Causeway Coast & Glens Borough Council

FINANCE COMMITTEE MEETING HELD THURSDAY 11 JANUARY 2024

No	Item	*Summary of Key Recommendations*
1.	Apologies	***Councillors Kyle, Nicholl***
2.	Declarations of Interest	***Nil***
3.	Minutes of Finance Committee meeting held Thursday 14 December 2023	***Signed as a correct record***
4.	Minutes of Finance Working Group held Thursday 14 December 2023	***Noted***
5.	Management Accounts P8	***Noted***
6.	APP Forecast	***Noted***
7.	Prompt Payments	***Noted***
8.	Consultation Response - domestic rating policy	***to recommend that Council approve the draft response to be submitted to the consultation process before the 13 February 2024 deadline and that Council write to Land and Property Services requesting a breakdown of the rates to be provided on rates bills.***
9.	Consultation Response - non-domestic rating policy	***To recommend that Council approve the draft response to be submitted to consultation process before the 13 February 2024 deadline; to***

		include comments made at the meeting.
	FOR CONFIDENTIAL CONSIDERATION (Items 10 - 13 inclusive)	
10.	Debt Management	***Noted***
11.	Rates Support Grant Options	***To recommend that Council approve Option 3 – make provision in the rates estimates for RSG assuming the current level of funding is maintained and using the projected percentage allocation for Causeway Coast and Glens Borough Council of 7.38% which equates to £363,391, this option is the riskiest for Council given the current budgetary pressure on departmental budgets, it reduces the burden on the ratepayer by approximately 0.62%.***
12.	Financial Services Budget 2024/2025	***To recommend that Council approve the projected budgets for Financial Services as tabled above be provided for in the rates estimates for 2024 – 2025.***
13.	Rates Estimates - Verbal Update	***Received***
14.	Any Other Relevant Business (notified in accordance with Standing Order 12 (o))	***Nil***

MINUTES OF THE PROCEEDINGS OF THE FINANCE COMMITTEE HELD IN THE COUNCIL CHAMBER, CIVIC HEADQUARTERS AND VIA VIDEO CONFERENCE ON THURSDAY 11 JANUARY 2024 AT 7PM

In the Chair:	Councillor Peacock (C)
Members Present:	Alderman Callan (R), Coyle (R), Knight McQuillan (C), S McKillop (R), Scott (R); Councillors Holmes (R/C), Huggins (C), Kane (C), McAuley (C), McQuillan (R), Mairs (C), Schenning (C), Wisener (C)
Officers Present:	D Jackson, Chief Executive (R) D Wright, Chief Finance Officer (C) J Keen, Committee & Member Services Officer (C)
In Attendance:	A Lennox, Mobile Operation Officer (C) Press: (1 No) (R)

Key: **(C)** Attended in the Chamber
(R) Attended Remotely

Substitutions:
Councillor J McAuley substituted for Councillor Kyle.

The Chief Finance Officer undertook a roll call.

The Chair advised Committee of its obligations and protocol whilst the meeting was being audio recorded; and with the remote meetings protocol.

1. APOLOGIES

Apologies were recorded for Councillor Kyle and Councillor Nicholl.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF FINANCE COMMITTEE MEETING HELD THURSDAY 14 DECEMBER 2023

Summary previously circulated.

AGREED – to recommend that the Minutes of the Finance Committee Meeting held Thursday 14 December 2023 are confirmed as a correct record.

4. MINUTES OF FINANCE WORKING GROUP HELD THURSDAY 14 DECEMBER 2023

Notes, previously circulated, presented as read.

Committee NOTED the report.

*** Alderman Knight-McQuillan attended in the Chamber at 7.06pm**

5. MANAGEMENT ACCOUNTS P8

Report, previously circulated, was presented by the Chief Finance Officer.

Background
Causeway Coast and Glens Borough Council (CC&GBC) consists of 4 legacy councils that merged on 1 April 2015 into 1 council. The council is currently made up of 3 directorates (Leisure and Development, Environmental Services, Corporate Policy and Resources) and includes a Planning, Finance and Legal department, that are reported separately in this report. The Annual Budgeted Spend for 2023/24 controlled by the Directorates is £78.818m (excludes depreciation, actuarial adjustments, provisions, accumulated absences, and it is these figures that change the figures in the Audited Accounts). Gross Income is budgeted at £76.206m the difference being a budgeted applied balance of £2.612m for the year.

Financial Overview by Directorate
The table below (circulated) details a summary of the financial position at period 8 (up to and including 30 November 2023).

Council is showing a favourable variance against budget at period 8 amounting to £1,199,002 which is an encouraging position to be in as we approach the final quarter of the financial year. It should be noted that this however is not a surplus but rather a positive variance against budget, Council set a deficit budget for 2023/24 of £2.612m therefore if this position was maintained until the end of the year Council would still be in deficit by £1.413m, reducing reserves by this amount.

