

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? 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 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	As previously reported to Members, at its simplest, the most significant figures included within the calculation to strike the district Rate will be the: <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

	<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>
3.5	
	<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>
3.6	
	<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>
3.7	
	<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>
3.8	
	<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>
3.9	
	<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</p>
3.10	<p>reference to this potential pressure.</p>
	<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>
3.11	
	<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>
3.12	
	<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>
3.13	
4.0	<p>Other Considerations</p>

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