

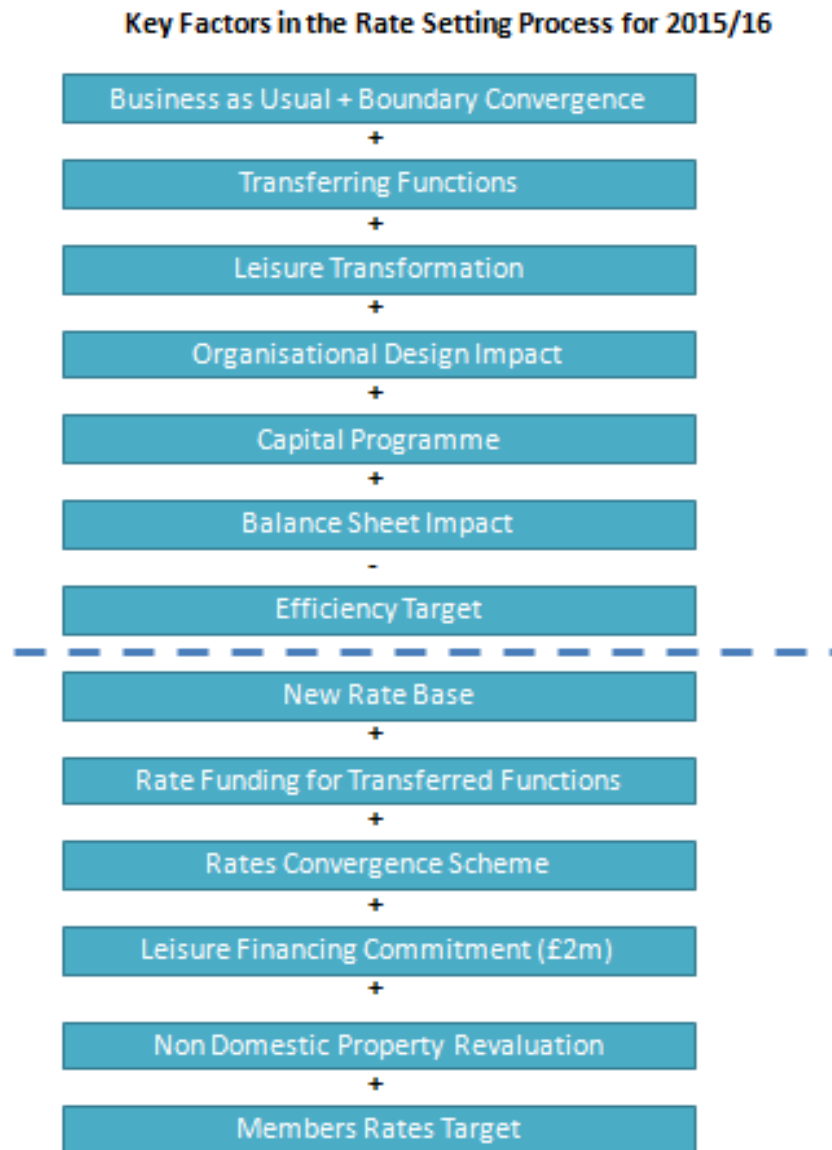


**Report to:** Shadow Strategic Policy & Resources Committee  
**Subject:** **Rate Setting 2015/16**  
**Date:** 26 September 2014  
**Reporting Officer:** Ronan Cregan, Director of Finance and Resources  
**Contact Officer:** Mark McBride, Head of Finance and Performance

<b>1</b>	<b>Relevant Background Information</b>
1.1	Two of the key tasks for the Shadow SP&R Committee will be setting the district rate and agreeing the revenue and capital budgets for 2015/16.
1.2	This report provides an update for Members on the key strands of the rate setting process as agreed by the Committee in June 2014 which will support the financial decision-making and the setting of the District rate in February 2015.
<b>2</b>	<b>Key Issues</b>
2.1	Table 1 below summarises the key issues relating to the rate setting process for 2015/16. The top half of the table deals with the revenue and capital estimates and the bottom half addresses the factors which will determine how much income will be raised through the rates base.
2.2	Table 2 summarises the rate setting process agreed by the Shadow Strategic Policy and Resources Committee on the 23 June 2014. The following paragraphs provide an update on the key strands of work within the rate setting process which will support the financial decision-making and the setting of the District rate in February 2015.
2.3	<b>Service Convergence Estimates:</b> This element of the rate setting process focuses on the impact of the boundary change on existing Council services and the provision of services to residents across the new Council area.
2.4	Departments have prepared a first cut of their estimates based on the new boundary area and as part of Phase 2 of this process, the estimates and the proposed service delivery model assumptions are currently being challenged by central Finance.
2.5	Detailed analysis of the estimates is also being undertaken to clearly identify the recurring revenue costs, non recurring revenue and capital transition costs and efficiency savings associated with service convergence.

