



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Rates Finalisation 2007/08
Date:	22 August 2008
Reporting Officer:	Trevor Salmon, Director of Corporate Services
Contact Officer:	Ronan Cregan, Improvement Manager

Relevant Background Information

The District Rate accounts for 74% of the Council's total income. It is therefore the most important source of income to support our annual expenditure.

In November 2006 Land and Property Services (LPS) provided the Council with an estimate of what the rates would yield for 2007/08. On the basis of this information the Council set a district rate increase of 2.83%.

On 9 July 2008 LPS informed the Council of the amount that the rates actually yielded in 2007/08. The difference between the estimate and the actual rates yield is £4,128,553.40. **This means that the Council has been overpaid for 2007/08 and the Council now owes LPS a sum of £4,128,553.40.**

The Director of Corporate Services has written to the Chief Executive of LPS to express his disappointment in the actual rates figure and to request a detailed explanation for the scale of the claw back and a re-assessment of the estimate provided to the Council for 2008/09 - a copy of the letter is provided at Appendix One.

The LPS has not as yet been able to provide a detailed analysis of the causes of the poor finalisation outcome but our own initial work would indicate that the key factors are:

- The model used by LPS to estimate rate income is not fit for purpose
- LPS performance in collecting rates is poor in the areas such as debt collection and vacant properties.
- Changes to rating policy have led to increased losses in rates income.

The Chief Executive of the LPS has acknowledged receipt of my letter (see attached) and is presently gathering information for a response. It is not anticipated that this response will be received until early September.

Key Issues

The Director of Corporate Services is currently assessing the impact of the 07/08 finalisation on the 08/09 budget. He is also reviewing the impact of inflationary and departmental pressures on the budget. It is recommended that a meeting of the Party Group Leaders and the Chair of the Strategic Policy and Resources Committee is held in the second week of September to discuss the implications of the 07/08 finalisation

and consider options to re-align the 08/09 budget. The outcome of this meeting will then be reported to the Strategic Policy and Resources Committee in September.

Members will recall that the Strategic Policy and Resources Committee in June agreed to defer a number of reports on rates issues to its August meeting. However, given the nature of the 07/08 finalisation figure and the additional work required to assess its impact on the Council in both 2008/09 and 2009/10, it is recommended that a special meeting of the Strategic Policy and Resources Committee is held in September to discuss the various rates issues.

Recommendations

The Committee is requested to agree :

1. To hold a meeting of the Party Group Leaders and the Chair of the Strategic Policy and Resources Committee in the second week of September to discuss the implications of the 07/08 finalisation and consider options to re-align the 08/09 budget.
2. To hold a special meeting of the Strategic Policy and Resources Committee in September to discuss the rates report deferred from the August meeting and the impact of the 2007/08 rates finalisation on the 2008/09 budget and the 2009/10 rate setting process.