Income and Expenditure Analysis
The overall position with regards staffing costs is shown in the table below (circulated) by Directorate.

Council is currently adverse against budget in terms of staffing, and this is expected to be the case as the current pay award offered to employees exceeds the budgetary provision included by Council in the rates estimates. An accrual has been included in these accounts for the pay award based on the current employer’s side offer, it is vital to estimate what the eventual effect will be and include in the accounts to avoid significant false positive variances at this stage which would become significant negative variances once the pay award is implemented.

The table below (circulated) sets out the budgetary position of all other areas of expenditure against budget by Directorate.

At period 8 this is £327 adverse (Period 7 - £357k adverse) however it should be noted that this includes £139k relating to insurance costs for which the full charge for the year has already been included in the accounts thereby generating the adverse variance against the annual budget. Maintenance and materials are the other areas which are showing adverse at this stage across Council's entire estate. Other significant factors include waste where increased tonnages at our landfill site have led to increased landfill tax (this is offset by landfill tax income and increased dumping fees), the cost of the election being in excess of the Election reserve that had been previously set aside and extra ordinary audit costs.

Income levels are currently reporting favourable against budget as detailed in the table below (circulated) by Directorate.

At this stage we already know Rates Support Grant to be received by Council will be under budget by £273k therefore we have taken account of this in these accounts. The figure for Corporate Services includes release from the Election Reserve to meet the costs of the recent Election thereby offsetting the majority of the overspend on the expenditure side.

Leisure And Development Directorate
Background
Council has approved the annual budget for Leisure and Development and delegated authority to officers to utilise this budget in the provision of services to the rate payers. The L&D budget for 2023/24 is £13,248,062 (*this includes estates transfer of £1,351,637 not included below). The net budget is a calculation of the forecast:

- Gross Expenditure of £22.301m.
- Gross Income of £9.053m.

Table 1, Illustrates a P8 Net Position of £5,673,064, which is favourable by £481,239.

The service area financial positions are also shown in Table 1 (circulated).

Service Area Budget
Income and Expenditure
Generally, the budgetary performance of Leisure and Development at Period 8 is performing well and as estimated at the start of the calendar year 2023, main areas to highlight are:

<u>Salaries and Wages.</u>
The table below shows the position regarding staffing costs across the Directorate, currently adverse by £601k, mainly due to the expected overspend as a result of the anticipated pay award.

This has marginally decreased from P7.

Energy and Utilities.
At Period 8, energy costs and utilities have a favourable variance of £272k, this is likely due to more improved pricing than anticipated. There are also invoices outstanding as not all utilities are monthly, generally water bills are bi annually and the budget may need profiled accordingly.

Repairs and Maintenance.
At Period 8, scheduled and reactive repairs / maintenance are adverse by £16k, this will be impacted by the withdrawal of estates transfer.

Supplies and Services
At period 8 Supplies and Services are currently showing an adverse variance of £27k.

Customer & Client Receipts
Is currently showing a favourable variance of £589k mainly in Tourism & Recreation income (80k) and Sport & wellbeing (£473k).

Income Opportunities / Cost Reduction Measures
Whether inflation remains high and / or increases further, officers will reduce expenditure and increase income, through both immediate cost mitigation and the continuation of ongoing initiatives:

- Essential maintenance only throughout the Estate.
- 'Gapping' vacant posts.
- Reducing the use of agency staff.
- The continual drive to increase income at Council facilities, including the leisure centres and HALPs.
- The critical 'belt-tightening' exercise to minimise expenditure wherever possible.

Environmental Services Directorate
Background
Council has approved the annual budget for Environmental Service and delegated authority to officers to utilise this budget in the provision of services to the rate payers. ES budget for 2023/24 is £ 28,731,095.78. This is based on expenditure budget of £34,228,754.98 and income budget of £5,497,659.20

The Environmental Services position at Period 8 shows a £514,025.04 positive variance. This includes predicted increases in employee costs based on the proposed National Pay Award which is greater than the predicted budget increase.

The main costs and income attributing to the ES P8 position are summarised as follows as variances against budget.

Estates.
£709k favourable mainly due to Employee costs which are £411k favourable. This is a result of difficulty in recruiting the number of seasonal grounds

maintenance staff. A number of vacant posts within the Estates section remain unfilled. Income is positive by £99k.

Health and Built Environment.
£201k positive. Employee costs are £53k favourable. Fee Income is favourable by £229k including £103k from Building Control and £47k grant from Consumer Protection at P8.

Infrastructure.
£362k favourable mainly due to income favourable by £150k. Car Park income is favourable by £100k and Harbour and Marina income is favourable by £50k. Employee costs are £103k favourable mainly due to the Asset Realisation Officer post not having been filled and Harbour and Marina structure not permanently filled.

