

Report on	2024/25 Rate estimates
Date of Meeting	12 February 2024
Reporting Officer	Strategic Director of Corporate Services and Finance
Contact Officer	Strategic Director of Corporate Services and Finance

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	<p>To provide Members with sufficient information to enable the Council to discharge its duties under Section 3 of the Local Government Finance Act (Northern Ireland) 2011 (the Act) as follows:</p> <p>“Annual budget</p> <p>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.</p> <p>(2) A council, before the prescribed date in each year—</p> <p>(a) shall consider the estimates for the next financial year;</p> <p>(b) may revise the estimates in such manner as the council thinks fit;</p> <p>(c) shall approve the estimates, subject to any revision under paragraph (b);</p> <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>.</p>
2.0	Background
2.1	Members will be aware that the Council is required to set its annual budget for 2024/25 and strike its district Rate by the prescribed date (Thursday, 15 th February 2023).
2.2	The Strategic Director of Corporate Services and Finance (SDCSF) last reported to the Policy and Resources Committee in relation to this matter at the Committee’s meeting on Thursday, 8 th January 2024).

3.0	Main Report
3.1	As in previous years, the officers have worked to bring forward proposals in respect of the 2024/25 Rate estimates through the Policy and Resources Committee (the Committee). A copy of the most recent report to the Committee is attached at 6.1 below.
3.2	The officers are pleased to report that, having considered information available to them and having regard to the current and anticipated future financial commitments associated with the delivery of the Council's statutory duties and other objectives together with the need to maintain the Council's financial stability, they have formulated a proposed budget, which if approved by the Council will enable the Council to deliver its Council's statutory duties and other objectives in 2024/25.
3.3	However, the officers draw Members attention to the fact that the proposed budget is based on assumptions and judgments, which the officers consider appropriate. These assumptions and judgments have previously been discussed at length with the Committee.
3.4	Members should note that the Chief Executive discharges his statutory duties under Sections 4 and 6 of the Act in relation to the robustness of the estimates and the adequacy of the reserves in the reports listed at items 6 and 7 on the agenda for the meeting respectively.
3.5	Members' attention is also drawn to the report listed at item 5 on the agenda for the meeting, which addresses the Council's responsibility under Regulation 6 of the Local Government (Capital Accounting and Finance) Regulations (Northern Ireland) 2011 to determine the amount of Minimum Revenue Provision (MRP) to be charged to the General Fund in 2024/25.
3.6	Consideration of the most significant issues relevant to the proposed Rate estimate for 2024/25 are detailed in the most recent report to the Committee (the Committee report) (see 6.1 below).
3.7	<p>The Committee report notes that, on the basis of relevant assumptions, the officers consider that the Council could reasonably expect to be able to deliver upon its statutory responsibilities and achieve its other objectives by striking a domestic district Rate in the amount of 0.4039, which reflects an increase of 7.39%* from the 2023/24 domestic district Rate of 0.3761. In such circumstances, the 2024/25 non-domestic Rate would be 27.3266, which similarly reflects a 7.40%* increase from the 2023/24 figure of 25.4449.</p> <p>(*reflects calculation rounding – final recommended increases will be 7.40%)</p>
3.8	The schedule which is attached to the Committee report also demonstrates that, if Council strikes a domestic rate in the amount of 0.4039, an 'average' rate payer will see the district council element of their Rates bill increase by 67 pence per week.

3.9	<p>Of course, the district council element of a Rates bill is only part of the total Rates bill. The total Rates bill also includes an element for regional Rates. It is not yet know what, if any, increase there will be in the regional Rate in 2024/25. The schedule illustrates that, if the regional Rate increases by 5%, the average rate payer will see that element of their Rates bill increase by 58 pence per week. Combining these 2 (as yet hypothetical) amounts would result in an average rate payer seeing their total Rates bill increase by £1.25 per week.</p>
3.10	<p>As reported in the Committee report, Members should also note that the net pressures of £3,728,000** have been calculated on the basis of the officers' taking a 'calculated risk' (or 'fairly' optimistic view) of what certain expenditure increases will be in 2024/25. In short, the officers would be reluctant to further reduce the amounts included within the figure of £3,728,000**. In addition, Members may wish to reflect upon the aforementioned discussions with the SDCSF and the Chief Executive when it was confirmed that the 2024/25 net pressures figure makes no provision for an increase in Minimum Revenue Provision (MRP), i.e., funding of capital expenditure. This means that the Council's planned future total capital expenditure is effectively capped at an absolute amount, which will be funded by a capped amount of borrowing in the future. If the Council does not include an increase in either the 2024/25 or a future year's Rate estimates for additional MRP, once the Council has committed the fixed amount of borrowing that its Rate income will fund, the Council will not be able to undertake any further capital funding that is not funded by either grant, unplanned revenue surplus, or unanticipated windfall of whatever nature.</p> <p>(** the Committee report references £3,718,000 which was understated due to an earlier transposition error in the amount of £10,000. This error was corrected subsequent to the Committee report being issued to the Committee)</p>
3.11	<p>The proposed revenue budget for 2024/25 is calculated as £59,383,371 (2023/24: £55,655,370). This reflects net financial pressures in the amount of £3,728,000 (see schedule attached at 6.2 below).</p>
4.0	Other Considerations
4.1	<p>Financial, Human Resources & Risk Implications</p> <p>Financial: Failure to set an appropriate budget and strike the associated district Rate will impact on the Council's ability to deliver its statutory services and other duties and could potentially undermine the financial resilience of the Council.</p> <p>Human: N/A</p> <p>Risk Management: Refer to "Financial" above</p>
4.2	Screening & Impact Assessments

	<p>Equality & Good Relations Implications: The SDCSF has screened the proposed recommendation and confirms that the screening exercise has not identified any significant adverse equality or good relations implications.</p>
	<p>Rural Needs Implications: The SDCSF has screened the proposed recommendation and confirms that the screening exercise has not identified any significant adverse rural need implications</p>
5.0	Recommendation(s)
5.1	<p>That the Council considers the above and accepts the officers' recommendation that it:</p> <p>(1) Strike a non-domestic and domestic rate of 27.3266 and 0.4039 respectively; (2) Approve the Rate estimates as presented by the officers and authorise the associated expenditure in the amount of £59,383,371 (3) Authorise the Chief Executive to vire such amounts between budget headings as he deems necessary to secure Council's objectives in 2024/25.</p>
6.0	Documents Attached & References
6.1	Copy of report circulated to Policy and Resources Committee in advance of its meeting on Thursday, 8 th February 2024
6.2	Draft high level summary of the officers' current proposals in respect of Mid Ulster District Council's 2024/25 Rate estimates