



10 February 2020

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, 10 February 2020 at 19:00 to transact the business noted below.

Yours faithfully

Anthony Tohill  
Chief Executive

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## AGENDA

### OPEN BUSINESS

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

### Matters for Decision

- |  |         |
|--|---------|
| 4. A Minimum Revenue Provision (MRP) Policy  | 3 - 6   |
| 5. Robustness of the Estimates   | 7 - 10  |
| 6. Adequacy of Council's Reserves  | 11 - 14 |
| 7. Estimates of Income and Expenditure for the Financial Year beginning 1 April 2020 | 15 - 22 |
| 8. Approval of Rates Estimates for 2020-2021   |         |

(i) Authorisation of the expenditure included in the estimates;

(ii) Fixing for the financial year beginning 1 April 2020 the amount to be raised by means of rates and striking the domestic and non-domestic rate for 2020-2021

### 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

<b>Report on</b>	Minimum Revenue Provision Policy
<b>Date of Meeting</b>	10 February 2020
<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 Council's 2020/21 Minimum Revenue Provision Policy.
<b>2.0</b>	<b>Background</b>
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 2019/20.
2.2	<p>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:</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> <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."</p>
<b>3.0</b>	<b>Main Report</b>
3.1	Council previously adopted a MRP policy in 2019/20 which confirmed the basis of calculating MRP for inclusion in the Rate estimates.
3.2	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.

	<ul style="list-style-type: none"> <li>• Land and buildings – 25 years</li> <li>• Vehicles – 8 years</li> <li>• ICT – 5 years</li> <li>• Assets under construction – not applicable,</li> </ul> <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>
3.3	Council accepted the officers' recommendation to amend the 2015/16 MRP Policy prior to striking the 2016/17 Rate. This amended MRP Policy was reconfirmed by Council prior to striking the 2017/18, 2018/19 and 2019/20 Rate.
3.4	The officers would advise that due to the introduction of IFRS 16 – Leases which will be effective for the 2020/21 accounting period, it is necessary to amend Council's current MRP policy to include provision that MRP charges for leases will be calculated as being equal to the relevant lease payment in that year.
3.5	The officers, being satisfied that the proposed amendment to the 2019/20 MRP policy will be sufficient to enable Council to fund its capital programme on a consistent and prudent basis, therefore recommend that the 2019/20 MRP Policy be amended as described at paragraph 3.4 and adopted as the 2020/21 MRP Policy.
3.6	The draft proposed Rate estimates have been prepared on the basis of this recommendation.
<b>4.0</b>	<b>Other Considerations</b>
4.1	<b>Financial, Human Resources &amp; Risk Implications</b>
	Financial: See above
	Human: N/A
	Risk Management: N/A
4.2	<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	That Council amends its current MRP policy to include provision that MRP charges for leases will be calculated as being equal to the relevant lease payment in that year.
<b>6.0</b>	<b>Documents Attached &amp; References</b>
6.1	N/A





<b>Report on</b>	Robustness of Rate Estimates 2020/21
<b>Date of Meeting</b>	10 February 2020
<b>Reporting Officer</b>	Chief Financial Officer (Chief Executive)
<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 robustness of the 2020/21 Rate estimates.
<b>2.0</b>	<b>Background</b>
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>
<b>3.0</b>	<b>Main Report</b>
3.1	The 2020/21 Rate estimates have been prepared, in so far as practicable, on a zero-base basis using the 2019/20 budgets as a baseline. This means that every proposed budget movement from the 2019/20 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 2019/20 budgets being a reasonable baseline from which to incrementally build the 2020/21 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 2020/21.
3.4	Members will be aware that several of the financial pressures facing Council in 2020/21 are outside Council's control and are, at the present time, relatively vague. Uncertain pressures at the present time include the pay award that will be notified to Council in due

