p> <p>Members will be aware that, as an unprotected grant, the DfC could significantly reduce the total amount for distribution between eligible councils. However, the absence of an Assembly makes it unlikely that any cut in 2019/20 will be significant.</p> <p>Members will also be aware that the consequences of BREXIT remain a significant uncertainty.</p> <p><u>Conclusion</u></p> <p>Subject to the uncertainties surrounding what the DfC may do in relation to the total amount of RSG available for distribution between eligible councils and BREXIT, and on the assumption that Council does strike a Rate which will</p> <ul style="list-style-type: none"> • Retain the £1m previously used to service debt associated with the reform of local government and • Does not seek to apply the probable benefit in 2019/20 of the Council's recent RSG Judicial Review success at Court of Appeal to subsidise Rate pressures <p>the officers are satisfied that the proposed Rate estimates are sufficiently robust to enable Council to deliver its services in 2019/20.</p>
<p>4.0</p>	<p>Other Considerations</p>
<p>4.1</p>	<p>Financial, Human Resources & Risk Implications</p>
	<p>Financial: See above</p>
	<p>Human: N/A</p>
	<p>Risk Management: N/A</p>
<p>4.2</p>	<p>Screening & Impact Assessments</p>
	<p>Equality & Good Relations Implications: N/A</p>
	<p>Rural Needs Implications: N/A</p>

5.0	Recommendation(s)
5.1	That Members have regard to the Chief Financial Officer's comments in relation to the robustness of the estimates when considering the estimates.
6.0	Documents Attached & References
6.1	N/A

Report on	Adequacy of Reserves
Date of Meeting	11 February 2019
Reporting Officer	Chief Financial Officer (Chief Executive)
Contact Officer	JJ Tohill

Is this report restricted for confidential business? If 'Yes', confirm below the exempt information category relied upon	Yes	
	No	X

1.0	Purpose of Report
1.1	To provide Members with an update in relation to the adequacy of Council's projected reserves for 2019/20.
2.0	Background
2.1	<p>This report is prepared to facilitate Council's duty under Section 6 of the Local Government Finance Act (Northern Ireland) 2011 which states:</p> <p>“6—(1) Regulations may make provision requiring a council to maintain financial reserves in accordance with the regulations.</p> <p>(2) The chief financial officer of a council shall submit to the council a report on the adequacy of any proposed financial reserves for a financial year.</p> <p>(3) A council shall have regard to that report when considering the estimates for that year under section 3(2)(a).”</p>
3.0	Main Report
3.1	Although previous Department of Environment (now superseded by Department for Communities) guidance issued in December 2009 specified that district councils should hold a District Fund balance which equates to a minimum of 5% of the council's net operating expenditure, this guidance has now been superseded by guidance which no longer specifies a minimum level of reserves.
3.2	Although the 2018/19 financial outturn is not yet known, the officers estimate that when the financial commitments that the 2018/19 Rate income was intended to fund are accounted for, Council's usable reserves will be uplifted by approximately £2.5 million. The anticipated increase in usable reserves is explained by:

