



Subject:	Discretionary Payments
Date:	17 August 2018
Reporting Officer:	Ronan Cregan, Deputy Chief Executive & Director of Finance & Resources
Contact Officer:	Mark McBride, Head of Finance and Performance

Restricted Reports	
Is this report restricted?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
If Yes, when will the report become unrestricted?	
After Committee Decision	<input type="checkbox"/>
After Council Decision	<input type="checkbox"/>
Some time in the future	<input checked="" type="checkbox"/>
Never	<input type="checkbox"/>

Call-in	
Is the decision eligible for Call-in?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

1.0	Purpose of Report
1.1	To consider a proposed framework for the management of discretionary payment requests which do not fall within existing Council funding schemes.
2.0	Recommendations
2.1	The Committee is asked to agree: <ol style="list-style-type: none">1. The proposed Discretionary Payments Framework detailed in this report.2. On the basis of recommendation 1 being agreed, to set a discretionary payment limit of £396,600 for the 2018/19 budget.
3.0	Main report

3.1	The Committee is reminded that this report was deferred at the meeting of the 22 June 2018 to allow time for consideration by Party Groups.
	Management of In-Year Under-spends
3.2	Belfast City Council has an annual net expenditure budget of over £155m and inevitably, given the range and complexity of the organisation and the influence of internal and external factors on income and expenditure plans, there will be some areas of underspend and other areas of budget pressure during any financial year. This normally results in an under-spend position which can be re-allocated either during the year or at the year end.
3.3	The major external factor affecting the year end position is the District Rate Finalisation and whether this will result in a surplus for the Council or a clawback by Land and Property Services (LPS).
3.4	The net financial position of the Council and the year-end forecast position is reported to the Strategic Policy and Resources Committee on a quarterly basis, with decisions on re-allocation of any in-year under-spend being made when the half year forecast is considered at the November Committee and the year-end outturn is considered at the June Committee.
3.5	An in-year underspend provides the opportunity for the reallocation of resources to a non-recurrent purpose. For example allocation to General Reserves, Specified Reserves, a Designated Fund, Non-Recurrent Expenditure or Discretionary Payments. These are briefly explained below
3.6	General Reserves: These reserves are held to provide a short term safeguard against the consequences of general risk facing the Council. To ensure compliance with the Local Government Finance Act NI (2011), the Deputy Chief Executive and Director of Finance and Resources must advise the Committee on the adequacy of the level of General Reserves
3.7	Specified Reserves: These are reserves established for a specified purpose for example the Voluntary Redundancy (VR) Reserve which finances the redundancy and actuarial costs of the VR Programme or a reserve for a major event which is built up over a period of time e.g. Tall Ships.
3.8	Non-Recurrent Expenditure: These allocations support the non-recurrent costs of delivering Council priorities without generating a recurring rate impact. For example the Customer Focus Project.
3.9	Designated Funds: These allocations establish or increase capital or revenue funds. The funds are normally held on a cash basis and include an agreed process for public access to these funds. For example the Belfast Investment Fund, the Local Investment Fund or Community Development Grants Programme.

3.10	Discretionary Payments: These are payments agreed by the Strategic Policy and Resources Committee in response to a request for non-recurrent funding from an external group which does not fall within one of the Council's normal grant or other funding process.
3.11	<i>As part of the half year and year end position reporting of the Council to the Strategic Policy and Resources Committee, the Deputy Chief Executive and Director of Finance and Resources will, after considering the level of financial risk, recommend to the Committee the amount of underspend which could be re-allocated, together with areas of priority for such re-allocation and the amount of funding that could be applied to discretionary payments if the committee so wished.</i>
3.12	<i>The following paragraphs outline a recommended framework for the management of such discretionary payments.</i>
	Previous Council Criteria for Discretionary Payments
3.13	Prior to April 2015, Section 37 of the Local Government Finance Act (NI) 2011 and previously Section 115 of the Local Government Act (NI) 1972, provided a framework for the consideration of requests which would bring direct benefit to the council; its district, or any part of its district; the inhabitants of its district, or any part of its district, within an overall annual financial spending limit. The Section 37 powers were repealed with the introduction of the Local Government (NI) Act 2014 and replaced with the wider general power of competence.
3.14	It is important to note that the council does not set an annual discretionary spend budget, however the Section 37 authority was used by the Strategic Policy and Resources Committee to consider the application of any overall departmental underspend to discretionary payments, up to the Section 37 limit, and the Policy and Resources Committee, in June 2004, agreed a set of criteria for assessing such requests.
3.15	The criteria agreed by the Policy and Resources Committee on the 18 June 2004 ensured that any payment met the legislative requirement, did not relate to other Committee funding streams and that the nature of the payment request was non-recurrent i.e. related to a specific event, activity or initiative as opposed to general funds or organisation running costs.
3.16	The calculation of the limit on total allocations allowable in any year, was based on a product of the domestic and non-domestic rate as detailed in Section 40 of the Local Government Finance (NI) Act 2011 and is included as Appendix 1.
3.17	Using the rate product calculation (appendix 1) a limit of £396,600 would be applicable for re-allocations from any under-spend arising from the 2018/19 revenue estimates.

	Proposed Discretionary Payment Assessment Criteria
3.18	Under the general power of competence, by virtue of the Part 11 of the Local Government Act (NI) 2014, the Council still has the power to make such discretionary payments and it is proposed that the committee reintroduce the previous criteria for such payment as agreed by the Policy and Resources Committee in June 2004.
3.19	<p>These are:</p> <ol style="list-style-type: none"> 1. That the total discretionary payments may not exceed the rate product limit calculated using the formula in Appendix 1 to this report. 2. That there are sufficient in year resources available for reallocation to meet the discretionary payment expenditure approved. 3. That the application for the discretionary payment links to one or more of the council's corporate priorities. 4. That there is direct benefit to be obtained to the council or its district or inhabitants. 5. That the activity or initiative in respect of assistance being sought is being promoted by a person or organisation living or operating, or otherwise having a direct connection with the City. 6. That the request for a discretionary payment does not relate to an event or initiative which falls within a funding stream established through the remit and statutory power of any other committee of the council (in which case it should be so referred). 7. That the request relates to a specific event, activity or initiative as distinct from a request for a contribution to general funds or organisational running costs. 8. That the benefit to be obtained will be commensurate with the payment to be made.
	Next Steps if Criteria are Agreed
3.20	If the above criteria are agreed then information on discretionary payments will be published on the Council website. It will be emphasised that there is no designated fund, but that if in year resources become available for re-allocation then an amount may be set aside by the Strategic Policy and Resources Committee for discretionary payments and that this will normally be considered at the Strategic Policy and Resources Committee in June and November.
3.21	An application form will be developed to be completed by those organisations wishing to submit a funding request which will allow the request to be assessed by officers against the above criteria.

3.22	A Committee report will be presented to the November (Half-Year) and June (Year-End) Committees outlining resources available, if any, up to the limit available for discretionary payments and an summary of applications received which meet the criteria.
	<u>Financial and Resource Implications</u>
3.23	There will be no established budget for discretionary payments and therefore these must be funded by re-allocation of in year underspends.
	<u>Equality or Good Relations Implications/Rural Needs Assessment</u>
3.24	There are no equality implications with this report.
4.0	Appendices – Documents Attached
	Appendix 1 – In Year Re-allocation Limit Calculation