	course and the financial impact of market forces on waste management contracts, notably those for paper and cardboard.
3.5	As previously discussed with Members, both in Committee and in separate meetings between Members and the Chief Executive and/or the Director of Finance, preparation of the proposed 2020/21 Rate estimates has been made difficult because of the uncertainty surrounding the aggregate amount of Rate Support Grant (RSG) that the Department for Communities (DfC) may distribute between eligible councils in 2020/21.
3.6	Although a statutorily unprotected grant, the RSG is a critical element of Council's funding. Despite its importance to recipient councils, the DfC no longer informs eligible councils of the amount of RSG that they can expect to receive before they strike their district Rate by the prescribed date of 15 February 2020. Instead, the DfC has notified Council that, if any amount is to be distributed between eligible councils, Council's share will be in the region of at least £700,000 less than it received in 2019/20. £700,000 represents a 1.47% increase in Council's district domestic Rate.
3.7	In addition, Members will be aware that Council is reflecting on a draft capital programme for the current Council term, which, if adopted, will require Council to fund in the region of £50 million of the £70 million investment under consideration. Funding this level of capital investment, together with delivering upon Council's Growth Deal commitments will require Council to ensure that its Rate estimates over the medium to long term include sufficient Minimum Revenue Provision (MRP) to enable Council to service the associated additional borrowing, which is anticipated to be required from 2021/22 onward.
	<u>Funding of capital expenditure</u>
3.8	As in previous years, the Rate estimates make very limited express provision for the funding of capital projects beyond those to which Council is already committed.
3.9	Typically, capital projects are funded via Council making a 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 attached at 6.1 of the Rates estimates report).
3.10	The Rate estimates presently recommended to Council would result in Council striking a district domestic Rate which will be 3.92% higher than the 2019/20 district domestic Rate.  The recommended Rate includes £1.5 million (£500k 2017/18 plus £500k 2018/19 plus £500k 2020/21) which will be required to fund vehicle and equipment additions as well as capital projects.
3.11	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 £1,500,000 per annum capital budget would finance up to approximately £24 million of capital expenditure.
3.12	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 £1.5 million will probably fund loans of less than £24 million due to the need to also repay loans associated with vehicles and equipment over 7 and 5 years respectively as opposed to 25 years.



	<p><u>Cash position</u></p> <p>3.13 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 RSG windfall, which arose as a consequence of the Court of Appeal decision in September 2018.</p> <p>3.14 The officers recommend that Council continue to apply its cash balance as follows:</p> <ol style="list-style-type: none"> <li>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</li> <li>2. To be a source of internal borrowing for capital projects pending drawing down additional loans</li> </ol> <p><u>Uncertainties</u></p> <p>3.15 As in previous budget estimate processes, the 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.</p> <p>3.16 The estimation of future financial requirements has also had regard to the projected financial outturn in 2019/20 and the desire to utilise reserves generated in prior financial years, where possible, to deliver outcomes in the District as agreed with Council.</p> <p>3.17 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 DfC and Land and Property Services (for example the Estimated Penny Product (EPP)) previously notified to the Policy and Resources Committee.</p> <p>3.18 Members will also be aware that, despite BREXIT having been agreed in principle, the future consequences of BREXIT remain a significant uncertainty.</p> <p><u>Conclusion</u></p> <p>3.19 Subject to the uncertainties surrounding what the DfC may do in relation to the total amount of RSG available for distribution between eligible councils, the impact of market forces on Council's waste management contracts, the outworking of national negotiations in relation to pay award and the future consequences of BREXIT, and on the assumption that Council does strike a Rate which will</p> <ul style="list-style-type: none"> <li>• Retain the £1million previously used to service debt associated with the reform of local government and</li> <li>• Include £1.5 million to fund future capital expenditure,</li> </ul> <p>the officers are satisfied that the proposed Rate estimates are sufficiently robust to enable Council to deliver its services in 2020/21.</p>
<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: N/A
<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	That Council has regard to the Chief Financial Officer's comments in relation to the robustness of the estimates when considering the Rate estimates.
<b>6.0</b>	<b>Documents Attached &amp; References</b>
6.1	N/A

<b>Report on</b>	Adequacy of Reserves
<b>Date of Meeting</b>	10 February 2020
<b>Reporting Officer</b>	Chief Financial Officer (Chief Executive)
<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 adequacy of Council's projected reserves for 2020/21.
<b>2.0</b>	<b>Background</b>
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>
<b>3.0</b>	<b>Main Report</b>
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	<p>Although the 2019/20 financial outturn is not yet known, the officers estimate that when the financial commitments that the 2019/20 Rate income was intended to fund are accounted for, Council's usable reserves will, as a minimum, be uplifted by approximately £2.5 million. The minimum anticipated increase in usable reserves is explained by:</p> <ul style="list-style-type: none"> <li>• £1 million, which previously serviced the loan used to fund local government reform that Council retained within its 2019/20 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;</li> <li>• £1m (being 2 x £500k) to fund capital projects by way of MRP; and</li> </ul>

	<ul style="list-style-type: none"> <li>£500k being to ensure that reserves are cash backed.</li> </ul>						
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 2020/21 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 if it did not receive its Rate income in any month 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 2019, Council had a reconciled cash balance of £13,535,392, due in part to the £5.8m windfall secured on foot of the RSG Judicial Review success at Court of Appeal in September 2018. 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 £2,057,745 (at 31 March 2019).						
3.10	Consequently, Council should hold a minimum uncommitted cash balance of: <table style="margin-left: 20px;"> <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>2,057,745</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">5,807,745</td> </tr> </table>	Working capital (1/12 net operating expenditure)	3,750,000	Cash reserve to fund landfill site closures	<u>2,057,745</u>	Total	5,807,745
Working capital (1/12 net operating expenditure)	3,750,000						
Cash reserve to fund landfill site closures	<u>2,057,745</u>						
Total	5,807,745						
3.11	As Council will be required to finance other reserves (including a capital fund) in the amount of approximately £2.5 million, this means that Council should be currently holding approximately £8.3 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.						