	<ul style="list-style-type: none"> • £1 million, which previously serviced the loan used to fund local government reform that Council retained within its 2018/19 Rate estimates with the intention of using to lever investment in large capital projects such as Dungannon bypass, etc and more recently fund Council's anticipated commitment under a future Growth Deal; • £1m (being 2 x £500k) to fund capital projects by way of MRP; and • £500k being to ensure that reserves are cash backed. 						
3.3	Members will note that, as previously reported, these aggregate amounts have now superseded individual amounts previously included within Rate estimates to fund structural reform, potential future expenditure incurred under Council's general power of competency, and absorption of functions transferred from central government.						
3.4	If the original departmental guidance (see above) continued to be extant, i.e. Council's reserves should equate to a minimum of 5% of its 2019/20 net operating expenditure, it would appear that Council is on track to deliver the formerly recommended 'best practice' minimum reserves.						
3.5	Unfortunately, however, as the officers have previously explained the requirement to hold usable reserves which equates to any percentage of net operating expenditure is fundamentally flawed. This is because usable reserves are not necessarily cash reserves.						
3.6	The officers note that traditional financial district council funding models suggested that a council should aim to hold a cash reserve which equates to 1/12 of its net operating expenditure. This was to ensure that a council could fund a month's expenditure in the event that it did not receive its Rate income for some reason.						
3.7	In the case of this Council, 1/12 of net operating expenditure is approximately £3.75 million (being approximately £45 million divided by 12).						
3.8	At the end of December 2018, Council had a reconciled cash balance of £13.8m, due in part to the £5.8m windfall secured on foot of the recent RSG Judicial Review success of Court of Appeal. As such, Council is currently satisfying the above 'criterion'. Council also benefits from the 'safety net' of an overdraft facility which it has not needed to avail of to date.						
3.9	Going forward, Council will have to fund landfill closure costs from cash reserves (i.e. the Department will not permit the Council to draw down a loan to fund such projects). The current estimate (on a discounted cash flow basis) of this specific cash requirement is £5,199,824 (at 31 March 2018).						
3.10	Consequently, Council should hold a minimum uncommitted cash balance of:						
	<table> <tr> <td>Working capital (1/12 net operating expenditure)</td> <td style="text-align: right;">3,750,000</td> </tr> <tr> <td>Cash reserve to fund landfill site closures</td> <td style="text-align: right;"><u>5,199,824</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">8,949,824</td> </tr> </table>	Working capital (1/12 net operating expenditure)	3,750,000	Cash reserve to fund landfill site closures	<u>5,199,824</u>	Total	8,949,824
Working capital (1/12 net operating expenditure)	3,750,000						
Cash reserve to fund landfill site closures	<u>5,199,824</u>						
Total	8,949,824						

3.11	As Council will be required to finance other reserves (including a capital fund) in the amount of approximately £5 million, this means that Council should be currently holding approximately £13.9 million. Consequently, Council's cash reserves would appear to be now appropriate to its potential commitments.
3.12	As previously explained to Members, Council's Treasury Management Advisers, Arlingclose are presently in discussion with the officers about how Council should now utilise its cash reserves. The officers will bring a report on Treasury Management and Cash Reserves to a future meeting of the Policy and Resources Committee for consideration.
3.13	In the meantime, the officers are, subject to the uncertainties noted in the 'Robustness of the Estimates' report to Committee, of the opinion that Council's reserves are adequate.
4.0	Other Considerations
4.1	Financial, Human Resources & Risk Implications
	Financial: See above
	Human: N/A
	Risk Management: N/A
4.2	Screening & Impact Assessments
	Equality & Good Relations Implications: N/A
	Rural Needs Implications: N/A
5.0	Recommendation(s)
5.1	That the Council notes the above.
6.0	Documents Attached & References
6.1	N/A

Report on	Rate Estimates 2019/20
Date of Meeting	11 February 2019
Reporting Officer	Director of Finance
Contact Officer	Head of Finance

Is this report restricted for confidential business?	Yes	<input type="checkbox"/>
If 'Yes', confirm below the exempt information category relied upon	No	X

1.0	Purpose of Report
1.1	To provide Members with an update in relation to the Rates Estimates process for 2019/20, which will enable the Council to strike its 2019/20 District Rate and comply with the associated statutory responsibilities.
2.0	Background
2.1	Members will recall previous discussions in relation to progress being made in the preparation of 2019/20 Rates Estimates.
2.2	This report has been prepared in accordance with Council's previously agreed timetable for information and discussion in relation to the 2019/20 Rates Estimates process.
2.3	The report is intended to provide Members with sufficient information to make informed judgements in relation to Council's statutory responsibilities concerning its estimates of income and expenditure for the financial year 2019/20 and to enable Council to strike its District Rate at its Special Meeting, which is scheduled to be held on Monday, 11 February 2019.
2.4	Council's responsibilities in relation to its 2019/20 Rate Estimates are governed by Section 3 of the Local Government Finance Act (Northern Ireland) 2011 which states: "Annual budget 3—(1) In each financial year a council shall cause to be submitted to it estimates of the income and expenditure of the council during the next financial year. (2) A council, before the prescribed date in each year— (a) shall consider the estimates for the next financial year; (b) may revise the estimates in such manner as the council thinks fit; (c) shall approve the estimates, subject to any revision under paragraph (b);

