

Minutes of Meeting of Mid Ulster District Council held on Monday 7 February 2022 in the Council Offices, Circular Road, Dungannon and by virtual means

Members Present: Councillor McLean (Chair)

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

Officers in Attendance:

Mr McCreesh, Chief Executive
Mrs Campbell, Strategic Director of Environmental Services*
Ms Canavan, Strategic Director of Organisational Development Strategy & Performance (SDODSP)**
Mr Kelso, Director of Public Health & Infrastructure (DPHI)**
Mr Moffett, Assistant Director of Organisational Development, Strategy & Performance (ADODSP)
Mr Tohill, Strategic Director of Corporate Service & Finance (SDCSF)
Mrs Forde, Member Support Officer
Mrs Mezza, Head of Communications**
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 McLean 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.

SC001/22 Apologies

Councillor Colvin

SC002/22 Declarations of Interest

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

SC003/22 Chair's Business

None

Matters for Decision

The Chair advised that the Director of Corporate Service & Finance (SDCSF) would go through each individual paper with comments and decisions being taken thereafter.

SC004/22 Minimum Revenue Provision Policy

The SDCSF drew attention to the previously circulated report regarding the 2022/23 Minimum Revenue Provision Policy and sought approval that the policy as detailed for year 2022/23 be retained for the incoming year.

Proposed by Councillor Cuddy
Seconded by Councillor S McGuigan

Resolved That Council confirms its existing MRP policy as being appropriate for the financial year 2022/23.

SC005/22 Rate Estimates for 2022/23

The SDCSF drew attention to the previously circulated report regarding the 2022/23 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.

Following presentation of the reports, the SDCSF sought approval for the Rates Estimates for 2022/23.

SC006/22 Approval of Rates Estimates for 2022/23

- (i) Authorisation of the expenditure included in the Estimates
- (ii) Fixing for the Financial Year beginning 1 April 2022 the amount to be raised by means of rates and striking the domestic and non-domestic rate for 2022/23

Councillor Mallaghan thanked the officer team for the hard work and effort they had invested to enable the Council to strike a robust Rate which would ensure the rate payer receives value for money. He stated that the Council's decision last year (2021/22) to strike a Rate which reflected 0% increase in Rate from the previous year (2020/21) had been a mistake that had contributed 2.8% of the recommended 4.9% increase in the Rates this year (2022/23). He said that what happened the previous year was only pushing costs into subsequent years. Councillor Mallaghan spoke of the Council's ambitions, highlighting in particular its previous decisions taken in relation to its capital programme. He also remarked on Council's success in accessing money from various funders such as PEACE IV and central government funding, referencing Minister Poots of DEARA's recent positive comments on Council's ability to have projects shovel ready to go when funding became available. Councillor Mallaghan commended both hardworking officers and Members on their achievements in delivering projects, but remarked that perhaps the Council was not as good at planning at an early stage for the subsequent financial resourcing and maintenance of completed capital projects. He stated that the Council needs to take cognisance of these aspects of the capital programme going forward. He also suggested that he would like to see Members being given the opportunity to input into the transformation of Council going forward, suggesting that perhaps a working group should be formed to give opportunity for the tabling of new ideas and proposals for both potential service delivery developments and revenue generation. Councillor Mallaghan reflected that the upsurge in the cost of living is becoming increasingly difficult and that its impact is felt in homes and businesses alike. He stated that, although he appreciated the officers' reasoning for recommending the proposed Rate, he could not support the recommendation and proposed that the Council agree a budget and strike a Rate which would reflect a 3.9% increase from the previous year (2021/22). He suggested that the officers could deliver the necessary cost reductions by further considering the opportunity to apply the additional Rate Support Grant (RSG) funding that would shortly be received in the current year (2021/22) as transformation funding to offset projected increases in the Council's net expenditure and to revisit the potential for additional savings to be extracted from departmental budgets. He reflected on the reports presented and the SDCSF's interpretation of the Executive's current consultation on the draft 2022/25 budget which indicated that the regional Rate would be frozen at the 2021/22 level in 2022/23. He noted that, if the regional Rate was frozen, a district Rate increase of 4.94% would cause an average rate payer's rates bill to increase by £20 per annum. However, if the Council struck a Rate which reflected a 3.9% increase, the £20 would reduce to £16 and he felt that, given the current economic climate, Council should opt for the latter option.

Councillor McFlynn seconded the proposal.

Councillor McFlynn concurred Councillor Mallaghan in extending thanks to the senior management team and the efforts in of attaining funding from other bodies. She reflected on the SDLP's recent meeting with the SDCSF and the Chief Executive to discuss the officers' interim proposals. The meeting had been robust and Members had challenged the officers who had outlined that Council was in a good financial position with few loans. However, the officers had also stated at the meeting that if Council did not adequately fund its recurrent revenue expenditure and continued to apply balances to fund the deficit, its capital reserves would be depleted in five to six

years. Councillor McFlynn spoke on Council's waste management and leisure costs which were huge and noted the current initiative advancing the potential to join forces with other councils in relation to future recycling. Referring to the recent pandemic, she stated that the government had and continues to encourage people to take exercise outdoors. She said that, if the Council was going to promote outdoor exercise and recreation, there would be costs associated with this. Reflecting on the decision for a zero percentage increase in the Rate for 2021/22, she said that it had been a poor decision, the results of which were being felt now as the Council was faced with a high proposed increase in the Rate. She noted that she sympathised with rate payers who were facing increased costs generally, Council could not run on fresh air, and thus the SDLP would support Councillor Mallaghan's proposal that the Council strike a Rate the Council agree a budget and strike a Rate which would reflect a 3.9% increase from the previous year (2021/22).