Operations.
£722k adverse variance in Period 8. Employee costs are adverse by £639k, this includes an accrued pay award which was underprovided for in the budget estimates agreed by Members. Seasonal profiling has not been completed. A breakdown of the variances are as follows (table circulated).

ES Business Support.
£40k adverse due to increased employee costs.

ES Centrally Managed.
£4k positive variance.

In-year Savings
Officers have and will continue to manage and scrutinise the budget to identify opportunities for reducing expenditure and increasing income. This includes

- not filling vacant posts,
- reducing season staff durations,
- not filling staff on sick leave in all non-essential service areas.
- completing only essential maintenance on ES properties.

Therefore, at Period 8 ES financial position has a positive variance of £514,025.04

Corporate Services
The table below (circulated) demonstrates the financial position for Corporate Services at period 8.

Planning
Planning is showing a variance of over £57k favourable position at end of Period 8 based on the Management Accounts.

The gross income received as of the end of Period 8 was £968,356.88 including Property Certificate income, sitting in a favourable position at £105,275.50 at end of Period 8 (Budget £863,081.38 v Actual £968,356.88).

In terms of expenditure, Salaries and Wages (including Agency staff) are showing an overspend of over £87,861 due to increased staff costs.

The increase in income continues to offset the deficit in salaries and wages. The favourable position in other expenditure codes will be reduced throughout the year as some payments are made on an annual basis and legal challenges to planning decisions continue.

Chief Executive
The table below (circulated) demonstrates the financial position for areas reporting directly to the Chief Executive at period 8.

The variance under Performance includes Insurance costs for the year being adverse by £139k.

Finance, Investment Income, Interest and Rates
The table below (circulated) demonstrates the financial position relating to Finance, Investment Income, Interest payments, Central Government Support and Rates as at the end of period 8:

Whilst the figures in this table are dominated by the adverse position regarding Rates Support Grant it should be noted that Investment Income is £116k favourable and this position will improve as the year progresses. In December an additional £132k investment income will be received with a further £26k in January and £40k in February bringing the confirmed total for the year to £379k against a budget of £225k.

Cashflow
The table below (circulated) sets out a projected cashflow for the next three months.

Summary
Whilst this report does present a welcome and healthy position for Council it must be noted that Council did approve a budget with a £2.612m deficit therefore if this position remained until the end of the year Council would still reduce reserves by just over £1.413 million. All expenditure and income streams require continued management and scrutiny in order to reduce that deficit and help protect Council’s Reserves.

Projected Outturn
The table below makes projections to the end of year position on a best/worst/likely case scenario. The assumptions which have been made to reach the projected outcome for each scenario are also included in the table:

Committee NOTED the report.

6. APP FORECAST

Report, previously circulated, was presented by the Chief Finance Officer.

Background
Land and Property Services (LPS) who issue bills and collect rates on behalf of Councils issue in year forecasts on the Actual Penny Product (APP) and projected outturns with regards the amount of rates actually collected.

Detail
LPS has issued to Councils the interim in year forecast for the APP based on figures at 30 November 2023. The forecast for Causeway Coast and Glens Borough Council indicates that we are on course to receive a positive finalisation in terms of rates income amounting to approximately £335k, down slightly from the June forecast of £421k. The figure has fallen steadily since the June forecast and could be as a result of the impact of revaluation challenges, certainly the drop does appear to be mainly on the non-domestic sector. Council will continue to monitor these figures over the remainder of the financial year in case the positive finalisation could turn into a deficit leading to a clawback of rates income by LPS.

Monthly Analysis

Month	April	May	**Jun**	July	Aug	**Sept**	Oct	Nov
Forecast	£280	£340	**£421**	£412	£374	**£322**	£334	£335

All figures £'000

Additional analysis
Included with the November figures is a second estimate for the APP forecast. The figure contained within the table above is prepared on the basis of a number of assumptions at the outset in terms of for example cost of collection, allowances and debt. The difference between the two figures is in relation to debt and specifically how much debt has been written off. When we use the actual debt write off to date the position improves to approximately £530k. It is anticipated at this stage that the assumed debt write off will not be required therefore the final position will probably lie somewhere between the two figures quoted.

APP analysis
The tables below set out the analysis of the APP forecast for the current financial year in terms of both domestic and non-domestic properties. These tables demonstrate that the positive position is mainly generated by domestic properties which is consistent with the makeup of our rates income with approximately 63% of rates revenue being raised on domestic properties. The steady growth experienced in this sector in recent years does appear to be continuing for the time being which is encouraging. With regards the non-domestic sector the situation in respect of revaluation challenges will continue to be monitored and assessed. The obvious knock on effect at this time of year will be potentially be seen in the Estimated Penny Product figure which is used in the setting of the rate, any negative impact on this figure results in an increased additional burden on the ratepayer. A second set of tables sets out the revised position using actual debt (Irrecoverable) figures.

