

Minutes of Meeting of Mid Ulster District Council held on Monday 6 February 2023 in the Council Offices, Circular Road, Dungannon and by virtual means

Members Present: Councillor Corry (Chair)

Councillors Ashton, Bell*, Black, Brown*, Buchanan, Burton, Clarke, Colvin, Cuddy, Cuthbertson, Doris*, Elattar*, Forde, Gildernew*, Glasgow*, Kearney, Kerr, Mallaghan, Martin*, N McAleer, S McAleer, McFlynn, B McGuigan, S McGuigan, McKinney, McLean, McNamee*, D McPeake*, S McPeake*, Milne*, Molloy, Monteith, O'Neill*, Quinn, Robinson, Totten* and Wilson

Officers in Attendance: Mr McCreesh, Chief Executive
Mrs Campbell, Strategic Director of Environmental Services
Mr Black, Strategic Director of Communities & Place (SD: CP)
Ms Canavan, Strategic Director of Organisational Development Strategy & Performance (SDODSP)**
Mr McGuckin, Head of Strategic Services and Engagement (HoSSE)
Mr Moffett, Assistant Director of Organisational Development, Strategy & Performance (ADODSP)
Mr Tohill, Strategic Director of Corporate Service & Finance (SDCSF)
Mrs Forde, Committee & Member Services Manager
Mrs Keys,
Mrs McNally: Assistant Director Corporate Service & Finance **

* Denotes Members present in remote attendance

** Denotes Officers present by remote means

The meeting commenced at 7 pm.

The Chair, Councillor Corry welcomed everyone to the meeting and those watching the meeting through the Live Broadcast. The Chair in introducing the meeting detailed the operational arrangements for transacting the business of the meeting in the chamber and by virtual means, by referring to Annex A to this minute.

The meeting commenced at 7 pm.

SC001/23 Notice of Recording

Members noted that the meeting would be webcast for live and subsequent broadcast on the Council's You Tube site.

SC002/23 Apologies

Councillors Graham and Mullen

SC003/23 Declarations of Interest

The Chair reminded Members of their responsibility with regard to declarations of interest

SC004/23 Chair's Business

Councillor McLean reflected on the earthquake in Turkey and Syria and advised that Councillor Buchanan had cousins in the region and stated that many others in the Mid Ulster community would be impacted by the disaster. He concluded in passing on thoughts to all those affected.

The Chair, Councillor Corry concurred and said she hoped Councillor Buchanan's family would be all right and extended thoughts and prayers to all those in the community impacted by the disaster.

Matters for Decision

SC005/22 Minimum Revenue Provision Policy

The SDCSF drew attention to the previously circulated report regarding the 2023/24 Minimum Revenue Provision Policy and sought approval that the policy as detailed for year 2023/24 be retained for the incoming year.

Proposed by Councillor S McGuigan
Seconded by Councillor McFlynn

Resolved That Council confirms its existing MRP policy as being appropriate for the financial year 2023/24.

SC006/22 Rate Estimates for 2023/24

The SD:CSF drew attention to the previously circulated report regarding the 2023/24 Rate estimates and the associated reports concerning the Robustness of the Estimates and the Adequacy of Reserves, which had also been previously circulated.

As detailed in the relevant reports, the SDCSF advised the Members that, prior to the Council considering its Rate estimates and striking a Rate for a financial year, Sections 4 and 6 of the Local Government Finance Act (Northern Ireland) 2011 required the Chief Financial Officer (the Chief Executive) to submit to the Council a report on the robustness of the estimates and a report on the adequacy of any proposed financial reserves for a financial year. These legislative provisions also required the Council to have regard to the reports when considering the estimates.

The SD: CSF reflected that it was unprecedented times and presented the reports to Members. Following presentation of the reports, the SDCSF sought approval for the Rates Estimates for 2023/24

Councillor Mallaghan said the process of setting the rates was always difficult and he noted the current high inflation rates across the world. He stated that, for a number of reasons, the impact was more pronounced in the North; these included the cost of energy, labour shortages due to people leaving following BREXIT, high interest rates. He noted that, although people were getting it tight financially, Shell boasts £23bn in unprecedented profits without the government taxing these profits effectively. Unfortunately, society treated some people unfairly. He highlighted the cost of food and the problems with how farmers, as the producers, were going to be funded going forward. He further stated that the council decision two years ago to keep the rates at 0% was still a burden on the rate payer.