Councillor Ashton thanked the officer team for their efforts and spoke of the difficult year and the unavoidable pressures incurred by residents and businesses alike and the huge impact of Covid. She stated that last year's zero percent had been the right decision at the time and that everyone needed to acknowledge what the community and businesses were enduring at the time.

Councillor Ashton said she had a counter proposal to the 3.9% increase which would seek to lower it and proposed that the Council agree a budget and strike a Rate which would reflect a 2.18% increase from the previous year (2021/22). Referring to the schedule included with the reports previously circulated, which detailed financial pressures identified by the officers, she noted the £250k set aside from RSG to fund transformation fund and referred to discussion at a recent Policy and Resources Committee meeting about the potential to apply £1m.

Councillor Ashton then suggested that proposed reduction in Rate could be funded as follows:

- Although it would increase the amount to be funded to effect the reduction, the £100k identified within the papers as being capable of generation by introducing charges for parking in Cookstown should be removed as the Council had not yet concluded its car parking strategy;
- The proposal to include £450k within the Rate estimates to contribute to the funding of revenue consequences of the capital programme should be deferred for a year as the economy is still in a difficult period. Deferral would allow the officers an opportunity to undertake proper analysis as to what additional funding would be required;
- The proposed increase of £35k to fund additional Special Responsibility Allowance for Members should be removed;
- Although she believed that the decision to strike the 2021/22 Rate had been the correct decision, the deficit on recurrent revenue funding referred to in the papers could be funded over a three year period, thereby producing a reduction in the identified pressures for 2022/23 of £833,333.

Councillor Ashton concluded by stating that she had confirmed with the SDCSF prior to the meeting that, taken together, the proposed changes would produce a revised proposed Rate increase of 2.18%.

Councillor Brown seconded Councillor Ashton's proposal.

Councillor Cuddy concurred with the thanks extended to the Chief Executive, SDCSF and their team for all the hard work. He also reflected on the departure of Mrs Paula Kerr, former Head of Finance and former director in the legacy Dungannon and South Tyrone Borough Council and extended thanks to her for her hard work especially in relation to the Rate estimates.

Councillor Cuddy said the previous and current year had been ones of exceptional circumstances which was why the Council agreed 0% increase last year (2021/22). He reflected that during that time Council had looked after both its staff and rate payers. He referred to the £20+ million cash surplus at the previous year end which had now increased to £30m and stated that this was the reason why the UUP say that striking a Rate with a zero percentage increase last year had not created a financial pressure this year. He spoke of the Covid support from Westminster and Stormont and said that he could not understand the pressures being discussed and that instead of 4.94% the UUP would propose 2.11% which will still allow Council to progress activities outlined as it was in a stronger position. He explained that the 2.11% was calculated as 4.94% less 2.83%, which was the increase attributed by the SDCSF to the decision to strike a Rate with a zero percent increase in the previous year. He said that the decision for zero rates last year had not been a mistake but the best decision the Council made.

Councillor Cuddy continued stating he would like the Council to again strike a Rate reflecting a zero percentage increase in the incoming year, but he knew that it would not be realistic. He said Council was a large organisation but the fact that approximately £60 out of every £100 incurred by Council was spent on salaries and wages was something that needed to be looked at. He acknowledged that it was difficult to significantly reduce the number of staff required to deliver Council services and noted that staff were a valuable asset, but ways needed to be found for the Council to be more efficient. Councillor Cuddy reflected that Stormont and Westminster could not be asked to cut taxes when Council was increasing Rates. He said that if the regional Rate is frozen at the 2021/22 level for 2022/23, this was an opportunity to minimise the impact of Council cost pressures on rate payers. However, it would be a hard year ahead with significant increases on board for everyone and Council should not add to the list of financial pressures experienced by rate payers. In conclusion he reiterated his proposal for 2.11% rate increase and, reflecting on the several million pounds additional income last year, he felt that it was important to send a good message out which a 2.11% rise would be.

Councillor Wilson seconded Councillor Cuddy's proposal.

The Chair, Councillor McLean invited the Chief Executive and SDCSF to speak.