Revaluations
Whilst the figures remain positive Council must be mindful of the potential effect which challenge cases against previous revaluations may have, Non-domestic properties were revalued for 2023 and with Causeway Coast and Glens being one of only 4 Council areas with an increase in the overall Net Annual Value (NAV) of it's non-domestic property we may be exposed to a higher risk of appeals against those revaluations which, if successful, may lead to a reduction in the overall NAV figure and therefore subsequently rates income. It would appear that the decrease in this forecast in recent months has occurred mainly in the non-domestic sector and may therefore be as a result of revaluation appeals being processed. We have recently been told informally that a potential significant case is due to be settled and the possible effect of that settlement could be as high as £390k which, if it materialises, will, based on the current projections, move Council into a clawback scenario.

Recommendation
It is recommended that Council note the report.

Committee NOTED the report.

7. PROMPT PAYMENTS

Report, previously circulated, was presented by the Chief Finance Officer.

Background
Department for communities (DfC) requires Council to record and publish statistics regarding the payment of supplier invoices with specific reference to two distinct measures namely invoices paid within 10 working days and invoices paid within 30 calendar days.

Detail
These figures are published on a quarterly basis by DfC with Councils required to do likewise. The purpose of the statistics is to encourage Councils to support businesses especially those local and/or small businesses for whom cash flow is of vital importance to their continued survival. In addition, as part of Council's performance improvement plan for this year the payment of our suppliers has been identified as one of the performance improvement objectives with a target of 90% of suppliers being paid within 30 calendar days. The tables below detail Council's performance since April 2020 the latest data being for quarter 3 of 23/24 year, up to and including end of December 2023. The implementation of the new Finance system on 1 April has had a negative impact on these statistics however we can see they have begun to recover in quarters 2 and 3, that improvement continuing during December, and it is anticipated that this improvement will be sustained in coming periods with the last few months achieving the 90% target for invoices being paid within 30 days.

Improvement Actions
The statistics will continue to be reviewed over the coming months to ensure this decline continues to be reversed and performance should be improved to pre-implementation levels and better with the enhancements of the new system

taking effect. During December 91.64% (November 90.94%) of invoices were paid within 30 days, the year-to-date figure now being 86.37% (November 85.90%), a steady improvement from the 82.89% recorded in Q1.

Prompt Payment Statistics 2020/2021

	Q1	Q2	Q3	Q4	Total
Total No of Invoices	3424	5544	5802	6296	21066
Total amount paid	£ 5,602,247	£ 10,310,263	£ 10,622,455	£ 17,216,296	£ 43,751,261
Number of invoices paid within 10 days	2414	3804	4308	4087	14613
% of invoices paid within 10 days	70.50%	68.61%	74.25%	64.91%	69.37%
Number of invoices paid within 30 days	2846	4951	5184	5383	18364
% of invoices paid within 30 days	83.12%	89.30%	89.35%	85.50%	87.17%
Number of invoices paid outside 30 days	578	593	618	913	2702
% of invoices paid outside 30 days	16.88%	10.70%	10.65%	14.50%	12.83%
No. of Disputed Invoices	10	82	102	57	251
% of disputed invoices	0.29%	1.48%	1.76%	0.91%	1.19%
Average Payment Days	15.52	13.85	16.26	17.06	15.74

Prompt Payment Statistics 2021/2022

	Q1	Q2	Q3	Q4	Total
Total No of Invoices	5830	6442	7117	6567	25956
Total amount paid	£ 12,255,753	£ 14,938,664	£ 11,824,362	£ 16,652,683	£ 55,671,462
Number of invoices paid within 10 days	4139	4113	5240	4331	17823
% of invoices paid within 10 days	70.99%	63.85%	73.63%	65.95%	68.67%
Number of invoices paid within 30 days	5447	5886	6613	5893	23839
% of invoices paid within 30 days	93.43%	91.37%	92.92%	89.74%	91.84%
Number of invoices paid outside 30 days	383	556	504	674	2117
% of invoices paid outside 30 days	6.57%	8.63%	7.08%	10.26%	8.16%
No. of Disputed Invoices	32	26	48	28	134
% of disputed invoices	0.55%	0.40%	0.67%	0.43%	0.52%
Average Payment Days	15.80	17.23	15.27	16.81	16.27