Councillor Mallaghan said that the SD: CSF had presented a robust report and commended him on his expertise and professionalism but said that he thought some adjustments could be made to lower the burden on the rate payer. He acknowledged that the proposed 8.9% increase in district rate would put the council at low risk, but Sinn Féin's proposal would reduce the proposed rate increase. He spoke of the recently communicated reduction in rates support grant and said that, if the NI Assembly was re-instated, the rate support grant could possibly be increased with the right Minister in place. He agreed that energy costs were currently high but suggested that the estimated energy costs for 2023/24 could be trimmed; in addition, if the predicted inflation reduction over the next year saw inflation fall to 5%, the salaries and wages increase in 2023/24 would not be as large as the officers had anticipated. Reflecting on these areas and the potential for the current estimated increases to be overstated, Councillor Mallaghan proposed that the proposed budgeted net expenditure for 2023/24 should be reduced by £750k. Reducing the budgeted net expenditure would lower the proposed 2023/24 district domestic rate from 0.3817 to 0.3761. This would, in turn see an "average" domestic rate payer in a house with a capital value of £125,000 see the increase in the district rate element of their rates bill reduce from 75p per week to 62p per week or, in annual terms, from £39 to £32 over a year. He acknowledged some rate payers might never notice the difference but to others it would be significant. He concluded by saying that, like everyone, the Council as an organisation faces unprecedented rises in costs.

Proposed by Councillor Mallaghan

That a further £750k savings be identified reducing the rise in the rates from 8.9% to 7.3%.

Councillor Monteith said that rates setting is well rehearsed across the six counties and that the earlier discussion had alluded to the impact on ordinary folk who have to pay for the cost of corporate greed. He highlighted that the profits made by Shell were obscene. He said that ordinary people are paying for corporate greed and in good conscious Council should not add to their burdens. He acknowledged that the Council depends on substantial rate support grant funding yet Council does not know what it will be even though it needed to know this to strike its 2023/24 district rate. He said this created a governance issue as there was an obvious gap in budget

estimates and nowhere else would such serious budgets be based on complete assumptions. Councillor Monteith emphasised that it was no reflection on officers but there was a legal question to be put as the gap was always the elephant in the room. He said it has a major impact on the rate and legal opinion should be sought as to how robust such governance is and the matter should be brought to the attention of the Northern Ireland Audit Office. He concluded that although there was no reasoning for the deadline, he understood that it was mandatory that Council set the rate by 15 February. He proposed that the meeting be postponed for one week to seek legal advice and make contact with NI Audit Office. He was emphatic that Members and Council should fight for the rate payer and they should not be forced to base a rate on an assumed budget.

Proposed by Councillor Monteith

That Council postpone the meeting for one week to

- (i) Seek legal advice on the governance regarding setting a rate without knowledge of the rates support grant; and
- (ii) Raise the matter with the Northern Ireland Audit Office.

The SD: CSF said Councillor Monteith's points were both valid and accurate but that that NI Audit Office, Internal Audit, the Department for Communities and Department of Finance were fully aware of the inadequacies of the rate support grant notification process. The Council's previous judicial reviews had resulted in the process being well documented in court but even if Council adopted Councillor Monteith's proposal, it would be ambitious to expect an acknowledgement of the letter much less a reply by the deadline. He said that the NI Audit Office had not previously raised the query or mentioned the risks involved despite having reviewed in detail Council's discussions and the supporting reports which outlined the facts in relation to rate support grant uncertainties every year when the district rate was struck. He concurred with the Member's sentiments but would not advise postponing the meeting.

In relation to Councillor Mallaghan's comments, the SD: CSF noted that the Member had flagged up areas that officers could reflect on. He said the Member's calculations were correct, but noted that before the discussion within the Chamber became a series of competing bids to reduce the proposed budget and associated district rate further, he wished to emphasise that should Council choose to go below the 7.3% increase in district rate proposed by Councillor Mallaghan, he would recommend to the Chief Executive that, in his opinion, the Council's reserves would no longer be adequate and that to proceed to strike a rate on that basis would be unwise. He stressed again that, in his opinion, a district rate increase of 7.3% would be the definite bottom line.