	<p>(d)shall authorise the expenditure included in the estimates; and</p> <p>(e)shall fix for the next financial year the amount estimated to be required to be raised by means of rates made by the council.</p> <p>(3) No expenditure shall be incurred by or on behalf of a council unless—</p> <p>(a)previously authorised in accordance with the estimates approved by the council; or</p> <p>(b)otherwise previously authorised by the council; or</p> <p>(c)if not so authorised, necessarily incurred in circumstances of emergency; but any expenditure under paragraph (c) shall, as soon as reasonably practicable, be reported to the council with a view to being approved by the council.</p> <p>2.5 As the “prescribed date” referred to in Section 3(2) (above) is 15th February 2019, Council is required to strike its district Rate by 15th February 2019. The timetable for the 2019/20 Rate estimates process previously approved by Council provides for the striking of the district Rate by 15 February.</p> <p>2.6 Council is also required to approve its Minimum Revenue Provision (MRP) policy for 2019/20. However, it is proposed that Council will simply continue to apply its existing policy with a separate report to this effect having been presented to Council for consideration at this meeting.</p>
3.0	Main Report
3.1	Council has not yet received any formal indication of the amount of Rates Support Grant that will be payable in 2019/20.
3.2	The continued absence of an Assembly is resulting in there being no indication as to what the regional rate will be in 2019/20.
3.3	<p>As previously reported to Members, at its simplest, the most significant figures included within the calculation to strike the district Rate will be the:</p> <ul style="list-style-type: none"> • Estimated net cost of Council services in 2019/20; • Rate Support Grant (RSG) allocated by the Department for Communities (DfC) to Council; • Estimated Penny Product (EPP); and • De-rating Grant (DRG).
3.4	As the above factors have been discussed at length in previous Policy and Resources Committee reports dealing with the 2019/20 Rate estimates, this report will only address significant matters arising since the Policy and Resources Committee’s consideration of the 2019/20 Rate estimates at its meeting on 9

3.5	<p>January 2019. At the time of writing, the Policy and Resources Committee has not yet met to consider these matters at its meeting held on Thursday, 7 February 2019.</p>
3.6	<p>The attached paper presents an analysis of the major savings and pressures identified since the Policy and Resources Committee last considered the matter (9 January 2019), when the proposed increase in district Rate was 3.6%.</p>
3.7	<p>Subject to the Policy and Resources Committee's consideration and approval thereof, the proposed increase in district Rate to be considered by Council is now 2.89%.</p>
3.8	<p>This has been achieved without seeking to use the anticipated likely increase in RSG receivable in 2019/20 arising from Council's successful appeal of the outcome of its Judicial Review challenge of the Department for Communities' (DfC) methodology for the distribution of RSG.</p>
3.9	<p>Similarly, the proposed Rate has been recommended on the basis that Council retain the £1m included within its Rate estimates that was previously used to service the loan which financed the reform of local government within Council as it is proposed that this amount be retained to fund, inter alia, Growth Fund commitments.</p>
3.10	<p>As explained at paragraph 3.4, at the time of writing this report, the Policy and Resources Committee has yet to consider the potential for Council to include in its Rate estimates an amount to be applied for the funding of the NI Air Ambulance. This matter was initially considered at the Council's meeting on 24 January 2019 and the amount under discussion at that time was £181,818. Members will recall that Council deferred discussion of this matter to allow consideration by the Policy and Resources Committee at its meeting on Thursday, 7 February 2019. Consequently, the paper referred to at paragraph 3.5 above does not include reference to this potential pressure.</p>
3.11	<p>If Council were to add an additional £181,818 to its Rate estimates, this would result in the proposed increase in district Rate increasing by 0.45% to 3.34% (from 2.89%).</p>
3.12	<p>Members will, however, recall that discussion subsequent to Council's success at Court of Appeal in respect of its RSG Judicial Review, noted that Council might be minded to apply some of the additional RSG that is likely to be received in 2019/20 as a consequence of the appeal to suppress the 2019/20 Rate increase in the knowledge that it should fund any amount suppressed in the following year's (2020/21's) Rate estimates.</p>
3.13	<p>Members will also note that, for the first time, all rate payers in the district will pay the same district Rate. This is because the Department of Finance's four year rate convergence discount scheme, which introduced to mitigate district Rate increases experienced by some Rate payers on 1 April 2015 simply due to the convergence of legacy councils has now ended.</p>
4.0	Other Considerations