Prompt Payment Statistics 2022/2023

	Q1	Q2	Q3	Q4	Total
Total No of Invoices	6461	6090	6825	6265	25641
Total amount paid	£ 17,214,458	£ 17,078,164	£ 12,851,511	£ 35,804,964	£ 82,949,097
Number of invoices paid within 10 days	4446	3487	4806	4628	17367
% of invoices paid within 10 days	68.81%	57.26%	70.42%	73.87%	67.73%
Number of invoices paid within 30 days	5872	5267	6252	5829	23220
% of invoices paid within 30 days	90.88%	86.49%	91.60%	93.04%	90.56%
Number of invoices paid outside 30 days	589	823	573	436	2421
% of invoices paid outside 30 days	9.12%	13.51%	8.40%	6.96%	9.44%
No. of Disputed Invoices	33	35	61	20	149
% of disputed invoices	0.51%	0.57%	0.89%	0.32%	0.58%
Average Payment Days	16.24	18.55	15.92	14.28	16.22

Prompt Payment Statistics 2023/2024

	Q1	Q2	Q3	Q4	Total
Total No of Invoices	6512	7263	6704		20479
Total amount paid	£ 23,864,802	£ 17,139,245	£ 13,273,817		£ 54,277,864
Number of invoices paid within 10 days	3675	5233	5350		14258
% of invoices paid within 10 days	56.43%	72.05%	79.80%	#DIV/0!	69.62%
Number of invoices paid within 30 days	5398	6232	6057		17687
% of invoices paid within 30 days	82.89%	85.80%	90.35%	#DIV/0!	86.37%
Number of invoices paid outside 30 days	1114	1031	647	0	2792
% of invoices paid outside 30 days	17.11%	14.20%	9.65%	#DIV/0!	13.63%
No. of Disputed Invoices	33	162	93		288
% of disputed invoices	0.51%	2.23%	1.39%	#DIV/0!	1.41%
Average Payment Days	18.71	15.59	12.02	#DIV/0!	15.24

Committee NOTED the report.

In response to a question regarding the new finance system, the Chief Finance Officer advised that there will be a marginal improvement with the timescales in which invoices will be paid, as the process more streamlined and the Finance Team are still educating suppliers to email invoices rather than providing hard copies.

In response to questions regarding disputed invoices, the Chief Finance Officer advised there was a pricing issue with a particular supplier which affected several invoices.

8. CONSULTATION RESPONSE - DOMESTIC RATING POLICY

Report, previously circulated, was presented by the Chief Finance Officer.

Background
In November 2023 Land and Property Service and Department of Finance issued a consultation paper on three aspects of domestic rating policy. The consultation closes on 13 February 2024. This report allows Council to consider its response to that consultation. The consultation was discussed at the December Finance Working Group to facilitate drafting this report.

Detail
There are three areas covered by the consultation;

1. Removal of the maximum capital value
2. Removal of the early payment discount
3. Removal of landlord allowance

Removal of the maximum capital value
Currently this is set at £400k per property, any property with a capital value in excess of that will pay rates as if it has a capital value of £400k. This relief affects approximately 7,900 properties in Northern Ireland however 65% of those are in two Council areas, Belfast and Ards and North Down, historic data would suggest there are around 4% of these in this Borough. The removal of the cap would mean the highest value property in NI would face a rates bill of around £27k. It is recognised that some higher value properties may have been inherited and therefore removal of the cap could be detrimental in those cases. Historic data would indicate that raising the cap to £500k would include just under 50% of the properties and raising to £600k would include approximately another 25%.

2.1.1 – Should the maximum capital value be removed – ~~Yes~~/No

2.1.2 – What in your view would be the impact of removing this support

Causeway Coast and Glens Borough Council believe the total removal of the cap could impact on rate payers who have inherited high value properties and could lead to the dereliction of those properties many of which may be of historic interest. Council would be in favour of raising the cap by £100k or possibly £200k, at this level the largest proportion of properties would be included, the returns from further increases diminishing very quickly.

Removal of the early payment discount from the rating system
Currently ratepayers who pay their rates bill in full by a specified date receive a 4% discount. LPS state that approximately 158,000 (20%) of ratepayers take advantage of this discount. They also state that the discount is a disincentive to the uptake of direct debit as a payment method which is claimed is the most efficient method. This advice is somewhat contradictory to their stance on the landlord allowance which, despite being available until a later date and at a higher level, LPS are in favour of citing that it means there are a large number of customers requiring little or no action from LPS and very low risk of bad debt, surely the same can be said for the early payment discount. The early payment discount means approximately 20% of accounts are settled in full at an early stage requiring no action or administration from LPS from that point forward, it is hard to argue that direct debit which requires 10 monthly administrative processes as opposed to one is more efficient.

2.2.1 – Should the early payment discount be removed – ~~Yes~~/No

2.2.2 – What, in your view would be the impact of removing this support?