Referring to Councillor Mallaghan's comments, Councillor Wilson said that some Members always reference the year that the rates did not rise, but never last year when the nationalists Members brought in the highest rate. On a point of clarification, he highlighted the estimated income figure of £100k attributed to Cookstown carparking charges and said he did not think the income should be brought into consideration until after the pilot scheme in Magherafelt.

In response the Chief Executive said that the £100k assumed a successful pilot. He said that the out workings of the pilot would be brought to the Environment Committee. He also highlighted that, as the charges had not been enacted last year following the striking of the 2022/23 district rate, it was a saving which had not been realised the previous year.

Councillor Wilson said that he did not believe the amount would be realised in the incoming year, that he was opposed to carparking charges being introduced in Cookstown, and that carparking charges should not have been brought in on the back of the discussion to strike the rates.

The Chief Executive said that, if the Council decided to remove the estimated £100k income from the proposed budget, then the effect of the proposed £750k savings made by Councillor Mallaghan would only be £650k. He also highlighted that carparking charges are effective across Mid Ulster and that, prior to the introduction of charges in Cookstown, the Council could be subject to the charge that there had been an unequal process across the district. Implementing car parking charges in Cookstown was the right thing to do economically and if the Council was to be seen to be fair to all towns within the district, charges had to be implemented in Cookstown.

Councillor Kerr seconded Councillor Monteith 's proposal and said that Council should do all in its power to minimise impacts on the rate payer. He said that the SD: CSF had alluded to the Council being in unprecedented times and noted that the greed of some corporations that were avoiding paying tax on excessive profits impacts working class people.

The Chief Executive stated that the proposed adjournment would serve no purpose as the changes sought would not happen in the period of a week.

Councillor Cuthbertson said, in relation to Cookstown car parking charges, that Council had to be fair to all and that the Environment Committee had been awaiting a carparking strategy since 2016. He said that he had raised the matter on two occasions and emphasised that it needs to come to a head.

Councillor Kearney said that, across the North, other councils eligible for rates support grant were in the same position. He reminded the Members that NILGA had issued 13 pieces of correspondence in relation to rate support grant and had spent a full year lobbying the relevant departments. He said there were six other councils in receipt of the rates support grant that were in the same position.

The Chair, Councillor Corry called for a vote on Councillor Monteith's proposal

For	2
Against	32
Abstain	3

The Chair Councillor Corry declared the proposal had fallen.

Councillor Milne seconded Councillor Mallaghan's proposal.

Councillor Ashton thanked the officers for their work on the rates estimates and said that she had been involved in rates settings for many years, but this was one of the most difficult. She acknowledged that it was not an easy task and said the pressures on households are high and although difficult to find further savings she said there could be others in addition to those already raised. She proposed to reduce the rate to 4.94% by reducing costs by £1,875,022 as undernoted

payroll pressure	(£1,000,000)
energy pressure	(£536,247)
Hanging baskets/grass cutting	(62,000)
Revenue tail of capital pressure	(£200,000)
Rates Support Grant pressure	(£450,000)
recycling centres budget	£400,000
Dfl Grass Verges	£45,000
Cookstown carparking charges	£100,000
Reserves	(£171,775)

Councillor Quinn thanked officers for their work and said there had been many productive meetings and emails but many of the circumstances was beyond council control. Referring to the £23bn profits declared by Shell, he said that the British Government would do nothing to bring big oil companies into line but would rather reduce the rate support grant. He highlighted the deal reached with trade unions in the summer and said Council must honour that agreement; he also mentioned the Council's capital programme and acknowledged that it is very much the visible proof of what councils do but stated that the proposed increase of 8.9% was too high. He said that, in reflecting on Councillor Mallaghan's proposal, it was similar to the proposal that SDLP representatives with the Council were going to suggest and, acknowledging the SD:CSF's comments regarding the adequacy of reserves, if a reduction to 7.3% was possible, the SDLP would support it. He said Council must do the responsible thing and take rate payers forward. He said that the circumstances in which the Council was operation were not Council's doing, but rather the relevant governments, i.e., the one (in Belfast) that was not sitting and the other (in Westminster) that was unwilling to take action.

