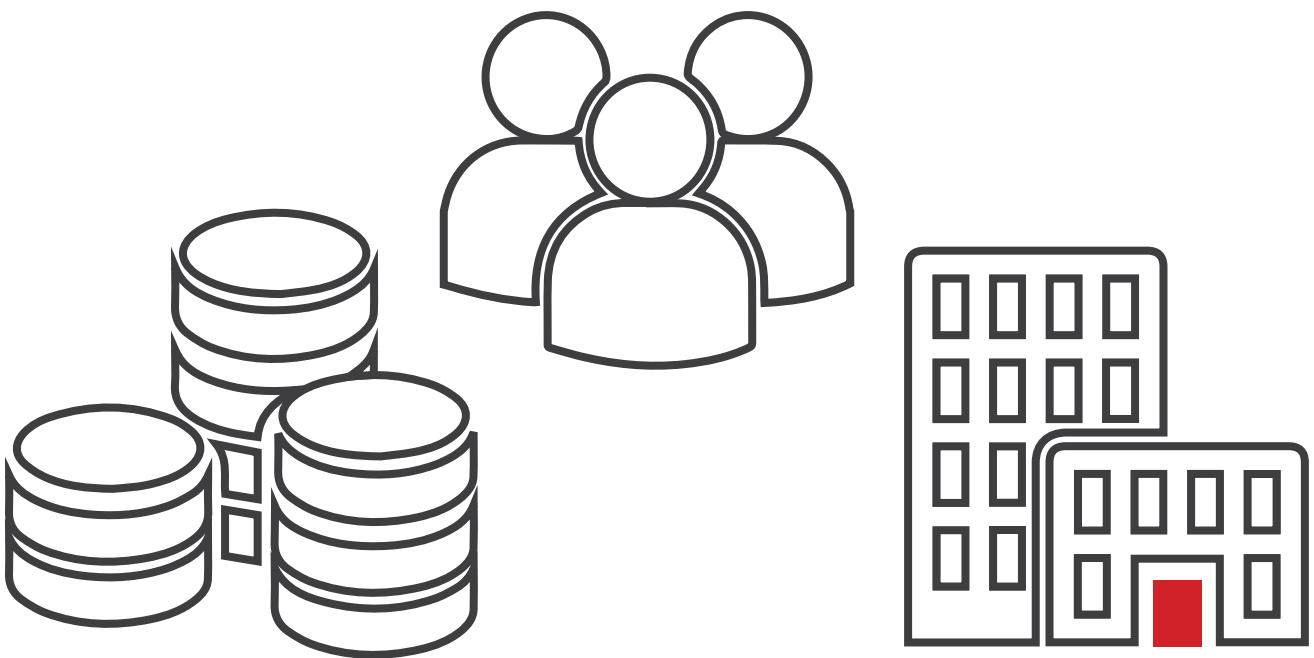




Comhairle Ceantair
Lár Uladh
Mid Ulster
District Council

District Rate Estimates

2018 - 2019



Background

Mid Ulster District Council is committed to minimising any increase in the rates local people pay, while continuing to provide quality services, to improve services and facilities and to plan for future investment in the region.

In the last 2 financial years, any increase in the rate has been held to below 2% (2016-2017: 1.04%, 2017-2018: 1.46%).

However, 2018-2019 has proved to be the most challenging budget-setting year to date, given a significant range of adverse financial pressures. These amount to some £3.3M, which, if implemented unchecked, would equate to a 7.2% rise in the rate.

Members will be aware of many of the factors with an adverse impact on budgets, among them the unconfirmed, but anticipated reduction to the Rates Support Grant, the on-going pressures on payroll and the continued effect of costs associated with the disposal of waste for both landfill and recycling.

In the pages which follow, the adverse factors are explained and the steps taken to offset their impact are detailed, together with the Council's capital programme and future investment and development plans.

Cost Factors

The factors adversely impacting on the Council's budget-setting process reflect costs which are:

- beyond the Council's control
- additional to ensure service and facility provision
- capital to allow progression of the agreed capital programme.

Costs beyond the Council's control

While there is still no Executive to agree a budget for Northern Ireland, meaning councils cannot be certain with regard to the level of Rates Support Grant (RSG) likely to be received, there is no indication that the grant itself or the level of grant payable will be ring-fenced or protected in any way.