Council finds it difficult to reconcile the contradictory position taken by LPS over this discount when compared to the Landlord allowance and is not convinced by the argument that a multiple process direct debit solution is more efficient than a single payment process. There is also the need to carry out some additional analysis on the users of the discount since they may tend to be from an older generation therefore the removal of the policy may be ageist in nature. There is no guarantee that all customers will move to direct debit and the removal of the discount which means 20% of ratepayers who are of zero risk in terms of bad debt may become more difficult to deal with and could potentially lead to an increase in bad debt processing, which is LPS's argument for retaining the Landlord allowance.

Removal of the landlord allowance from the rating system
Currently Landlords who pay in full by 30 September annually receive a 10% discount, this allowance is utilised by 210,000 properties. LPS have, in contradiction to their position on the early payment discount, supported the continuation of this allowance as it means there is no risk of bad debt from a significant number of properties. Council notes that this allowance was reduced previously from 12.5% to the current level in 2015.

2.3.1 – Should the landlord allowance of 10% be removed – ~~Yes~~/No

2.3.2 – What, in your opinion, would be the impact of removing this support?

Council supports LPS's position on this allowance that it means a significant number of properties are at zero risk of bad debt and therefore removes any administrative burden from LPS in that regard. Removal of the allowance could lead to an increase in bad debt and result in increased costs to LPS and to Councils in terms of the cost of collection.

Recommendation
It is recommended that Council consider the draft responses above to the consultation and approve a response to be submitted to consultation process before the 13 February 2024 deadline.

In response to questions, the Chief Finance Officer advised that rates on domestic properties were set according to 2005 values; that market prices were not tracked by Land and Property Services; inflation would only be considered if Land and Property Services were to revalue domestic properties. The Chief Finance Officer advised that limited information was provided by Land and Property Services; some information was provided in the consultation document.

Alderman Callan stated Council should know the rates base; this would also help with the rates setting process. Alderman Callan felt it was poor that Land and Property Services did not share this information and that Council should be campaigning for the information and suggested to go through NILGA (Northern Ireland Local Government Association).

Alderman Scott proposed that Council approve the draft responses to be submitted to consultation process before the 13 February 2024 deadline.

In response to questions, the Chief Finance Officer advised that it was probably possible for a breakdown of the rates to be provided on rates bills, to reflect where the rates were distributed; it was further advised that the consultation requires very specific responses, if there was opportunity, the Chief Finance Officer would add the request for the breakdown on to the consultation response but suggested it was best to write directly to Land and Property Services requesting this.

Councillor Holmes proposed writing to Land and Property Services requesting a breakdown of the rates included in rates bills.

Alderman Scott stated he was content for Councillor Holmes' proposal to be added to his.

Proposed by Alderman Scott
Seconded by Councillor Holmes and

AGREED – to recommend that Council approve the draft response to be submitted to the consultation process before the 13 February 2024 deadline and that Council write to Land and Property Services requesting a breakdown of the rates to be provided on rates bills.

* **Councillor Holmes attended in the Chamber at 7.51pm during consideration of this item.**

9. CONSULTATION RESPONSE - NON-DOMESTIC RATING POLICY

Report, previously circulated, was presented by the Chief Finance Officer.

Background
In November 2023 Land and Property Service and Department of Finance issued a consultation paper on four aspects of non-domestic rating policy. The consultation closes on 13 February 2024. This report allows Council to consider its response to that consultation. The consultation was discussed at the December Finance Working Group to facilitate drafting this report.

Detail
There are four areas covered by the consultation;

1. Removal of industrial derating from the rating system
2. Removal of Non-Domestic Vacant Rate (NVDR) relief of 50% from the rating system
3. Removal of freight transport relief from the rating system
4. Removal of the student halls of residence exemption from the rating system

Removal of the industrial derating from the rating system
Currently this is set 70% for property deemed to be for manufacturing purposes. The cost of this relief is approximately £71.5m which is met by the NI Executive, Councils being compensated for any loss due to the policy via Derating Grant. The removal of this relief therefore will also remove the need for derating grant meaning the cost of this proposal will eventually be borne entirely by Councils. This may come about by loss of manufacturing businesses to other jurisdictions when Northern Ireland becomes a less beneficial location from which to operate as a result of this change.

2.1.1 – Should the industrial derating be removed – ~~Yes~~/No

2.1.2 – What in your view would be the impact of removing this support

Causeway Coast and Glens Borough Council believe the total removal of this measure would be a form of taxation transfer to the Local Government sector. Central government will benefit from additional rates income and in addition no longer having to pay out derating grant to Local Government whilst for Local Government the situation at best is neutral assuming all businesses remain in operation within the Boroughs and Districts, any loss of these businesses will have an immediate detrimental impact on the local Council through loss of rate income whilst Central Government will have the advantage of the saved derating grant revenue to act as a substantial buffer to its revenue streams. Furthermore any loss of manufacturing business will have an immediate knock on impact on the local economy with job losses and lost income to the local economy.