Councillor McKinney said the discussion thus far was no surprise as year on year similar stances were adopted. He stated that, although the UUP would be agreeable to most of Councillor Ashton's proposal, they would suggest a further reduction on the estimated wages figure together with a further reduction on the funding proposed to set aside for capital projects. He said that people vote for each Member and those people had to be represented. He said that there had been mention of austerity and cuts from the British government but as a council they should not be ripping the lining out of peoples pockets. Councillor McKinney referred to the previous reference to the Council's previous 0% rise in the rates but said people have told him they can take no more. He said that, irrespective of people's nationality or religion, there is an opportunity for the Council to strike a lower district rate. In identifying areas for potential savings, he highlighted the proposed budget allocation for fuel, and the monies that had come from the British government for Covid that would be used relieve pressures for the rate payer. He said that, in

proposing to strike the rate recommended based on having to replace the £2.4m (that was going to be taken from reserves) that the government had said could be used to benefit rate payers, it was almost like Council was a loan shark asking the rate payer to pay back money that had been gifted to them. He said that, if his proposal was adopted, the increase in the district rate could be dropped to 4.5%.

The SD: CSF thanked Members for their comments and said that the Members were a well informed and engaged group which was positive. He said whilst he could empathise with Members' comments, but as the Chief financial officer in the Council, he had a duty to say that enough is enough. He said that if the proposed net expenditure budget was reduced beyond the £750k previously recommended by Councillor Mallaghan, it would be a step too far in his opinion. He said that he too would like to strike a lower rate but every £250k reduction in the budgeted net expenditure only produced a 4p per week saving in district rates for a rate payer living in a house with an average capital value of £125,000. He pointed out that the rate was struck using a risk-based approach, and that there was an ICT judicial review and a claim against HMRC for over-declared leisure output VAT in the pipeline which would, if successful, bring large one off cash settlements, but explained that, when already existing commitments were taken into account, it was very likely that by 2024/25 Council would be borrowing to deliver capital projects. The SD: CSF further highlighted that recent legislation in relation to climate change would bring additional costs to councils that had not been factored into the 2023/24 rate estimates. He said that to go beyond the proposed 7.3% would be a step too far in his opinion and that if the risks underpinning the officers' rate estimates materialised in the context of a district rate that disregarded those risks, Council could put its solvency in jeopardy. He reminded the Members that, just like directors in a limited company, in striking the rate, they had a fiduciary duty to the Council.

Councillor Cuddy said that throughout the debate points had been made, and the officer team had given their explanations but he would make his observations from a business point of view. He said the world had changed since the Covid 19 pandemic and council had £40m savings, and indoor leisure is not what the future is about as people were now seeking outdoor leisure. He said that there had been massive changes but noted that the funding of capital projects could be further reduced (the officers' proposal included a reduction of £400k in the recurrent funding of £1.5m) as the funding had increased over a three year period from £500k to £1m then £1.5m. As stated previously by Councillor Monteith, each new building adds additional running costs each year. He said that hopefully inflation would reduce and said that Council needed to focus on transformation which should lead to working smarter. He said tougher decisions had to be made.

Councillor Cuddy seconded Councillor McKinney's proposal.

Councillor McLean seconded Councillor Ashton's proposal.

The SD: CSF provided clarification regarding ongoing recurrent rate income intended to fund future capital expenditure, which the officers had proposed in their rate estimates proposal that the Council reduce from £1.5m to £1.1m; this funding is intended to fund borrowing. He advised that, despite the current relatively high cash balance, there was not an abundance of cash and the £1.5m annual income which

had not yet been used to fund loans had contributed to keeping council from having to borrow to date. He concluded that any further reduction in the proposed increase in district rate would have negative consequences for the Council's ability to fund its capital programme.

Councillor McLean asked what the 4.5% reduction as opposed to 4.94% reduction equated to in capital spend.

Councillor McKinney said that he had calculated the amount to be £350k approximately. He also stated that the Council's capital programme needed to be reviewed as some projects had experienced drastically increased costs relative to their budget and he felt that Council needed to be realistic in its ambitions.

The Chair, Councillor Corry stated that Councillor McKinney's proposal should specify how the proposed net expenditure budget could be reduced to reach the figure of 4.5%.

