

BALLYMONEY BOROUGH COUNCIL**Table of Contents**

994.1	Declarations of Interest	<i>None</i>
994.2	Consider the Estimates of Income and Expenditure for 2014/15	<i>Agreed -0.25% decrease</i>
994.3	Capital Programme	<i>Tabled</i>
994.4	Reports by Chief Financial Officer on Robustness of the 2014/15 Estimates and on the Reserves	<i>Noted</i>
994.5	MRP Policy 2014/15 and MRP Policy Statement 2014/15	<i>Approved</i>
994.6	Prudential Indicators 2014/15	<i>Approved</i>
994.7	Approval of Estimates and Fixing District Rate	<i>Approved estimates of income and expenditure with total net expenditure of £8,251,791, and set district rates, non-domestic property rate of 27,4006 pence and domestic property rate of 0.3516 a decrease of 0.25% 2014/15</i>

Ballymoney Borough Council

Minutes of Council Meeting No 993 held in the Council Chamber, Riada House, on 12th January 2014.

IN THE CHAIR

Mayor, Councillor John Finlay

PRESENT

Aldermen:

F Campbell

B Kennedy

Councillors:

J Atkinson

R Halliday

R McAfee

P McGuigan

T McKeown

C McLaughlin

A McLean

I Stevenson, Deputy Mayor

APOLOGIES

Alderman

H Connolly

Councillor

E Robinson, MBE

W Blair

IN ATTENDANCE

Chief Executive

Director of Borough Services

Director of Central & Leisure Services

Head of Corporate & Development Services

994.1 DECLARATIONS OF INTEREST

None.

994.2 TO CONSIDER THE ESTIMATES OF INCOME AND EXPENDITURE FOR 2014/15

Rates Estimates Book 2014/2015 was issued on Monday 30th December 2013. The following items being deferred for consideration:

2.1 Environmental Services Change Options: Street Cleansing Enhancement

Considered by HESC on 28th January and deferred to rates meeting (*details below*).

HES 398.6 - The Director of Borough Services explained that the street cleansing enhancement option would mean that all housing developments would receive a scheduled street cleansing visit depending on response work and other commitments, advising that the proposed enhanced service would require another sweeper and sweeping team. In response to Councillor Stevenson he reminded members of the cost estimate, as documented, produced for the 2013-14 budgetary round which involved both capital and revenue finance, the type of sweeper required and why a team of two rather than an individual was required. The Mayor spoke in favour of having the same service applying throughout the Borough.

2.2 Proposed New Posts

(deferred to rates meeting)

2 x seasonal grounds maintenance
2.5 x caretakers at Megaw Park

The Director of Central & Leisure Services circulated the following papers:

1. Revised Draft Summary Estimates 2014/15 (appendix A)
2. Analysis of budget changes (appendix B)
3. Capital Programme 2014/15, 2015/16 and 2016/17, approved by Council on 28 January 2014 (appendix C)
4. Minimum Revenue Provision (MRP) Policy 2014/15 & MRP Policy Statement 2014/15 – for approval. (appendix D)
5. Prudential Indicators 2014/15 – for approval (appendix E)
6. Report by Chief Financial Officer (The Chief Executive) on the robustness of the Estimates – to note (appendix F)
7. Report by the Chief Financial officer on the Reserves – to note. (appendix G)

The Director of Borough Services indicated that the loss of ½ day Technical Support would impact on service delivery. He also alluded to the 37 No projects to be delivered and indicated that without the Estates officer post he could not see that he would be able to delivery on all projects.

It was proposed by Councillor Atkinson seconded by Alderman Kennedy and agreed that the meeting adjourn for 10 minutes to allow parties to review the information. Time 7.10 p.m.

The meeting reconvened at 7.25 p.m.

The Mayor invited comments from parties on the rate estimate.

Councillor McGuigan indicated that he would like to see a zero% increase.

Councillor McAfee indicated that she would support additional staff due to the amount of projects to be delivered.

Councillor McKeown concurred with the view that additional staff were important to take forward the 37 projects.

Alderman Kennedy asked Councillor Stevenson to present the DUP proposals.

- 2 seasonal posts and 2.5 posts Megaw Park included
- Estates Officer and Technical Officer posts also included
- Reductions: JDLC -£5K; Grounds Maintenance Machinery - £5K; Megaw park agency worker - £5,900. Drumaheglis income £110,000 rather than £105,000; tourism product development - £7,500; plant and vehicles (waste collection) -£5K; plant /vehicles (Skip Service) - £5K, NILAS - £5K, CA Sites - £2K; community sites -£2K, rural development - £10K, ICT Telephone - £5K; NW200 £2K and all other revisions as listed in paper published.
- Increase tourism marketing events to £60K.
- Payments from reserves –£30K for special projects; and £8K Carnany park.
- £335K from reserves to cushion rate.