Removal of Non-Domestic Vacant Rate (NVDR) relief of 50% from the rating sytem

Currently owners of non-domestic properties which become vacant receive a 3 month 100% rate relief and thereafter a 50% rate relief whilst the property remains vacant. This is at odds with the domestic sector where vacant rate relief was removed previously. The relief, as was the case in the domestic sector previously, creates a disincentive on the owner to do anything with the property and could be a contributing factor to increasing dereliction of non-domestic properties around the country, as was the case with domestic properties.

2.2.1 – Should the early payment discount be removed – Yes/~~No~~

2.2.2 – What, in your view would be the impact of removing this support?

Council believes the allowance contributes to increasing property dereliction around the country and its removal is also necessary to bring the non-domestic sector into line with the domestic sector.

Removal of the freight transport allowance from the rating system

Freight Transport relief is a long-standing measure within the Northern Ireland rating system. It provides 75% rate relief to premises that are occupied for the purpose of handling and shipment of goods that are neither owned by, nor intended for the use of, the operator.

Freight Transport relief is awarded to 17 properties that are mainly associated with harbours and ferry terminals. It has a projected 2023/24 cost of £2.32M. It is paid for entirely by the NI Executive, through revenue foregone from the Regional Rate loss and annual Derating Grant payments to compensate district councils for the loss to their district rate revenue.

2.3.1 – Should the freight transport allowance be removed – ~~Yes~~/No

2.3.2 – What, in your opinion, would be the impact of removing this support?

Causeway Coast and Glens Borough Council believe the total removal of this measure would be a form of taxation transfer to the Local Government sector. Central government will benefit from additional rates income and in addition no longer having to pay out derating grant to Local Government whilst for Local Government the situation at best is neutral assuming all businesses remain in operation within the Boroughs and Districts, any loss of these businesses will have an immediate detrimental impact on the local Council through loss of rate income whilst Central Government will have the advantage of the saved derating grant revenue to act as a substantial buffer to its revenue streams. Furthermore any loss of business will have an immediate knock on impact on the local economy with job losses and lost income to the local economy.

Removal of the student halls of residence exemption from the rating system
Under current NI rating law properties occupied by the two universities here are fully rateable. Although the universities themselves are fully rateable, the 17 halls of residence connected with the universities are currently fully exempt from rates.

14 are owned or managed by eligible institutions (i.e., a university or higher education institution).

3 are privately operated under appointment by an eligible institution.

There are also Purpose-Built Student Accommodation (PBSA) buildings which are occupied by private organisations, but these are not eligible for exemption. In recent years there have been calls from the operators of those buildings for parity with those that are exempt.

The proposal to remove exemption would ensure consistency of treatment between university and college-owned halls of residence (which currently receive an exemption) and new Purpose-Built Student Accommodation (which is not eligible for exemption).

The exemption has a cost of just over £2M in revenue foregone. The cost is shared by the Northern Ireland Executive and district councils.

2.4.1 - Should the student halls of residence exemption be removed – Yes/~~No~~

2.4.2 – What, in your opinion, would be the impact of removing this support?

Council is of the opinion that there is an inequality as a result of this exemption between operators of student residences and that the removal of this exemption will address that inequality.

Recommendation
It is recommended that Council consider the draft responses above to the consultation and approve a response to be submitted to consultation process before the 13 February 2024 deadline.

In consideration of the freight transport allowance being removed, Councillor Holmes commented that if businesses did not receive support, they may move out of this jurisdiction, which would have a wider economic impact. The Chief Finance Officer confirmed the comments could be added to the consultation response.

In response to questions, the Chief Finance Officer provided clarity on whether students pay rates on student accommodation.

Discussion ensued regarding the student Halls of Residence exemption be removed and ensuring parity for all students. Alderman Knight McQuillan expressed concern the expense would be passed onto students; as a parent, having a child residing in halls during their first year of university was favourable as halls provide a support network which would not be available if students were not in Halls of Residence. Alderman S McKillop stated it was important to have concerns recorded to ensure parity for students; she concurred with Alderman Knight McQuillan's comments and stated she wished her comments were also noted.

Councillor Holmes reflected on the student accommodation being built in Belfast and how students can now stay in Halls of Residence longer than their first year; he could see the logic of what was discussed at the Working Group.

Councillor Kane reflected on his time in Scotland and highlighted the third option of students in privately rented accommodation, he stated that it was the individual who was exempt, not the property. The Chief Finance Officer confirmed these comments would be added to the consultation response and presented to the next Full Council meeting for Elected Members' approval; the proposal would include the amendments discussed at the meeting.

Proposed by Councillor Wisener
Seconded by Alderman Knight McQuillan and

AGREED - to recommend that Council approve the draft response to be submitted to consultation process before the 13 February 2024 deadline; to include comments made at the meeting.

