



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Financial Planning - Update
Date:	19 September 2008
Reporting Officer:	Gerry Millar, Director of Improvement
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Relevant Background Information

Members will recall that at the Strategic Policy and Resources Committee last month the Director of Corporate Services informed Members that the rates finalisation for 2007/08 resulted in the Council owing the LPS £4,128,553.40. At the August meeting it was agreed that the Party Group Leaders and the Chair of the Strategic Policy and Resources Committee should meet in the second week of September to initially discuss the implications of the 07/08 rates finalisation on the 08/09 budget and the rates setting process for 2009/10. The purpose of this report is to inform Members of the suggestions made by the Group Leaders at this meeting.

Key Issues

2007/08

The Director of Corporate Services informed the Party Group Leaders that the £4,128,553.40 clawback would be deducted from the November rates payment and that this would have to be met from reserves. This means that the Council's reserves now stand at £4m. Best practice would indicate that for a Council of our size the ideal reserve position should be £10m.

2008/09

The Director of Corporate Services informed the Party Group Leaders that he had received notification from LPS that the projected rates finalisation for 2008/09 would be a clawback of £700,000. This projection however does not include additional rate income which will accrue from Victoria Square and vacant property inspections. When these are included the projection is a marginal positive outcome for 2008/09.

The Director of Corporate Services also outlined the work that had been carried out to assess the impact of inflation and the level of current expenditure on the 2008/09 year end position. At present it is predicted that there will be a small positive variance. It was agreed that a revised year end position would be provided to the Strategic Policy and Resources Committee after the half year results became available in November.

2009/10

A preliminary projection for 2009/10 would indicate that in order to stand still a minimum rate increase of 5% would be required. The Party Group Leaders indicated that an inclusive rates setting process for 2009/10 would be required which would consider both financial and Council priorities at the same time. They indicated that they would wish briefings to be provided to all Members through the Strategic Policy and

Resources Committee and the departmental committees on an ongoing basis as part of the rates setting process.

Land and Property Services

The Party Group Leaders agreed that a special Strategic Policy and Resources Committee should be held in October (to which all Members would be invited) to discuss rates issues and that the LPS should be requested to attend this meeting. The key areas for discussion would include:

- The accuracy of the current rates estimating model
- Vacant properties
- Debt management
- LPS accountability and the development of a Service Level Agreement with the Council
- Changes to rating policy and regulations.

Following this meeting the Committee could decide how it might wish to engage with the Minister for Finance and Personnel, to advise him of the Council's proposals on how the current process might be improved.

Recommendations

The Committee is requested to:

1. Note the current financial issues facing Council
2. Agree to receive a revised year end position after half year results become available
3. Agree to rates briefings to all Committees as described above
4. Agree to hold a Special Strategic Policy & Resources Committee in October to discuss rates issues and to invite the LPS to that meeting
5. Note that a number of special Strategic Policy and Resources Committee meetings will probably be required in November and December to develop the rate for next year.