This was believed to be a rate decrease -.25%.

It was proposed by Councillor Stevenson seconded by Alderman Kennedy and **AGREED:**

that Council approve the revised estimates, as detailed above, with an estimated 0.25% decrease in the rate.

The meeting adjourned at 8.10 p.m. to allow the Director of Central & Leisure Services to prepare the revised rate estimate information. The meeting reconvened at 8.45 p.m. and the Director of Central & Leisure Services confirmed that the rate decrease was 0.25%.

994.3 REPORTS BY CHIEF FINANCIAL OFFICER ON ROBUSTNESS OF THE 2014/15 ESTIMATES AND ON THE RESERVES

The Chief Executive that it was a requirement under the Finance act that these two reports be considered by Council before they set the rate. The report was presented by Chief Executive. (appendix F & G)

It was proposed by Alderman Campbell seconded by Councillor Atkinson and **AGREED:**

that the reports, be noted.

994.4 CAPITAL PROGRAMME

The Director advised that the Capital Programme was circulated for information. This incorporated the changes agreed at the last meeting. (Appendix C 2013-14)

994.5 MRP POLICY 2014/15 AND MRP POLICY STATEMENT 2014/15

The MRP Policy 2014/15 and MRP Policy Statement 2014/15, as circulated, were presented by the Director and recommended to Council. (Appendix D)

It was proposed by Alderman Kennedy seconded by Councillor Atkinson and **AGREED:**

that the MRP Policy 2014/15 and MRP Policy Statement 2014/15, as circulated, be approved.

994.6 PRUDENTIAL INDICATORS 2014/15

The Prudential Indicators 2014/15, as circulated, were presented by the Director of Central & Leisure Services. (appendix E)

It was proposed by Alderman Campbell seconded by Councillor McLean and **AGREED:**

that the Prudential Indicators 2014/15, as circulated, be approved.

994.7 APPROVAL OF ESTIMATES AND FIXING DISTRICT RATE

It was proposed by Alderman Kennedy seconded by Councillor Stevenson and **AGREED:**

that Council approve estimates of income and expenditure with total net expenditure of £8,251,791, and set district rates, non-domestic property rate of 27,4006 pence and domestic property rate of 0.3516 pence (summary – Appendix H), for the financial year 2014/15, a decrease of 0.25%

Alderman Kennedy thanked the officers and members for all the work down in considering the district rate and achieving a 0.25% decrease. Other members concurred with the Alderman's remarks.

The meeting concluded at 8.55 p.m.

Appendices:

2014/15 General Estimate of Rates 2014/15

Capital Programme 2014/15, 2015/16 & 2016/17

Prudential Indicators 2014/15

MRP Policy 2014/15 & MRP Policy Statement 2014/15

Report by Chief Financial Officer on the robustness of the Estimates

Report by Chief Financial Officer on the Reserves

2014/2015 GENERAL ESTIMATE OF RATES - BALLYMONEY BOROUGH COUNCIL

SERVICES	Capital Charges £	Other Expenditure £	Misc. Income £	Net Cost £
Cultural Facilities	0	261,693	0	261,693
Town Hall	32,036	111,485	36,000	107,521
Sports Development	0	112,570	49,250	63,320
Indoor Leisure	274,308	1,516,095	575,000	1,215,403
Summer Scheme	0	15,000	0	15,000
Sports Grounds Parks & Open Spaces	421,190	831,066	40,000	1,212,256
Tourist Facilities	67,092	200,514	110,000	157,606
Tourism	0	154,127	15,000	139,127
Community Services	65,661	68,995	12,750	121,906
Community Relations	0	168,726	124,670	44,056
Cemeteries	3,229	80,831	21,000	63,060
Public Conveniences	5,849	46,614	0	52,463
Environmental Health	0	801,543	355,258	446,285
Dog Control	2,140	96,716	24,750	74,106
Licensing	0	24,267	14,000	10,267
Street Cleaning	20,380	233,985	17,000	237,365
Waste Collection	104,044	840,130	170,000	774,174
Waste Disposal	51,034	1,205,733	28,000	1,228,767
Building Control	0	247,747	122,500	125,247
Other Community Assets	18,887	91,145	0	110,032
Minor Works	449	4,100		4,549
Economic Development		196,732		196,732
Members Allowances		210,665		210,665
Mayors Allowance		10,000		10,000
Official & Courtesy Visits		34,000		34,000
Democratic Representation	1849	443,976		445,825
Corporate Management Costs	0	460,713		460,713
Non Distributed Costs		13,000		13,000
Registration Births Deaths & Marriages		38,123	38,123	0
Election Expenses		3,000		3,000
Emergency Planning		4,500		4,500
Contributions		24,000		24,000
S37 Expenditure		0	0	0
Policing & Community Safety Partnership		170,838	133,648	37,190
Totals	1,068,148	8,722,629	1,886,949	7,903,828
Total Expenditure		9,790,777		7,903,828
Deduct Capital Charges				1,142,790
Add MRP and Interest				1,490,753