2.6 This will process will validate the baseline and business case for the service convergence estimates and enable an affordability assessment against the new rate base. Further iteration of the convergence estimates will be undertaken before detailed budget proposals are presented to the Shadow Strategic Policy and Resources Committee in November 2014.

**Table One:**



2.7 **Leisure Transformation Programme (LTP):** Detailed work is being undertaken to ensure that the £2m of efficiency savings in leisure, through the LTP are delivered by 2016/17. This work will be validated by Deloitte as part of the LTP Due Diligence review.

2.8 **Capital Programme:** As part of the rate setting process the capital programme and capital financing implications for 2015/16 – 2017/18 will be presented to the Shadow Strategic Policy and Resources Committee. The revised capital programme will include existing projects, the leisure investment programme, capital implications of transferring assets and emerging projects relating to the new boundary areas and transferring functions.

2.9	<b>Transferring Functions Potential Funding Settlements and Issues:</b> Council officers are continuing to engage with the relevant government departments to challenge the level of funding proposed at a regional and at a Belfast level to support the transfer of functions and this work is the subject ongoing reporting to Members.
2.10	<b>New Rate Base:</b> The expanded rates base for the new council area will include the gross rate income less losses (including allowances, vacancies, irrecoverables and cost of collection). The output will be an Estimated Penny Product for the new council Area. Council officers are currently working with LPS and the Institute of Revenue, Rating and Valuation to estimate the likely levels of rates income associated with the new rates base. The first draft of the EPP will be presented to the Shadow Strategic Policy and Resources Committee in November 2014.
2.11	<b>Rates Convergence Scheme:</b> Belfast City Council's submission to the consultation on the scheme was made in August 2014. The terms of the final DFP Scheme have still to be published.
2.12	<b>Non Domestic Property Revaluation:</b> The impact of the rebalancing of non domestic property rate base following the revaluation of all non domestic properties is due to be published shortly. The outcome will be reported to the committee as soon as it becomes available.

**Table Two: Rate Setting Process for 2015/16**

June 14	Budget Panel and Shadow SP&R	Year end Report Agree Rate Setting Process and Timetable for 2015/16
Aug 14	Budget Panel and Shadow SP&R	Update on:- <ul style="list-style-type: none"> <li>• Convergence Estimates</li> <li>• Transfer of Functions Due Diligence</li> <li>• Converged Rate Base</li> <li>• Non Domestic Revaluation</li> <li>• Rates Convergence</li> <li>• External Financial Pressures</li> <li>• Efficiency Target</li> </ul>
Sept 14 / Oct 14	Budget Panel and Shadow S P&R	Update on:- <ul style="list-style-type: none"> <li>• Leisure Transformation Impact</li> <li>• Capital Programme</li> <li>• Transferring Assets Impact</li> <li>• Transfer of Functions Potential Funding Settlements and Issues</li> <li>• Rates Convergence Scheme</li> <li>• Non Domestic Revaluation Impact</li> </ul>
Nov 14	Budget Panel and Shadow SP&R	Update on Rates position and options for District Rate
Dec 14	Budget Panel and Shadow SP&R	Discuss and finalise options for Rates position taking into account the Medium Term Financial Plan, Capital Financing Strategy and Treasury Management Strategy
Jan 15	Shadow SP&R Shadow Committees	Recommendations to Council on District rate and Medium Term Financial Plan
Feb 15	Council	Agree District rate

<b>3</b>	<b>Recommendations</b>
	<p>Members are asked to:</p> <ol style="list-style-type: none"> <li>1. Note the report on the update on the rate setting process for 2015/16 and that further reports will brought to Committee in line with the agreed rate setting timetable.</li> </ol>
<b>4</b>	<b>Decision Tracker</b> Responsible Officers: Director of Finance & Resources