In response Councillor McKinney said it could come from the £1.1m currently within the rate income that was reserved for funding capital projects.

The Chief Executive said that the capital projects reflect the Council's corporate plan which is ultimately how elected Members deliver upon the aspirations of the residents of the district. He said that if Council have been over ambitious in its capital aspirations, a revised capital programme would be recommended to the Council for consideration through the Environment Committee. In response to Councillor McKinney's comments in relation to the cost of some capital projects, he said that recent massive increases in inflation had dramatically impacted the cost of projects and, where possible, the officers had negotiated additional funding from funders, including SEUPB to mitigate the cost to the Council. He said that everyone understood the need to manage the cost of capital projects but if Council did not deliver the projects no one else would.

Councillor Colvin said that when the UUP had looked at rates proposals they had asked for statistics for Seamus Heaney HomePlace which, when provided, detailed that 11k people visited the centre in the past year and that the facility cost the Council £600k over the same period. He said that, if the Council was in transformation mode, he would ask the officer team to look at these costs as the Council can't just decide that any facility is sacrosanct. He said that he had previously known centres to have been launched with a great fan fare only to quickly become white elephants. He stated that hard decisions had to be made and if centres such as Seamus Heaney HomePlace could not pay their way, they had to be looked at.

Councillor Kerr asked if the percentage increase in district rate was lower than 7.3%, would it mean that centres will close.

The Chief Executive advised the outline paper detailed the costs supporting the officers' proposals for striking the district rate and setting the net expenditure budget for 2023/24.

Councillor McFlynn said that setting the rate is always difficult but noted that it must also be acknowledged Mid Ulster have a great staff team and whilst she did not like to increase the rates, the council did deliver great projects. She said that Seamus Heaney had won the Nobel Prize and that the Council should be thankful to have the centre within its district and the tourism developing around it. She concluded that the Council should take a pride in the great district it has and be prepared to make the hard decisions required.

Councillor Cuthbertson asked if the 7.3% proposal would mean recycling centres would remain open and the grass verges cut. He asked what would happen to the staff.

The Chief Executive stated that there would be no compulsory redundancies and that the rate estimates proposals had regard to the lifespan of the various recycling centres. He said that millions of pounds had been spent on modern facilities at the recycling centres in the district's three main towns; these three facilities had the capacity to serve the whole of Mid Ulster. Regarding grass cutting, he said that the officers had made it clear to DfI that the Council would not cut grass on land which was the responsibility of DfI when it did not have sufficient budget to maintain grass cutting on its own lands. He advised that the proposed discontinuance of grass cutting related to the cutting of grass that should be being cut by DfI. He further advised that correspondence had been issued to DfI to request that the DfI either resume the cutting of grass verges or compensate the Council financially for it cutting the grass on DfI's behalf. He concluded by drawing the Members' attention to the fact that, if the Council restricted the increase in its district rate to 7.3%, the Council would still have a cut in budget in real terms as inflation was running at approximately 10%. In such circumstances, the Council had to prioritise maintaining its own facilities as opposed to cutting grass for DfI without being remunerated for the service.

Councillor Cuthbertson replied that in essence there would be no grass cut in the entrance to villages at the 30mph zones. He further queried the decision to centralise recycling facilities on the premise of inadequate health and safety arrangements at smaller facilities; he felt that if there were health and safety concerns at any facility, they should have been highlighted and addressed previously instead of being presented as the reason for the mass closure of smaller facilities.

Councillor Burton thanked the officers for their efforts in preparing the 2023/24 rate estimates but noted that, when you consider what rate payers expect, she would know that those on the periphery of Mid Ulster such as Fivemiletown would take the proposed service cuts badly. She said that she thought that the Council should have consulted local people regarding the potential closure of recycling centres before recommending the closures as part of the rate estimates process. She indicated that the closures could result in waste being dumped at the gates of the former centres. Councillor Burton also reminded the Members that the Council had invested money in Fivemiletown recycling centre when it closed the Clogher site closed and suggested that cognisance should be given on the distance people were expected to travel, for example from Fivemiletown to Dungannon, before any site was closed. She concluded that, if the Council was determined to close facilities, the Council should be able to develop a compromise solution that would help people impacted

by closures to deal with their waste, perhaps by a weekly collection service, and by seeking clarity as to what would happen the staff from facilities that were closed.