For budget-setting purposes, the negative impact on Mid Ulster is estimated to amount to an 8% cut or £223,190. When added to the in-year reduction of £101,519 which the Council has already experienced, the total anticipated cost to the Council is £324,709.

Although the Council did not, in similar circumstances last year, strike a district rate which provided for a significant reduction in RSG as it considered that such an action might signal an unintended tacit consent to such a reduction, making provision is considered prudent in the next financial year. Without any such provision, an allocation lower than budget would adversely impact on the Council's finances and its ability to deliver upon its statutory obligations, service delivery and future investment across the district.

As an organisation which relies on close to 1,000 staff members to provide its functions and services, members will know that approximately 60% of the Council's net budget or 47% of its gross budget is allocated to staff costs.

Employer costs rise year on year and in 2018-2019, a nationally agreed pay award, together with imposed increases in superannuation costs and natural progression along pay scales, mean the budgetary impact amounts to £1,055,818.

Waste disposal costs are market-led and represent an annual pressure over which the Council has no control. Landfill charges continue to increase and while the Council has had the highest recycling rate of all 11 local authorities, the processing of recyclable and compostable materials must be paid for. The award of new contracts for recyclable materials in early 2018 may result in some reduced expenditure in this area, but the anticipated expenditure level remains substantial at £452,000.

Summary table of adverse financial factors beyond the Council's control

| Adverse factor | Financial Impact |
|--|-------------------------|
| Inflation | £162,204 |
| Nationally agreed pay award | £740,864 |
| Pay scale progression | £188,721 |
| Increase in superannuation costs | £126,233 |
| Rate Support Grant reduction (8%) | £223,190 |
| Rate Support Grant reduction (in-year) | £101,519 |
| Insurance | £80,000 |
| Asset revaluation | £25,000 |
| Waste management | £452,000 |
| Total | £2,099,731 |

Additional costs

Additional costs have been minimised and while they are discretionary to a point, their inclusion in the 2018-2019 budget reflects an on-going drive towards service enhancement and improvement.

The decision to bring Greenvale Leisure Centre in Magherafelt under the Council's direct management allows the opportunity to conduct a Mid Ulster-wide review of its leisure provision with a view to align services to better meet customers' expectations and needs. It also allows the Council to address issues around systems of work, processes, procedures, service standards, pricing and membership options.

The associated costs reflect the expenditure required to bring Greenvale in-house and the anticipated costs which may emanate from the completion of the leisure services review which has begun in this financial year.

Provision is also made for an increased allocation of staff in the delivery of tourism and cultural projects, bringing additional resources to the marketing of our 3 cultural venues (Burnavon, Ranfurly House & The Hill of The O'Neill and Seamus Heaney

HomePlace), a new resource towards the establishment of the Dark Sky Observatory & Visitor Centre at Davagh and a contribution towards management structures to support the Sperrins.

Creating a customer-centric, intuitive digital presence for public access to planning information has been a priority for the local government sector since the existing web portal transferred to local councils along with planning powers in April 2015. The 2018-2019 budget therefore also reflects the requirement to make financial provision towards the realisation of this project.

Summary table of additional financial factors

| Additional cost | Financial Impact |
|---|-------------------------|
| Greenvale Leisure Centre | £300,000 |
| Leisure review | £100,000 |
| Additional staffing | £155,000 |
| Sperrins & Dark Sky Projects | £55,000 |
| Facilities pressures (e.g. maintenance) | £107,050 |
| Planning portal replacement | £30,000 |
| Total | £747,050 |

Capital costs

While the focus in rate-setting is always to ensure the burden on the ratepayer is at a minimum, the Council nonetheless wishes to build on its successful development to date. This entails continued investment in the future of the facilities and services for which it is responsible, together with a continued positive influence on the growth generally of the Mid Ulster district.

The existing and planned capital programme demonstrates the Council's ambitions for the future and its continued commitment to:

- Invest in our communities through the implementation of our village regeneration plans, making real and tangible differences to communities in 44 villages across Mid Ulster, such as through the Ballygawley village enhancement scheme which is now underway or the Pomeroy 3G pitch investment on which construction has also begun.
- Invest in our town centres. Three public realm schemes valued at £10M to enhance Cookstown, Dungannon and Magherafelt have been delivered in the past 18 months. While the majority of funding for the public realm projects was received from the Department for Communities, the projects would not have progressed without the Council's contribution of around £1M. The future focus is on securing funding to undertake improvements to the town centres in Coalisland and Maghera.
- Invest in leisure. Greenvale Leisure Centre successfully transferred in-house in September 2017. The £320K refurbishment programme for Moneymore Recreation Centre began in February 2018 and will be followed by refurbishment work at Maghera Leisure Centre with an investment value of £120K. Plans to open up and improve leisure opportunities for greater numbers of local people will also be

facilitated through major future investment in Dungannon and at the Gortgonis site, Coalisland.