<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: N/A
<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	That Council has regard to the Chief Financial Officer's comments in relation to the adequacy of the reserves when considering the Rate estimates.
<b>6.0</b>	<b>Documents Attached &amp; References</b>
6.1	N/A



<b>Report on</b>	Rate estimates 2020/21
<b>Date of Meeting</b>	10 February 2020
<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 2020/21.
<b>2.0</b>	<b>Background</b>
2.1	Members will recall previous discussions in relation to progress being made in the preparation of 2020/21 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 2020/21 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 2020/21 and to enable Council to strike its District Rate at its Special Meeting, which is scheduled to be held on Monday, 10 February 2020.
2.4	Council's responsibilities in relation to its 2020/21 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 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;

<p>2.5</p> <p>2.6</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>(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>As the “prescribed date” referred to in Section 3(2) (above) is 15<sup>th</sup> February 2020, Council is required to strike its district Rate by 15<sup>th</sup> February 2020. The timetable for the 2020/21 Rate estimates process previously approved by Council provides for the striking of the district Rate by 15 February.</p> <p>Council is also required to approve its Minimum Revenue Provision (MRP) policy for 2020/21. However, subject to any policy adjustment which may be necessary to address accounting changes which will be introduced by IFRS 16 – Leases, it is proposed that Council will simply continue to apply its existing policy.</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 2020/21 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>Reports submitted by the Chief Executive under sections 4(1) and 6(2) of the 2011 Act were considered earlier in the 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>



3.5	<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> <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.”</p>
3.5	<p>Consequently, Council shall, prior to considering the estimates for 2020/21, reflect on its minimum revenue provision (MRP) policy and consider its appropriateness.</p>
3.6	<p>A report in relation to Council’s MRP policy, was considered earlier in the meeting.</p>
3.7	<p>As previously notified to Members, the officers would advise that Council has not yet received any indication of the amount of Rates Support Grant (RSG) that will be payable in 2020/21. As RSG is not statutorily protected, it is possible that the Department for Communities (DfC) could decide not to distribute any RSG in 2020/21. If this were to happen, Council could not fund its 2020/21 services from the aggregate income available to it. This would result in Council overspending by several million pounds with the overspend having to be funded from Council’s reserves, which are, of course, already earmarked for other purposes such as funding Council’s capital programme.</p>
3.8	<p>Although the officers have no idea how much RSG Council will receive in 2020/21, they have calculated from the limited information available, that it is highly likely that, even in the best scenario, Council will receive in excess of £700,000 less RSG than it did in 2019/20. Members will be aware that £700,000 equates to approximately 1.7% increase in Council’s district domestic Rate.</p>
3.9	<p>Council is similarly ‘in the dark’ about what the regional rate will be in 2020/21. This means that Council can have no idea about how much the NI Executive will increase the regional element of the 2020/21 Rate that domestic and non-domestic rate payers will have to pay.</p>
3.10	<p>It is the officers’ opinion that the regional domestic rate could well increase by 5% or more in 2020/21. In such circumstances, as Council will inevitably receive all the criticism for the Rate increase despite 58% of the total rates collected going to Stormont as opposed to Council to fund services in the Mid Ulster district, the officers would recommend to Council that, if it were possible, Council should seriously consider attempting to strike a domestic district Rate, which in percentage terms, will reflect an increase from 2019/20 equivalent to the ultimate regional domestic Rate increase.</p>