The Chief Executive thanked Members for their support and acknowledged that the Members and officer team share the same challenges and desire to arrive at a affordable budget which meets ambitions. He said his job was to maintain ambition and deliver services. He spoke about delivering community projects, capital projects, supporting businesses and the money required to do this. He spoke of the satisfaction on the delivery of the corporate plan, his recent engagement with

Members to discuss the Rate estimates and the year on year increasing costs which was impacting the entire world at present. He spoke highly of the ambitions of Council and the great challenge of inflation which was at a high he had never endured in over 30 years of local government. He said a fair and balance budget was required and emphasised that organisation was financially resilient due to the good work of Members. He commended the SDCSF and other officers who secured millions of revenue funding. He said that the Council needed the reserves to deliver projects, spoke of the substantial list of capital projects of which 36 had been completed in the current year with a further 17 projects ongoing. He also spoke of 10 projects earmarked for the incoming year and the 15 sitting for years 2023-2025. The Chief Executive said these were huge projects which would serve up and coming generations, but noted that revenue funding was needed to deliver services post project delivery from the facilities and to maintain them. He believed that the proposal brought by the officer team was fair and represented value for money for the rate payer. In conclusion, he again thanked the Members for their words of appreciation and said that all officers across the organisation had high aspirations for Council.

The SDCSF echoed the Chief Executive's comments and expressed his personal appreciation of the support of Members. He spoke of the robust dialogue in recent weeks across the parties, reflected on the challenges faced in recent times, the ever increasing inflation rate, the continuing impacts of the pandemic all of which have a direct impact on the Rate. He said that, although the current economic climate was more uncertain than ever before, to date everything that Members had chosen to support had been delivered. The SDCSF said he understood the Members' aspirations to help the rate payer at this time, but advised that the figures presented by officers were reasonable and he recommended that Members should reflect upon them in great detail.

Councillor McKinney referred to earlier comments on the bad decision of the zero Rate increase last year and said that he totally disagreed with the comments as Council had obtained an additional £4m funding over the past year. He said many of the comments had been unfair as was the recommendation to increase the Rate by 2.8% on the back of the suggestion that the previous year's decision had necessitated this element of the increase.

The Chair, Councillor McLean said he believed that the zero rate last year was correct decision and that it had been known at the time the decision was taken that it would put additional pressures on the Council's finances in years to come. However, based on the circumstances prevailing at the time, it had been the right decision.

The Chair, Councillor McLean put Councillor Mallaghan's proposal to the vote:

For	25
Against	14

The Chair, Councillor McLean declared the proposal carried

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 3.9% increase from the previous year (2021/22) ;
- (ii) Authorise the expenditure within the estimates, which following adjustment equates to £58,777,409 gross (£49,279,866 (net));
- (iii) Strike non-domestic and domestic Rates of 24.3910 and 0.3505 respectively, which will reflect a 3.9% increase respectively from the equivalent 2021/22 district Rates;
- (iv) Authorise the Chief Executive to vire such amounts between budget headings as he deems necessary to secure Council's objectives in 2022/23.

Referring to the Council's cash reserves, Councillor Mallaghan commended the Council on its plan to build up capital reserves to finance its capital programme. The capital programme will take years to deliver and the funds required are significant. He noted that Council could borrow to fund capital projects, but recommended that it should draw on the experience of the legacy Magherafelt District Council which planned to finance its capital from internal resources instead of borrowing as far as practicable. He said Council did not need to accumulate debt and that, although it was easy to look at a bank statement on any given day at the funds that the Council has accumulated towards its capital aspirations, but that does not give a proper understanding of how the Council operates or how its revenue or capital expenditure is financed. He concluded that funds currently held in the bank had been secured and reserved to make Council's ambitions become a reality.

Councillor Cuthbertson thanked the officers for their work and said it was disappointing that some say this is not a big increase as Council had to have a duty of care for working families whose income is at a level which does not allow benefits but cannot heat their homes. He recalled the Chair's remarks at the Council meeting regarding the success of the fuel stamp scheme and said people are scraping pennies together to buy them. He said that the legacy Dungannon Council had a zero rate increase for a number of years but in their final meetings had applied funds to purchase new bin lorries, lands at Railway Park and improve Dungannon Park. He said the legacy Dungannon Council had always been able to identify sufficient savings to keep Rates down. Now that several highly paid staff had left the Council on foot of the recent organisational restructure and had not been replaced, the savings arising therefrom should have been sufficient to keep Rates down. He concluded by stating that the decision to increase the Rate by 3.9% was disappointing for rate payers.

Referring to previous comments regarding how the Council had accumulated its current cash reserves, Councillor McKinney said that the £500k amounts included with the Rate estimates each to fund year capital projects had nothing to do with the millions he had spoken of. He said the British Government had supplied funding to support councils deal with financial losses arising due to Covid and this funding had contributed to the build-up in cash that he had spoken of.

SC007/22 Robustness of Rate Estimates 2022/23

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.

SC008/22 Adequacy of Council's Reserves for 2022/23

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.

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.

The live broadcast concluded at 7.47 pm

Proposed by Councillor Molloy
Seconded by Councillor S McGuigan

Resolved That items SC009/22 be taken as confidential business.

Matters for Decision

(i) Appointment of Consultancy Services: Bid Writing Tender

SC010/22 Duration of Meeting

The meeting was called for 7.00 pm and ended at 7.50 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.