Total Net Expenditure			8,251,791
Grants -	De-rating	314,542	
	Rates Support	1,144,530	1,459,072
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			6,792,719
Balance Applied			307,000
Net Amount To Be Raised			6,485,719
Est Product of 1p Rate			236,700
District Rate -	Non - Domestic Property		27.4006
	Domestic Property	0.012833	0.3516
		Domestic Rate Decrease	-0.0009 -0.25%

Capital Expenditure 2013/2014

	cost	grant, other income	borrowing requirement	asset life years	mrp	interest	2014/15 charge on rates	sta (Nov 2013
	£	£	£		£	£	£	
<u>Approved February 2013</u>								
Riverside Park Improvements Scheme - development phase	40,000		40,000	30	1,333	892	2,225	2013
Riverside Park Improvements Scheme - implementation phase	500,000		225,000	30	7,500	5,010	12,510	2013
Glebeside Outdoor Recreational Facilities Project	232,100	232,100	-	25	-			
Megaw Park Ballymoney Upgrade Scheme	1,060,050		1,060,050	30	35,335	30,340	65,675	2013
Drumaheglis Play Area Upgrade	50,000		50,000	20	2,500	1,038	3,538	ongoing
Replacement Refuse Collection Vehicle	145,000		145,000	10	14,500	2,690	17,190	ordered
Replacement Mechanical Sweeper	110,000		110,000	10	11,000	2,040	13,040	ordered
3.5t Vehicle with Bin Lift	50,000		50,000	10	5,000	927	5,927	ordered
Utility Vehicle	30,000		30,000	10	3,000	556	3,556	completed
3.5t Long reach Excavator	27,500		27,500	10	2,750	510	3,260	completed
Extension to Transfer Facility at Crosstagherty	85,000		85,000	30	2,833	1,893	4,726	2013
Essential Drainage Work at Crosstagherty	15,000		15,000	10	1,500	278	1,778	2013
Land purchase at Cloughmills for pitches	1		1	50	0	-	0	2013
Riada House - external painting			20,000	10				2013

	20,000				2,000	370	2,370	
<i>Social Investment Fund Applications -</i>								
- Killyrammer Community Centre	356,000	356,000	-	25	-	-	-	201
- Rasharkin Community Centre	241,000	241,000	-	25	-	-	-	201
- Social Centre	180,000	180,000	-	25	-	-	-	201
Refurbishment of Changing Rooms - JDLC	255,000		255,000	20	12,750	6,737	19,487	ong
Refurbishment of Main Public Toilets - JDLC	45,000		45,000	20	2,250	1,189	3,439	ong
TOTAL	3,441,651	1,009,100	2,157,551		104,252	54,470	158,722	
	1,287,501	-	1,012,501		66,083	22,237	88,320	
<u>REVISED AT NOVEMBER 2013</u>								
Glebeside Outdoor Recreational Facilities Project	377,000		377,000	25	15,080	10,395	25,475	Rev
Megaw Park Ballymoney Upgrade Scheme	1,138,005		1,138,005	30	37,934	32,570	70,504	Rev
Rasharkin Wellbeing Project - RDP	92,600	67,500	25,100	15	1,673	630	2,303	New
Riverside Park Dervock RDP Project	67,747	57,810	9,937	15	662	250	912	New
New Pontoons at Drumahelis M&CP	35,000	20,000	15,000	20	750	396	1,146	New
Killyrammer Community Centre Upgrade scheme	194,000		194,000	30	6,467	5,552	12,019	Rev
Rasharkin Community Centre Upgrade Scheme	291,615		291,615	30	9,721	8,346	18,067	Rev
Social Centre Upgrade Scheme	145,245		145,245	30	4,842	4,156	8,998	Rev
Extension to Transfer Facility at Crosstagherty			242,000	30				Rev

