

<b>Report on</b>	Rate estimates 2022/23
<b>Date of Meeting</b>	Monday 8 <sup>th</sup> February 2022
<b>Reporting Officer</b>	Director of Finance
<b>Contact Officer</b>	Director of Finance

<b>Is this report restricted for confidential business?</b>  If 'Yes', confirm below the exempt information category relied upon	Yes	
	No	x

<b>1.0</b>	<b>Purpose of Report</b>
1.1	To provide Members with an update in relation to the Rates Estimates process for 2022/23 to enable them to strike its 2022/23 district Rate and agree a budget for that financial year.
<b>2.0</b>	<b>Background</b>
2.1	Members will recall previous discussions in relation to progress being made in the preparation of 2022/23 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 2022/23 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 2022/23 and to enable Council to strike its District Rate at its Special Meeting, which is scheduled to be held on Monday, 8 <sup>th</sup> February 2022.
2.4	Council's responsibilities in relation to its 2022/23 Rate Estimates are governed by Section 3 of the Local Government Finance Act (Northern Ireland) 2011 which states:  <b>"Annual budget</b> <b>3</b> (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 <b>prescribed date</b> 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);  (d) shall authorise the expenditure included in the estimates; and

<p>2.5</p> <p>2.6</p> <p>2.7</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.” (emphasis added)</p> <p>The “prescribed date” referred to in Section 3(2) (above) is 15<sup>th</sup> February 2022.</p> <p>Council is also required to approve its Minimum Revenue Provision (MRP) policy for 2022/23. It is proposed that Council will continue to apply its existing policy.</p> <p>Members may be interested to learn that the implementation of IFRS 16, the MRP consequences of which had been anticipated when the Council approved its MRP policy for 2020/21, will be implemented on 1 April 2022.</p>
<p><b>3.0</b></p>	<p><b>Main Report</b></p>
<p>3.1</p> <p>3.2</p> <p>3.3</p> <p>3.4</p>	<p>Prior to considering the estimates for 2022/23 and striking the Rate, Council is required to have regard to the report submitted by the Chief Executive under section 4 (1) of the Local Government Finance Act (Northern Ireland) 2011 (the 2011 Act) on the robustness of the estimates when considering the estimates under section 3(2)(a) of the 2011 Act.</p> <p>Similarly, section 6(3) of the 2011 Act requires Council to have regard to the report submitted by the Chief Executive under section 6(2) of the 2011 Act on the adequacy of any proposed financial reserves for a financial year.</p> <p>The reports to be submitted by the Chief Executive under sections 4(1) and 6(2) of the 2011 Act (above) are included as part of the agenda for this meeting.</p> <p>Council has also a duty under Regulation 6 of the Local Government (Capital Accounting and Finance) Regulations (Northern Ireland) 2011 which states:</p> <p>“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—</p> <p>(a) shall charge to the general fund that minimum revenue provision for that financial year; and</p> <p>(b) may charge to the general fund any amount in addition to that minimum revenue provision,</p>

in respect of the financing of capital expenditure incurred by the council in that year or in any financial year prior to that year.”

3.5 Consequently, Council shall, prior to considering the estimates for 2022/23, reflect on its minimum revenue provision (MRP) policy and consider its appropriateness.

3.6 A report seeking approval of the officer recommended MRP policy, which is to be considered prior to the Council’s consideration of the 2022/23 Rate estimates, is also included as part of the agenda for this meeting.

3.7 In order to expedite Members’ assimilation of information relevant to the 2022/23 Rate estimates, the officers have attached (at 6.1 below) a copy of an extract of the paper submitted to the Policy and Resources Committee for consideration at its meeting on Thursday, 3<sup>rd</sup> February 2022, which addresses the key issues pertaining to the proposed 2022/23 Rate.

3.8 Members are also reminded that, in accordance with previous discussions in relation to the potential to decouple the Council’s domestic Rate from its non-domestic Rate, the officers continue to recommend that the Council does not do this at the current time. The domestic Rate proposed therefore remains linked to the proposed non-domestic Rate by the conversion factor that has been reinstated to legislation with effect from Tuesday, 1<sup>st</sup> February 2022 (following the Council’s representations in this regard).

3.9 If the Council accepts the officers’ recommendations (see attachment at 6.1 below), it will strike a district Rate that reflects a 4.94% increase from its 2021/22 district Rate.

3.10 **As explained in the attached extract from the report to the Policy and Resources Committee, if the NI Executive do not increase the regional Rate (as it indicates in its 2022/23 to 2024/25 budget consultation document) from its 2021/22 level, a Council rate payer will not experience a 4.94% increase in the rates that they pay in 2022/23. They will instead experience a 2.09% increase.**

3.11 In practical terms, as explained above, a domestic ratepayer in a property with an average capital value of £125,000, would therefore see their annual rates bill increase by £20.75 (£2.08 per month, if paid by direct debit over 10 months).

3.12 As detailed in paragraph 2.4 above, in order to strike a district Rate, the Council must first:

- Approve the estimates;
- Authorise the expenditure included in the estimates; and
- Fix for the next financial year (2022/23) the amount estimated to be required to be raised by means of rates made by the Council.

3.13 Accordingly, notwithstanding the uncertainties previously referred to, the officers recommend that the Council:

- Approve the estimates as presented to the Members, a summary of which is included within the attachment at 6.1 below;
- Authorise the expenditure within the estimates (gross expenditure £59,237,409, net expenditure £49,737,866);
- Fix for 2022/23 the amount of £46,336,823 as the amount estimated to be required to be raised by means of rates made by the Council; and

	<ul style="list-style-type: none"> <li>Strike non-domestic and domestic Rates of 24.6355 and 0.3539 respectively, reflecting a 4.94% increase on the Rates struck in 2021/22.</li> </ul>
<b>4.0</b>	<b>Other Considerations</b>
<b>4.1</b>	<b>Financial, Human Resources &amp; Risk Implications</b>
	Financial: See above
	Human: N/A
	Risk Management: See above re continuance of ongoing NI Assembly financial support for losses due to the Covid 19 pandemic and RSG
<b>4.2</b>	<b>Screening &amp; Impact Assessments</b>
	Equality & Good Relations Implications: N/A
	Rural Needs Implications: N/A
<b>5.0</b>	<b>Recommendation(s)</b>
5.1	<p>That Members consider the above and that the Council, noting the figures included within the report:</p> <ol style="list-style-type: none"> <li>Approve the estimates as presented;</li> <li>Authorise the expenditure within the estimates;</li> <li>Strike non-domestic and domestic Rates which will reflect a 4.94% increase respectively from the equivalent 2021/22 district Rates;</li> <li>Authorise the Chief Executive to vire such amounts between budget headings as he deems necessary to secure Council's objectives in 2022/23.</li> </ol>
<b>6.0</b>	<b>Documents Attached &amp; References</b>
6.1	Extract of the report to presented to the Policy and Resources Committee (plus attachments) in relation to the 2022/23 Rate estimates for consideration at its meeting scheduled to be held on Thursday, 3 <sup>rd</sup> February 2022.
6.2	Analysis of Council's cash balances.