MOTION TO PROCEED '*IN COMMITTEE'*

Proposed by Alderman Knight McQuillan
Seconded by Councillor Mairs

AGREED – that Committee move '*In Committee'.*

The information contained in the following items is restricted in accordance with Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014.

* **Press were disconnected from the meeting at 8.08pm**

10. DEBT MANAGEMENT

Confidential report by virtue of paragraph(s) 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014.

Report, previously circulated, was presented by the Chief Finance Officer.

Purpose of Report

This report informs members of the current position surrounding debt owed to the Council by its customers.

Background
Council implemented a revised Debt Management Policy in July 2023.

Detail – Aged Debt Analysis
Tables circulated detailing aged debt analysis as at 31st December 2023 and as at 31st December 2022.

Table circulated detailing the movement and comparison between last year and this year (31st December 2022 and 31st December 2023).

Within the 90 days and over figures there are customers who have entered administration totalling another £10,321.65, in due course we will be informed if Council will receive any settlement from these companies following which any debts requiring written off will be informed to this committee or if required authority to write off will be sought. A further £123,828 included within the 90 days and over figure relates to invoices which are not Council debt but are invoices issued and collected on an agency contract for a third party under relevant legislative direction. The 30 days and over figure includes £30,384 from customers who are paying by direct debit.

Over 90 Days analysis
The tables below (circulated) detail the status of any debt which was over 90 days in excess of £10 currently (excluding third party invoices and direct debit accounts).

The table below (circulated) sets out such debts that have been cleared since last month.

Options
Debt write-off under £1,000
In accordance with our debt management policy I am required to report to Council any debts under £1,000 which the Chief Finance Officer has the authority to write-off. There are no such debts this month.

Debt Write-off over £1,000
In accordance with our debt management policy, Council approval is sought in order to write off any debts in excess of £1,000. There are no such debts this month.

Committee NOTED the report.

11. RATES SUPPORT GRANT OPTIONS

Confidential report by virtue of paragraph(s) 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014.

Report, previously circulated, was presented by the Chief Finance Officer.

Background
Rates Support Grant (RSG) is a central government grants which reduces the rating burden on less wealthy Councils.

Options
Option 1 – make no provision in the rates estimates for RSG, this is the least risky option but does increase the burden on the rate payer the most.

Option 2 – make provision in the rates estimates for RSG assuming the funding is reduced by half and using the projected percentage allocation for Causeway Coast and Glens Borough Council of 7.38% which equates to £181,696, this option does introduce some risk of the funding budgeted for not being received pending departmental budgetary outcomes, it reduces the burden to the rate payer by approximately 0.31%.

Option 3 – make provision in the rates estimates for RSG assuming the current level of funding is maintained and using the projected percentage allocation for Causeway Coast and Glens Borough Council of 7.38% which equates to £363,391, this option is the riskiest for Council given the current budgetary pressure on departmental budgets, it reduces the burden on the ratepayer by approximately 0.62%.

Recommendation
It is recommended that Council consider which of the three options should be provided for in the rates estimates for 2024 – 2025.

Proposed by Alderman S McKillop
Seconded by Councillor Holmes and

AGREED – to recommend that Council approve Option 3 – make provision in the rates estimates for RSG assuming the current level of funding is maintained and using the projected percentage allocation for Causeway Coast and Glens Borough Council of 7.38% which equates to £363,391, this option is the riskiest for Council given the current budgetary pressure on departmental budgets, it reduces the burden on the ratepayer by approximately 0.62%.

12. FINANCIAL SERVICES BUDGET 2024/2025

Confidential report by virtue of paragraph(s) 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014.

Report, previously circulated, was presented by the Chief Finance Officer.

Background
This report sets out a draft budget for Financial Services for the 2024/2025 financial year.

Recommendation
It is recommended that Council approve the projected budgets for Financial Services as tabled above be provided for in the rates estimates for 2024 – 2025.

Proposed by Councillor Kane
Seconded by Alderman Knight McQuillan and

AGREED – to recommend that Council approve the projected budgets for Financial Services as tabled above be provided for in the rates estimates for 2024 – 2025.

13. RATES ESTIMATES - VERBAL UPDATE

The Chief Finance Officer provided a verbal update on the rates estimates, highlighting the process being followed and what still needed to be considered which would be discussed in further detail at the rates setting workshop.

Committee NOTED the verbal update.

14 ANY OTHER RELEVANT BUSINESS (NOTIFIED IN ACCORDANCE WITH STANDING ORDER 12 (O))

There were no items of Any Other Relevant Business

MOTION TO PROCEED '*IN PUBLIC*'

Proposed by Councillor Kane
Seconded by Councillor Mairs and

AGREED – that Committee move *'In Public'.*

This being all the business The Chair thanked Elected Members for their attendance and the meeting closed at 8:25pm

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Chair