	242,000		8,067	6,926	14,993
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	2,583,212	145,310	2,437,902	85,195	69,221	154,416
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Revised Totals

	3,870,713	145,310	3,450,403	151,278	91,458	242,736
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Prudential and Treasury Indicators

Ballymoney Borough Council

1. EXTERNAL DEBT INDICATORS

The authority will set for the forthcoming financial year and the following two financial years an operational boundary for its total external debt, excluding investments and separately identifying borrowing from other long-term liabilities. The operational boundary will provide in year monitoring and is set lower than the authorised limit as it is based on an estimate of the most likely level of external borrowing at any point during each year.

a) Operational Boundary

Maximum level of external debt projected (most likely prudent view)

	Prior Year	Current Year	2014/15 Year +1	2015/16 Year +2	2016/17 Year +3
£	9,981,363	10,486,966	16,628,056	17,890,891	19,157,936

The authority will set for the forthcoming financial year and the following two financial years an authorised limit for its total external debt, excluding investments and separately identifying borrowing from other long-term liabilities. The authorised limit will contain sufficient headroom to provide for any unanticipated payments as well as being based on the authorities capital investment plans.

b) Authorised Limit

The operational Boundary plus headroom for unusual cash movements (£500,000)

	Prior Year	Current Year	2014/15 Year +1	2015/16 Year +2	2016/17 Year +3
£	10,481,363	10,986,966	17,128,056	18,390,891	19,657,936

c) Actual External Debt

The prudential indicator for Actual External Debt is considered at a single point in time and hence is only directly comparable to the authorised limit and operational boundary at that point in time.

£		<u>Current Year</u>	
Actual Borrowing		10,486,966	
Other Long Term Liabilities		0	
		<u>10,486,966</u>	
	<u>Amount £</u>	<u>Ave Rate %</u>	<u>Ave Life (Yrs)</u>
Held at Fixed Rates	10,486,966	5.2%	25
Held at Variable Rate	0	0.0%	0
	<u>10,486,966</u>		

2. CAPITAL EXPENDITURE INDICATORS

The authority will make reasonable estimates of the total capital financing requirement at the end of the forthcoming financial year and the following two years. The capital financing requirement (CFR) will reflect the authorities underlying need to borrow.

a) Capital Financing Requirement

	Prior Year	Current Year	2014/15 Year +1	2015/16 Year +2	2016/17 Year +3
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£	12,217,350	18,546,436	24,353,294	25,132,431	25,839,182
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The authority will make reasonable estimates of the total capital expenditure that it plans to incur during the forthcoming financial year and the following two years. The estimates of capital spend will include any estimated spend (dependant on option appraisals) or spend dealt with as other long-term liabilities.

b) Capital Expenditure

	Prior Year	Current Year	2014/15 Year +1	2015/16 Year +2	2016/17 Year +3
£	762,922	6,024,863	7,942,451	2,000,000	2,000,000

3. AFFORDABILITY INDICATORS

This indicator provides a measure of the proportion of the net revenue budget that is being allocated to the financing of capital expenditure. The authority will estimate this measure for the forthcoming financial year and following two years.

a) Ratio of Financing Costs to Net Revenue Stream

	Prior Year	Current Year	2014/15 Year +1	2015/16 Year +2	2016/17 Year +3
%	15.9%	16.0%	19.2%	21.7%	22.1%

This indicator demonstrates the incremental impact of planned capital spend and associated borrowing on the level of rates.

b) Estimate of the Impact of Capital Investment Decisions on the District Council Rates

	Prior Year	Current Year	2014/15 Year +1	2015/16 Year +2	2016/17 Year +3
£ / %	3.2%	0.3%	4.1%	3.2%	0.7%

4. PRUDENCE INDICATORS

The authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus estimates of any additional capital financing requirement for the current and next two financial years.

c) Gross Debt and the Capital Financing Requirement

	Prior Year	Current Year	2014/15 Year +1	2015/16 Year +2	2016/17 Year +3
Capital Financing Requirement	12,217,350	18,546,436	24,353,294	25,132,431	25,839,182
Gross Debt	9,981,363	10,486,966	16,628,056	17,890,891	19,157,936
Under Limit by	2,235,987	8,059,470	7,725,238	7,241,540	6,681,246

5. TREASURY AND EXTERNAL DEBT INDICATORS

There are four treasury prudential indicators, the purpose of which is to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However if these are set to be too restrictive they will impair the opportunities to reduce financing costs. The indicators are:

a) Compliance with CIPFA Code of Practice for Treasury Management in the Public Services

The Council has adopted the CIPFA Code of Practice for Treasury Management in the Public sector and all Treasury Management activities are carried out in accordance with the Code. In line with the Code, the annual report on 2013/14 Treasury activities will be presented to Members in the first half of 2014/15.

b) Interest Rate Exposures

Upper limits on variable rate exposure – This indicator identifies a maximum limit for variable interest rates based upon the debt position net of investments.