- Invest in tourism. £500K in DAERA funding has been secured for the 'Dark Sky' observatory and visitor centre at Davagh Forest. This £1M project demonstrates the Council's commitment to optimising the tourism potential of Mid Ulster and builds on the national and international success of the multi-award-winning Seamus Heaney HomePlace in Bellaghy which exceeded its targets in its first year, attracting over 40,000 visitors from more than 20 countries.
- Invest in infrastructure and economic development. Working with industry and business, we will build on our drive to support the economic growth of Northern Ireland's 'most entrepreneurial' region through our strategic investment in land purchases across the district and the realisation of opportunities for infrastructure projects.

The Council's draft capital programme is set out below, highlighting those projects which have been included in 2017-2018 and identifying those which are to be progressed in the 2018-2019 year.

Associated costs, including where funding has been sourced externally, and how the Council has funded or intends to fund its investments, are also highlighted.

This demonstrates clearly the Council's commitment to leveraging outside funding wherever possible to support its investment plans, and to minimising its reliance on borrowing.

Current Capital Programme 2017-2018

| Project Title | Contract Amount £ | Funder Amount £ | Council Amount £ | Council Finance Provision |
|--|------------------------------|----------------------------|-----------------------------|----------------------------------|
| Tullyvar Landfill Capping | 215,000 | N/A | Reserves | Tullyvar reserves |
| Vehicle Replacement Programme | 1,118,000 | N/A | 1,118,000 | Capital loan |
| Ballygawley Village Programme | 193,000 | 145,000 | 48,000 | Reserves |
| Play Parks Village Programme | 121,000 | 91,000 | 30,000 | Reserves |
| Upperlands Village Programme | 102,000 TBC | 77,000 | 25,000 | Reserves |
| Dungannon Market Square | 294,000 | N/A | 294,000 | Reserves |
| Curran Terrace | 95,000 | N/A | 95,000 | Reserves |
| Davagh Forest | 750,000 | 500,000 | 250,000 TBC | Capital loan |
| Pomeroy Pitch | 151,000 | 136,000 | 15,000 TBC | Reserves |
| Moneymore Recreation Centre | 320,000 | 250,000 | 70,000 | Reserves |
| Land purchases (Maghera, Moneymore, Cookstown) | 390,000 | N/A | 390,000 | Capital loan/Reserves |

Projected Capital Programme: 2018-2019

| Project Title | Projected Cost £ | Funder Amount £ | Council Amount £ | Council Financial Provision |
|---|---------------------|-----------------------|------------------------|-----------------------------------|
| Coalisland Public Realm | 2,750,000 | TBC | 275,000 | Capital loan |
| Maghera Public Realm | 2,250,000 | TBC | 225,000 | Capital loan |
| Village Regeneration Programme | 2,800,000 | 640,000 | 210,000 | Reserves |
| Vehicle Replacement Programme | 1,118,000 | N/A | 1,118,000 | Capital loan |
| Dungannon Waste Transfer Station | 1,712,000 | N/A | 1,712,000 | Capital loan |
| Magheraglass Landfill Capping | 650,000 | N/A | 650,000 | Capital loan |
| Maghera & Greenvale Leisure Centre Improvements | 300,000 | N/A | 300,000 | Capital loan |
| Maghera High School Site Development | 500,000 | N/A | 500,000 | Capital loan |
| Opportunity Sites | 2,750,000 | N/A | 2,750,000 | Capital Loan |

| Capital cost | Financial Impact |
|--|------------------|
| Additional MRP to fund capital programme | £500,000 |

Summary

An overall summary of financial factors impacting on the 2018-2019 rate is presented below.

| Adverse Factor | Financial Impact |
|--------------------------|-------------------|
| Beyond Council's Control | £2,099,731 |
| Additionality | £747,050 |
| Capital | £500,000 |
| Total | £3,346,781 |

Proposals To Offset Rate Increase

The adverse costs totalling £3,346,781 represent a potential requirement to increase the rate by 7.2%.