4.1	Financial, Human Resources & Risk Implications
	Financial: To be determined
	Human: N/A
	Risk Management: None
4.2	Screening & Impact Assessments
	Equality & Good Relations Implications: N/A
	Rural Needs Implications: N/A
5.0	Recommendation(s)
5.1	<p>That Council considers the above and accepts the officers' recommendation that it:</p> <ul style="list-style-type: none"> (1) Approve the Rate estimates and authorise the associated expenditure of £44,141,450 (2) Strike non-domestic and domestic Rates which will reflect a 2.89% increase on the 2018/19 district Rates, i.e. non-domestic 24.937 and domestic 0.3312; (3) Authorise the Chief Executive to vire such amounts between budget headings as he deems necessary to secure Council's objectives in 2019/20
6.0	Documents Attached & References
6.1	Analysis of adjustments (savings and pressures) to the draft Rate estimates to be considered by the Policy and Resources Committee at its meeting scheduled to be held on 7 February 2019
6.2	Analysis of pressures considered by P&R Committee at its meeting on 9 January 2019 (previously circulated as part of the January 2019 papers) – for reference if necessary
6.3	Third draft high level analysis of anticipated financial pressures impacting on the 2019/20 Rate estimates

ADJUSTMENTS TO REPORT PRESENTED TO P&R COMMITTEE ON 9 JANUARY 2019**TO BE CONSIDERED BY POLICY & RESOURCES COMMITTEE ON 7 FEBRUARY 2019**

ESTIMATED PERCENTAGE INCREASE IN DISTRICT RATE AT 9 JANUARY 2019 3.60%

SAVINGS' identified/proposed post P&R Committee meeting on 9 January 2019Corporate costs:

Fuel - original estimate (£200,000) reduced by £25,000 due to Drumcoo effect	(25,000)	
Electricity - original estimate (£300,000) reduced by £75,000 on review	(75,000)	
Additional savings identified within payroll budgets	(40,000)	
	<u> </u>	(140,000)

Finance

Removal of estimated BREXIT related insurance pressure	(300,000)	
Removal of cost of Treasury Management Advisers	(4,500)	
Reduction in recurrent costs associated with HR/Payroll and Finance system	(10,000)	
	<u> </u>	(314,500)

IT

Removal of increase to fund second 50% of assumed recurrent cost of Planning Portal	(30,000)	
Removal of cost of upgrading public wifi at lesiure centres	(4,000)	
Removal of cost of Home Safety system - already within EH budgets	(3,000)	
	<u> </u>	(37,000)

Environment & Property

Security no longer required at Dungannon depot	(30,000)	
General Savings identified in Env & Property directorate	(10,000)	
Removal of energy management system costs in lesuire - matched by savings	(15,000)	
Additional savings resultant from previously approved LED lights and energy management system at Magherafelt	(10,000)	
	<u> </u>	(65,000)

Parks

Reduction in staff costs and Davagh costs	(50,000)	
	<u> </u>	(50,000)

Organisational Design

Reduction in recurrent costs associated with HR/Payroll and Finance system	0	
Removal of proposed increase in postage budget	(10,000)	
	<u> </u>	(10,000)

HR

Reduction in £60,000 budget previously held for Corporate Complaints Officer as contribution to cost of HR Graduate	(35,000)	
	<u> </u>	(35,000)

(651,500)

PRESSURES' identified/proposed post P&R Committee meeting on 9 January 2019

Additional inflationary amounts - precise apportionments to be agreed by the Chief Executive

Oil, Biomass	TBC	
Vehicle maintenance	TBC	
Building maintenance	TBC	
Grounds maintenance	TBC	
	<hr/>	250,000
IT support contracts inflationary uplift		10,000
Increased costs associated with NILGA		4,000
Additional staffing costs due to fine tuning of matching process		17,000
Holiday pay associated with overtime		30,000
Trade waste and other Environmental Services pressures		14,422
Increased costs associated with NI Commissioner of Complaints		20,000
Increase in property rates payable by Council		15,000
Provision for Carers' Allowance		10,000
		<hr/>
		370,422
Net savings identified/proposed		(281,078)
Revised projected increase in Rate		2.89%

Draft 2019/20 Rate Estimates - For consideration by P&R Committee - 09 January 2019