<p>3.11</p> <p>3.12</p> <p>3.13</p> <p>3.14</p> <p>3.15</p> <p>3.16</p> <p>3.17</p>	<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"> <li>• Estimated net cost of Council services in 2020/21;</li> <li>• Rate Support Grant (RSG) allocated by the Department for Communities (DfC) to Council;</li> <li>• Estimated Penny Product (EPP); and</li> <li>• De-rating Grant (DRG).</li> </ul> <p>As the above factors have been discussed at length in previous Committee reports dealing with the 2020/21 Rate estimates, this report will not seek to restate in detail the full calculation but will address the significant issues impacting on Committee's consideration of the 2020/21 Rate estimates.</p> <p>The paper attached at 6.1 presents an analysis of the major savings and pressures identified during the officers' efforts to present an affordable Rate to Committee for recommendation to Council.</p> <p>Subject to Committee's consideration and approval thereof, the proposed increase in district domestic Rate is now 3.95%, reflecting an increase from 0.3267 to 0.3396.</p> <p>Somewhat counterintuitively, however, as a result of the non-domestic revaluation undertaken by LPS, the recommended district non-domestic Rate reflects a 3.90% decrease from 2019/20 (24.5989 to 23.6389).</p> <p>However, as previously explained to Members, the reduction in district non-domestic Rate does not mean that non-domestic rate payers will see their domestic rates bill fall. On the contrary, most non-domestic rate payers will see their rates bill increase because the LPS revaluation will have caused their property rateable valuation to increase by more than the proposed district non-domestic Rate has fallen.</p> <p>Members should note that 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 continue to be retained to fund, inter alia, Growth Fund commitments. Similarly, the proposed 2020/21 district Rate includes £1,500,000 (3 x £500,000) which is ring fenced to fund Council's capital programme.</p> <p>Finally, if Members so desire, relevant officers will be in attendance at the Committee meeting to discuss, if required, the proposed budget provision for 2020/21.</p>
<p><b>4.0</b></p>	<p><b>Other Considerations</b></p>
<p><b>4.1</b></p>	<p><b>Financial, Human Resources &amp; Risk Implications</b></p> <p>Financial:</p>

	See above
	Human: N/A
	Risk Management: See above re RSG and refer to previous discussions re waste management cost uncertainty
<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	That Members consider the above and recommend to Council that it consider the attached papers as required by legislation and that it:  (1) Strike non-domestic and domestic Rates which will reflect a 3.90% decrease and 3.95% increase respectively from the 2019/20 district Rates; (2) Authorise the associated expenditure of £45,307,772 (3) Authorise the Chief Executive to vire such amounts between budget headings as he deems necessary to secure Council's objectives in 2020/21.
<b>6.0</b>	<b>Documents Attached &amp; References</b>
6.1	Schedule of major savings and pressures identified during the officers' efforts to present an affordable Rate to Committee



## Attachment 6.1

**Schedule of major savings and pressures identified during the officers' efforts to present an affordable Rate to Committee**

<b>20/21 Net Pressures</b>		<b>Waste (Collection &amp; Disposal)</b>		<b>£388,000</b>	<b>Increased Income</b>	<b>£122,000</b>
1	Capital Financing	£500,000	Trade Waste Income	£130,000	Building Control (Property Certs)	£25,000
2	Waste (Collection & Disposal)	£388,000	Vehicle Software	£8,000	Ranfurly Income	£20,000
3	General Maintenance	£250,000	Blue Bin Contract	£250,000	Burnavon Income	£10,000
4	Staff Costs	£198,774			Castlehill Income	£5,000
5	Inflation (Goods & Services)	£180,681	<b>Staff Costs</b>	<b>£198,774</b>	Property Certs	£15,000
6	Tourism (Dark Skys) & Events	£125,000	Payroll	£872,068	Moy Income	£8,000
7	Insurance Premium Increase	£50,000	Westfield Health	£14,000	Breakthru Income	£27,000
8	Grant Aid	£35,000	Apprenticeships	£20,000	Railway Yard Income	£12,000
9	Increased Income	£122,000	Legal Staff Costs	£25,000		
10	Reduction in contribution to reserves	£208,333	IT Staff Costs	£5,000	<b>Departmental Efficiency Savings</b>	<b>£230,800</b>
11	Departmental Efficiency Savings	£230,800	Pensions	-£583,794	Fees GLC	£30,000
	<b>Total</b>	<b>£1,166,322</b>	Staff Costs	-£84,000	Facility operations	£17,000
			Leisure Salaries	-£50,000	Programmes GLC	£20,000
			Westfield Health	-£5,000	Marketing GLC	£5,000
			Moy Salaries	-£14,500	Equipment GLC	£21,000
			<b>Inflation (Goods &amp; Services)</b>	<b>£180,681</b>	HoS Fees	£20,000
			Inflation (Electricity/Fuel)	£127,358	Parks (Consultancy Fees)	£35,000
			Inflation (Water/Rates)	£18,823	Analyst Samples	£10,000
			Technology One	£4,500	IT Capital	£32,000
			Inflation (Software)	£30,000	Tutor Fees	£8,000
					General Expenses	£11,800
					Consultancy	£15,000
					Moy Rates	£6,000