However, close scrutiny of revenue budgets has sought to reduce the level of increase by:

- applying savings amounting to £605,050.
- identifying opportunities to increase income generation by £375,000.
- revising facility opening hours and facility provision to reduce costs by £162K.

Applying the proposed savings and efficiencies, with reductions in service provision and increased income targets, reduces the impact on the Council's expenditure requirements by £1,142,050.

| Proposal | Financial Impact |
|---|-------------------------|
| <i>Savings</i> | |
| Overtime reduction | £50,000 |
| Mileage reduction | £50,000 |
| Advertising reduction | £25,000 |
| Materials | £50,000 |
| Savings arising at capped landfill site (Magheraglass) | £65,000 |
| Additional Environmental Services savings | £15,050 |
| Additional Leisure & Outdoor Recreation savings | £100,000 |
| Other departmental savings | £250,000 |
| | £605,050 |
| <i>Income generation</i> | |
| Increased income in leisure and parks | £140,000 |
| Increased car parking income | £60,000 |
| Leisure opening hours reduction (bank holidays) | £30,000 |
| Nominal bulky waste collection charge | £20,000 |
| Commercial green waste charge | £125,000 |
| | £375,000 |
| <i>Revised facility opening hours and provision</i> | |
| Clogher Household Waste & Recycling Centre closure | £40,000 |
| Castledawson Household Waste & Recycling Centre closure | £42,000 |
| Tullyvar Household Waste & Recycling Centre closure | £50,000 |
| Caledon Automatic Public Convenience closure | £30,000 |
| | £162,000 |
| Grand Total | £1,142,050 |

Savings by Directorate

| | |
|--------------------------------|-----------------|
| Environmental Services | £497,050 |
| Leisure & Outdoor Recreation | £270,000 |
| Business & Communities | £50,000 |
| Chief Executive's | £50,000 |
| Public Health & Infrastructure | £50,000 |
| Finance | £50,000 |
| Total | £967,000 |

Reduction in Council's 'Opportunity Budget'

In seeking to reduce financial pressures, the proposed rate for 2018-2019 also includes the application of £300,000 from a recurring revenue budget which has been established to allow the Council to take advantage of opportunities to invest in or progress projects which may arise in any given year.

| | |
|--|----------|
| Application of monies from existing opportunity budget | £300,000 |
|--|----------|

Financial Outcome

Taking into account the application of the proposed savings and efficiencies, the potential rate increase is reduced by almost £1.5M.

The means the proposed rate increase stands at 2.98% for domestic ratepayers and 2.97% for non-domestic ratepayers.

For a ratepayer in a property with an average capital value (£127,000), this equates to paying 96.92p more per month.

Proposed Rate Estimate

Assuming that Council adopts the officers' recommendations it will strike a district Rate to effect the following:

| | 2018/19 | 2017/18 |
|--|----------------|----------------|
| Net cost of Council services | £42,193,372 | £40,288,641 |
| Rate Support Grant | £2,566,691 | £2,891,400 |
| | | |
| Net amount to be raised | £39,301,972 | £37,397,241 |
| | | |
| Non-domestic Rate (increase of 2.97% from 2017/18) | 24.2371 | 23.5369 |
| | | |

| | | |
|---|-------------------------------|-------------------------------|
| Non-domestic rate poundage ¹ | 0.581477 | 0.559369 |
| | | |
| Domestic Rate (increase of 2.98% from 2017/18) | 0.3219 | 0.3126 |
| | | |
| Domestic rate poundage ² | 0.7521 | 0.7237 |
| | | |
| Total Rate bill levied on rate payer occupying a house with the average capital value of £125,000: | | |
| <ul style="list-style-type: none"> • Resident of former DSTBC • Resident of former CDC or MDC | <p>£930.88</p> <p>£940.13</p> | <p>£890.74</p> <p>£904.63</p> |
| Council's share of rates paid by rate payer occupying a house with the average capital value of £125,000: | | |
| <ul style="list-style-type: none"> • Resident of former DSTBC (43.2%) • Resident of former CDC or MDC (43.2%) | <p>£393.13</p> <p>£402.38</p> | <p>£376.88</p> <p>£390.75</p> |
| Population | 141,000 | 141,000 |
| | | |
| Net cost of Council services per head of population | £299.24 | £285.74 |
| | | |

¹ Assumed regional rate increases by inflation at 3%

² Assumed regional rate increases by inflation at 3%