The Chief Executive replied that the Director of Environment would bring a report to the Environment Committee to set out the detail of the closures. He further advised that, in relation to affected staff, although nothing was set in stone, he anticipated that both the staff and the Council had to be agile and willing to change. He said that currently there is insufficient resources to fund the Council's ambitions, and that staff were aware that budgets over the next four to six years would have to be tighter to cope with ongoing and continuing economic pressures. He reiterated there was no appetite for compulsory redundancies and that, with the public appearing to want more outdoor leisure facilities, it was likely that the Council would, where practicable, be redirecting existing resources to these areas.

The Chair, Councillor Corry said everyone needed to be realistic and to keep in mind the cost pressures being faced. She said that the Council's capital programme reflected the changing demands for Council services and it was important that the programme was adequately resourced.

The Chair, Councillor Corry put Councillor Mallaghan's proposal to the vote.

For 22

Against 16

The Chair, Councillor Corry declared the proposal as undernoted carried:

Proposed by Councillor Mallaghan
Seconded by Councillor Milne and

Resolved That the officers, having regard to the Members' comments and suggestions, identify a further £750k savings to be reflected in the Council's proposed net expenditure budget for 2023/24 and that the associated 2023/24 district domestic Rate be struck at 0.3761 to reduce the proposed increase in the district domestic Rate from 8.9% to 7.3%.

SC007/22 Approval of Rates Estimates for 2023/24

- (i) Authorisation of the expenditure included in the Estimates
- (ii) Fixing for the Financial Year beginning 1 April 2023 the amount to be raised by means of rates and striking the domestic and non-domestic rate for 2023/24

Resolved That Council

- (i) Approve the estimates as revised to reflect the Council's decision to agree a budget and strike a Rate which would reflect a 7.3% increase in the district domestic Rate from the previous year (2022/23);
- (ii) Authorise the net expenditure within the revised estimates, which following adjustment equates to £53,255,370;
- (iii) Strike non-domestic and domestic Rates of 25.4449 and 0.3761 respectively, which will reflect a 4.32% and 7.3% increase respectively from the equivalent 2022/23 district Rates;
- (iv) Authorise the Chief Executive to vire such amounts between budget headings as he deems necessary to secure Council's objectives in 2023/24.

SC008/22 Robustness of Rate Estimates 2023/24

Resolved That Members have regard to the Chief Financial Officer's (Chief Executive) comments in relation to the robustness of the estimates when considering the Rate estimates.

SC009/22 Adequacy of Council's Reserves for 2023/24

Resolved That Members have regard to the Chief Financial Officer's (Chief Executive) comments in relation to the adequacy of the reserves when considering the Rate estimates.

SC010/22 Duration of Meeting

The meeting was called for 7.00 pm and ended at 8.21 pm.

Chair _____

Date _____

Annex A - Introductory Remarks from Chairperson

Good evening and welcome to our meeting of Mid Ulster District Council in the Chamber, Dungannon whether you have joined us remotely or in the Chamber.

I specifically welcome the public watching us through the Live Broadcast. The Live Broadcast will run for the period of our Open Business but will end just before we move into Confidential Business. I let you know before this happens.

Just some housekeeping before we commence. Can I remind you:-

- If you have joined the meeting remotely please keep your audio on mute unless invited to speak and then turn it off when finished speaking
- Keep your video on at all times, unless you have bandwidth or internet connection issues, where you are advised to try turning your video off
- If you wish to speak please raise your hand in the meeting or on screen and keep raised until observed by an Officer or myself
- Should we need to take a vote this evening I will ask each member to confirm whether they are for or against the proposal or abstaining
- When invited to speak please introduce yourself by name to the meeting
- For any member attending remotely, if you declare an interest in an item, please turn off your video and keep your audio on mute for the duration of the item
- If referring to a specific report please reference the report, page or slide being referred to
- Lastly, I remind the public and press that taking photographs of proceedings or using any means to enable anyone not present to see or hear proceedings, or making a simultaneous oral report of the proceedings are not permitted

Thank you and we will now move to the first item on the agenda – apologies and then a roll call of members in attendance.