Directorate	Recurrent
Chief Executive's Department	
Chief Executive	0
Executive Officer	0
Democratic Services	0
Marketing	0
Planning	30,200
Solicitor	0
	30,200
Business and Communities	
Community Development	26,000
Culture	22,500
Economic Development	0
Tourism	6,000
	54,500
Environment and Property	
Environment	Under review
Property	80,000
Additional re fuel, heat, etc (incl separately)	0
	80,000
Finance	
Finance	475,400
IT	58,820
	534,220
Leisure and Outdoor Recreation	
Leisure	40,000
Parks	185,040
	225,040
Organisational Development	
Human Resources	72,040
Organisational Development	10,000
	82,040
Public Health and Infrastructure	
Building Control	0
Environmental Health	121,000
Technical Services	5,000
	126,000
Total Pressures	1,132,000

Budget Pressures 2019/20 - Planning Department

	Department	Pressure	Recurrent	Comment
1	Planning	Centralisation fee re staff pensions (not part of local government scheme)	5,200	Not previously included within Council budgets
2	Planning	50% of Noise Officer - shared with Environmental Health	25,000	Proposed new staff member
		Total	30,200	

Budget Pressures 2019/20 - Community Development Department

	Department	Pressure	Recurrent	Comment
1	Business and Communities	Festive Lights uplift as agreed by Council - (total £74,000 - CD £36,000 and ED £30,000 and Technical £8,000), new budget £100,000	26,000	Explanation: Council agreed to uplift the festive lights grants by £500 for all villages and legacy small settlements as the current grant is not adequate for delivery alongside other small settlements that want to provide lights - provision for 3 new settlements Unavoidable as Council led decision
		Total	26,000	

Budget Pressures 2019/20 - Culture & Arts Programme

	Department	Pressure	Recurrent	Comment
1	Business and Communities/Culture and Arts	Strategic Partner Support	22,500	Re-instatement of shortfall in funding towards Strategic Arts & Culture Partner organisations.
		Total	22,500	

Budget Pressures 2019/20 - Tourism

	Department	Pressure	Recurrent	Comment
1	Business and Communities/Tourism	Annual subscription to Lough Neagh Rescue	6,000	Previously approved by Council but not included in budgets
		Total	6,000	

Budget Pressures 2019/20 - Property Services

	Department	Pressure	Recurrent	Comment
1	Property Services	Ulster Sheltered Employment costs not budgeted	80,000	Amount accidently dropped from 2018/19 budgets
		Total	80,000	

Budget Pressures 2019/20 - Finance

	Department	Pressure	Recurrent	Comment
1	Finance	FINANCE SYSTEM (Excludes Payroll and expenses as included within HR/Payroll procurement)	20,000	Explanation: Council's financial systems are not fit for purpose and current provider has indicated that they will exit the market in short to medium term Unable to reduce support and maintenance costs associated with existing provider (£45,000) in 2019/20 include this amount as a non-recurrent pressure, thereby leaving only £20,000 as a Rates pressure.
2	Finance	INSURANCE -current year shortfall	38,000	Explanation: The actual 2018/19 costs over budget due to: - Impact of Greenvale in post 2017/18 year end declaration on wagheroll sensitive insurances £30k - Need for additional environmental insurance £8k
3	Finance	INSURANCE -ESTIMATED INFLATIONARY UPLIFT	67,500	Explanation: Estimate of up general uplift in insurance premiums
4	Finance	INSURANCE - BREXIT	300,000	Explanation: due to effect of BREXIT on current provider and increased cost of alternative cover
5	Finance	INSURANCE - CYBER	10,000	Explanation: Additional information post 2018/19 renewal suggests that cyber insurance could be effective against loss due to GDPR fines
6	Finance	CIPFA	11,400	Explanation: At time of Finance department restructure it was anticipated that we would not use CIPFA to assist in completing year-end accounts. However, secondment of accountant coupled with two resource intensive systems (Finance and HR/Payroll) will seriously deplete senior Finance resource. Also continue to implement new fixed asset register which requires senior staff resource due to technical nature of capital expenditure and the accounting rules in relation thereto.
7	Finance	PUBLICATIONS	2,500	Essential actual expenditure - CIPFA 1700 / D&B 1200 / PARAGON 500 / LEXUX 100 - plus CIPFA 2018/19 code (£690) and practice notes (£1,640) = £2,330
8	Finance	ARLINGCLOSE	4,500	Treasury management advisers approved by Council but no budget provision
				Typical expenditure includes:

