

Budget and Transformation Panel

Thursday 11 November 2010

Present:

Cllr I Crozier	DUP (Chair)
Cllr D Browne	UUP
Cllr M Brown	SF
Cllr M Jones	ALL
Cllr P McCarthy	SDLP
P McNaney	Chief Executive
J Thompson	Director of Finance and Resources
G Millar	Director of Property and Projects
R Cregan	Head of Finance and Performance

1. Revenue Estimates 2011/12

The Director of Finance and Resources outlined the risks concerning the setting of the rate for 2011/12.

(a) The Rate Base

- LPS has recently informed the council that it is forecasting a negative clawback of £600k for 2010/11. This is mainly due to the total non-domestic value of the city decreasing in the period 30 June 2010 to 30 September 2010 by 0.46% and the domestic valuation only growing by 0.15%.
- We are currently working with the LPS on the EPP for 2011/12. At this stage we are not in a position to provide an accurate figure but it is likely that the EPP will be around the 0% mark.
- The grant covering industrial de-rating which is paid to the council by DOE has been reduced.

(b) The impact of the Spending Review

- No more detail on the potential impact of the government cuts is available at this time.

(c) The impact of the Regional Rate

- At this stage the increase in the regional rate is unknown. However it is likely to be at least in line with inflation.

The Director of Finance and Resources also set out the most up to date analysis of the revenue estimates and the implications of the various scenarios in terms of affordable investment and the implications for ratepayers.

Members discussed the analysis presented.

Action Required:

Members agreed that the Director should provide an update report to the Strategic Policy and Resources Committee on 20 November to include:

- a) The investment implications of the 0%, 1% and 2.5% scenarios in terms of the capital programme and additional revenue projects (and an additional scenario of 2%);
- b) The financial implications of the scenarios for ratepayers based on different house types;
- c) The key financial risks.

2. Financial Position 2010/11

The Director of Finance and Resources informed Members that the current forecast end of year under spend is £2.3m.

The financial position now reflects the utilisation of £1.1m of the 2010/11 underspend, which was agreed at Strategic Policy and Resources Committee on 22 October 2010. In addition, whilst there have been increased savings in some departments (Health and Environmental Services, Chief Executives and Property and Projects) compared to the quarter 1 forecast, these have been partially offset by two concerning changes in external variables. These are:

- (a) the latest rates income forecast for 2010/11 from the LPS which shows a **reduction of £0.6m compared to our planned rates income**. There are concerns about the number of vacant properties and the level of bad debt.
 - (b) A **reduction in the industrial de-rating grant** received from DOE, which reflects an increase in the number of industrial vacant properties (confirmed as £0.2m after the meeting, giving a revised forecast underspend of £2.1m)
- Members expressed concern about the recent changes notified by LPS and DOE and recommended to the Director that it would be prudent to only consider £0.1m of the under spend for reallocation. This should be allocated across the city and allocated through a Member led programme.
 - It was also recommended that a report on rates / LPS issues should be presented to the Budget and Transformation Panel and the SP&R Committee in December.