9	Finance	HOSPITALITY	1,000	<ul style="list-style-type: none"> - All councils generally share ALGFO and other collective meetings on basis of no charge plus provide lunch - up to 20 persons - Will need to incur costs re Finance system demonstrations - possibly 4 each likely to each last best part of a day - Will inevitably be other meetings
10	Finance	BANK CHARGES	15,000	<p>Explanation: Banking Services contract no longer free of charge</p> <p>Costs estimated to be £15,000 p.a.</p>
11	Internal Audit	ADDITIONAL STAFF RESOURCE	TBC	<p>Explanation: Dependent on how Internal Audit is to be resourced</p> <p>SMT to discuss</p>
12	Tullyvar	<p>Reduction in income - Tullyvar</p> <p>Additional info from JJ - There is an (presumed) unwritten SLA between DSTBC and Tullyvar which provides for Tullyvar to pay DSTBC £11,000 pa for services such as IT, Procurement, Finance. This amount was therefore previously effectively funded 50% by Fermanagh Omagh DC</p>	5,500	<p>Explanation: no longer receiving SLA from Tullyvar</p>
Total			475,400	

Budget Pressures 2019/20 - IT

	Department	Pressure	Recurrent	Comment
1	ICT/Council	Additional licensing and other costs associated with ever increasing number of staff requiring access to IT resources	5,000	Explanation:Between 10-20 additional staff requiring email , access and computers
2	ICT/Planning	Planning Portal contribution to project management	30,000	Explanation: Reserve provision:The new planning system will require a reserve of resources to replace and collaborate in Procurement Revenue budgets already include £30,000 (being 50% of estimated recurrent cost)
3	ICT/Tourism/Parks	Davagh Equipment & running Costs	5,000	Explanation: New building resourcing and joining to network
4	ICT	Additional WI-FI coverage	4,000	Explanation:Greenvale and other sites to aligned to Council WiFi
5	ICT	Mobile device management	6,000	Explanation: Mobile devices no longer on MDM
6	ICT	Increase in costs for Online Food registrations	1,500	Additional cost to accommodate the increase recurring costs for online food registrations - CIP3 requirement
7	ICT / Env health	Home safety check solution	3,000	Additional recurring cost for proposed system collaboratively procured .
8	ICT/Finance	CIPFA fixed asset software - licence & hosting	4,320	Recurrent costs - licence - £3,000 and hosting - £1,320
		Total	58,820	

Budget Pressures 2019/20 - Leisure Department

	Department	Pressure	Recurrent	Comment
1	Leisure	Energy system maintenance costs	15,000	Not previously included within Council budgets
2	Leisure	Utilities - water charges at GLC	25,000	Existing budget only sufficient for 50% of costs
		Total	40,000	

Budget Pressures 2019/20 - Parks

	Department	Pressure	Recurrent	Comment
1	Leisure and Outdoor Rec	Davagh Dark Skies Project Year 1 costs as per Cogent EA	90,840 55,634	Explanation: Projected EA Report operational costs marketing, programming and licensing costs for the Davagh visitor and Exhibition Centre Projected EA Report staff cost (6month new posts /staff cost)
2	Leisure and Outdoor Rec	Ballyronan Marina and Caravan Park Park Attendant Vacancy	21,566	Explanation: Vacancy 1 x part-time post 25hrs/week. Casual cover not consistent, quality of service compromised. Reduction of casual hours could off-set cost by 50%.
3	Leisure and Outdoor Rec	Service Level Agreement Knockmany Forest	5,000	Explanation: Service Level Agreement with Eskra Community Association for services associated to Knockmany Forest Project
4	Leisure and Outdoor Rec	Seasonal Service Support staff Reception/admin	12,000	Explanation: Seasonal Parks Service (2 x part-time) temporary service support staff/reception/admin. Reduction of casual hours could off-set cost by 50%.
		Total	185,040	

Budget Pressures 2019/20 - Human Resources

	Department	Pressure	Recurrent	Comment
1	Organisational Development	Appointment of graduate HR Officer	35,100	Salary scale on commencement would be SO1 progressing to PO1. From April 18 - 30 September the department has progressed 75 recruitment exercises, 10 formal disciplinaries, 3 grievances and 76 absence meetings....Currently there are 833 employed and 288 casuals in MUDC. We have just completed a Business Support project in conjunction with the unions and full consultation dealing with 40 staff which have been subsequently matched into post. The Leisure transformation project has been operational for approx 6 months and is currently moving at a pace requiring significant time and resources from the OD team. Another major project due for commencement is the implementation of new HR/Payroll software. Both these projects are of such a significant scale that will require dedicated resources in order to ensure success. In looking at the volume of operational matters dealt with in the department the current resources does not allow for any extra capacity.
2	Organisational Development	Westfield Healthcare for Greenvale Leisure Centre	1,940	The inclusion of 36 Greenvale employees in Westfield Health. It enables early invention and in certain absence cases to prevent long term incapacity and also helps to reduce long term sick absence by offering immediate access to wellbeing services. It provides financial support to employees offering cashback on certain treatments and reduces costs associated with absenteeism, whilst providing additional benefits such as improving staff morale, motivation and productivity.
3	Organisational Development	Increase of Medical Fees to facilitate the appointment of an onsite nurse, the procurement of OH Physican and development of an employee assistance programme.	5,000	The current approximate cost of sickness absence to the council is £1,350,000 per year. Sickness Absence case files are being significantly more complex with an increase focus on mental health. We propose to develop an employee assistance programme providing specialist support and early intervention mechanisms including coaching , CBT and specialist counselling. We propose to appoint an onsite OH Nurse and move away from the dependancy of an Occupational Health Service, which currently does not provide all the required services to council.
4	Organisational Development	HR/Payroll Systems Support	30,000	New system approved by Council
Total			72,040	

Budget Pressures 2019/20 - Organisational Development

	Department	Pressure	Recurrent	Comment
1	Organisational Development	Postage	10,000	2018/19 budget reduced to a point where it is insufficient
		Total	10,000	

Budget Pressures 2019/20 - Environmental Health Department

	Department	Pressure	Recurrent	Comment
1	Public Health and Infrastructure (EH)	Community Planning expenditure increase	20,000	Number of Health & Well Being thematic groups requiring time resource. Programme monies.
2	Public Health and Infrastructure (EH)	Clean Neighbourhood expenditure increase	26,000	Depending on what approach is agreed for grafitti removal there may be need for additional resource.
3	Public Health and Infrastructure (EH)	Bonfire Contingency	50,000	Implementation of new Bonfire Management Policy
4	Public Health and Infrastructure (EH)	Environmental Protection	25,000	Specialist Noise Officer (0.5 FTE to be funded by PHI c. £25k, 0.5FTE to be funded by Planning c. £25K)
		Total	121,000	

Budget Pressures 2019/20 - Technical Services Department

	Department	Pressure	Recurrent	Comment
1	Public Health & Infrastructure	Biodiversity & Sustainability Programmes expenditure	5,000	Biodiversity & Sustainability Programmes
		Total	5,000	

Mid Ulster District Council
For discussion at Special Council Meeting to strike District Rate 2019/20 held on Monday, 11 February 2019
 Third Draft High Level Analysis

	2019/20	2019/20	2019/20	2019/20
	£	£	£	£
Estimated net cost of services 2018/19				Total
				41,868,663
Pressures:				
<u>Commitments made in 2018/19 Rate Estimates process</u>				
		<u>Proposed</u>		
<u>Cross Cutting Savings</u>		50,000		
Overime		50,000		
Mileage		25,000		
Advertising		<u>50,000</u>		
Other materials				
			175,000	
less savings delivered (still being evaluated)			<u>(175,000)</u>	
Undelivered cross-cutting savings				0
<u>Other savings</u>	<u>Proposed</u>	<u>Actual</u>	<u>Shortfall</u>	
Savings arising at capped landfill site (Magheraglass)	65,000	65,000	0	
Additional Environmental Services savings	15,050	15,050	0	
Additional Leisure & Outdoor Recreation savings	100,000	100,000	0	
Other departmental savings	<u>250,000</u>	<u>250,000</u>	<u>0</u>	
Undelivered proposed savings (still being evaluated)				0
<u>Income generation</u>	<u>Proposed</u>	<u>Actual</u>	<u>Shortfall</u>	
Increased income in parks and leisure	140,000	140,000	0	
Increased car parking income	60,000	30,000	30,000	
Leisure opening hours reduction (bank holidays)	30,000	20,000	10,000	
Nominal bulky waste collection charge	20,000	20,000	0	
Commercial green waste charge	<u>125,000</u>	<u>75,000</u>	<u>50,000</u>	
Undelivered proposed income (still being evaluated)				90,000
<u>Revised facility opening hours and provision</u>	<u>Proposed</u>	<u>Actual</u>	<u>Shortfall</u>	
Clogher Household Waste & Recycling Centre closure	40,000	N/A	N/A	
Castledawson Household Waste & Recycling Centre closure	42,000	N/A	N/A	
Tullyvar Household Waste & Recycling Centre closure	50,000	N/A	N/A	
Caledon Automatic Public Convenience closure	<u>30,000</u>	N/A	N/A	
Total potential cost savings if above facilities closed	162,000	N/A	N/A	
Offset of anticipated savings arising from residual waste contract	(162,000)	(162,000)	0	
Undelivered proposed savings from residual waste (still being evaluated)				<u>0</u>

Total pressures arising from undelivered commitments made in 2018/19 Rate Estimates process 90,000

Revenue budgetary pressures experienced in 2018/19

Cost of customers paying by credit card		10,000
Fuel	- initial indicative pressure	200,000
Electricity	- initial indicative pressure	300,000
Leisure income	- recommend do not include as 2019/20 pressure	0

Total revenue budgetary pressures experienced in 2018/19 510,000

Pressures specific to 2019/20 cost of services

Council wide payroll:

2% NJC Employer Side Offer	732,251
Increments	71,205
NIC	(50,510)
Apprentice levey	(18,973)
HR Review	58,981
1% increase in Employer Superannuation contribution rate	190,901

983,855

Departmental budget pressures

Chief Executive's Department	30,200
Business and Communities	54,500
Environment & Property - interim only (E&P costs continue to be scrutinised)	80,000
Finance	534,220
Leisure & Outdoor Recreation	225,040
Organisational Development	82,050
Public Health/Infrastructure	126,000
Potential expenditure savings identified post 6 Dec 2018	(162,000)

970,010

Total Pressures specific to 2019/20 cost of services 1,953,865

Adjustments subsequent to P&R Committee mtg on 9 Jan 2019

Corporate	(45,000)
Finance	(300,000)
Env Services - Property	250,000
Env Services - Environment	(23,078)
NI Comm for Complaints	20,000
NILGA	4,000
Additional net savings as per schedule presented to P&R Committee on 7 February 2019	(187,000)

(281,078)

Further adjustments:

N/A at 5 February 2019

0

Rate Support Grant reductions:

Anticipated negative pressure in 2019/20 (from 2018/19 budget):				
Per November 2018 P&R Report	2,796,875	Anticipated reduction	4%	(118,309)

Total Identified Pressures

2,154,478

Estimated net cost of services 2019/20 **44,023,141**

Reduce by RSG pressures identified above to allow for anticipated 2019/20 RSG to be deducted below

Reversal of negative pressure (see above) 118,309

% increase 5.43% 44,141,450 41,868,663

Less estimated Rate Support Grant - amount anticipated to be received in 2019/20 **(2,685,000)**

41,456,450

Less Transferring Functions Grant - methodology to strike Rate shows TFG as nil at this point

0

Less De-ratng Grant - methodology to strike Rate shows DRG as nil at this point

0

0

Less balance applied - not a sustainable financial practice

0

Savings to be made to produce acceptable Rate increase

0

Net amount to be raised **41,456,450**

Estimated Penny Product

Stage 1 EPP formerly £1,454,580

Stage 2 EPP - £1,466,540

1,466,540 1,466,540

Stage 1 and 2 TFG EPP confirmed by J Glass 7 Dec 2018

28,120

Stage 1 and 2 De-rated EPP

167,790

1,662,450

Non-domestic District Rate (properly rounded to 4 decimal places for calculations) **2.89% increase from prior year** **24.937**

Non-domestic District Rate Poundage

0.24937

Non-domestic Regional Rate Poundage - estimated

2018/19 actual

0.334100

Estimated inflationary increase - 3%

3.00% 0.010023

0.344123

Non-domestic Rate Pounding	2.95% increase from prior year	0.593493
Conversion factor to convert non-domestic District Rate to domestic District Rate		0.013283
<hr/>		
Domestic Rate (properly rounded to 4 decimal places)	2.89% increase from prior year	0.3312
Domestic Regional Rate		
2018/19 actual		0.4365
Estimated inflationary increase - 3%	3.00%	<u>0.0131</u>
		0.4496
<hr/>		
Domestic Rate	2.95% increase from prior year	0.7808