Upper limits on fixed interest rate exposure – Similar to the previous indicator this covers a maximum limit on fixed interest rates.

	Prior Year	Current Year	2014/15 Year +1	2015/16 Year +2	2016/17 Year +3
Limits on fixed interest rates based on net debt	100%	100%	100%	100%	100%
limits on variable interest rates based on net debt	5%	5%	5%	5%	5%

c) Maturity Structure of Borrowing

Maturity structures of borrowing – These gross limits are set to reduce the Council’s exposure to large fixed rate sums falling due to refinancing within the same financial year, and are required for upper and lower limits.

	Current Year		Year +1	
	Upper	Lower	Upper	Lower
Under 12 Months	10%	0%	10%	0%
12 Months to 2 Years	20%	0%	20%	0%
2 Years to 5 Years	45%	10%	45%	10%
5 Years to 10 Years	70%	20%	70%	20%
10 Years and Above	100%	35%	100%	35%

d) Total Principal Sums Invested for periods longer than 364 days

Following changes arising from the new Investment Regulations applicable from 1 April 2010, the Council can invest for periods longer than 364 days .The Council does not currently take advantage of this change and so has set a limit of £0 million for investing over 364 days.

	Prior Year	Current Year	2014/15 Year +1	2015/16 Year +2	2016/17 Year +3
Principal sums invested > 364 days £	0	0	0	0	0

Ballymoney Borough Council MRP Policy Report

Background

Under regulation 6 of the Local Government (Capital Finance and Accounting) Regulations (Northern Ireland) 2011, Councils now have a statutory requirement to charge to its general fund, an amount of Minimum Revenue Provision (MRP) which it considers to be "prudent". This replaces the previous requirement whereby the revenue charge is broadly equivalent to the amount of loans and leasing principal paid in any one year.

The regulations also state that authorities are required to prepare an annual statement of their policy on making MRP for approval by the Council. This report sets out the Councils policy for 2014/2015.

What is a Minimum Revenue Provision?

Capital expenditure is generally expenditure on assets which provide future service potential and have a life expectancy of more than one year e.g. buildings, vehicles, machinery etc. Financing of these assets can come from a variety of sources, such as Grants, Capital Receipts and Borrowing. In order to account for the repayment of the councils borrowing, irrespective of when the timing of loan receipts and payments might take place, the council will be making an annual prudent provision for repayment of debt through a charge to the General Fund referred to as Minimum Revenue Provision (MRP).

The Regulation does not define a 'prudent provision'. However, the Department of the Environment (DoE) has issued guidance which makes recommendations to authorities on the interpretation of that term. The guidance came into effect on 1 April 2012.

The Annual MRP Statement

Councils are required to prepare an annual statement of their policy on making MRP for submission to their full Council by the prescribed date of 15 February each year (or by the date the Rates are set). This mirrors other requirements in the Finance Act to report on the Councils Prudential borrowing limit and investment policy. The aim is to give elected Members the opportunity to scrutinise the proposed use of the additional freedoms conferred under the new arrangements.

The statement should indicate how it is proposed to discharge the duty to make prudent MRP in the financial year in question. If it is ever proposed to vary the terms of the original statement during any year, a revised statement should be put to Council at that time.

The DoE guidance includes specific examples of options for making a prudent provision. The aim of this is to ensure that the Provision for the borrowing which financed the acquisition/construction of an asset is made over a period that is reasonably commensurate to the useful life of that asset. Detailed below is a brief summary of each option.

Option 1 – Asset Life Method

The Asset Life Method is to make prudent provision over the estimated life of the asset for which the borrowing is undertaken. The MRP can be calculated using either an Equal Instalment Method or Annuity Method. The Asset Life Methods, as described below, are generally viewed as being easier to apply. Under both variations, councils may in any year make additional voluntary revenue provision, in which case an appropriate reduction is made in later years' levels of MRP.

(a) **Equal Instalment Method**

MRP is the amount given by the following formula:

$$\frac{A - B}{C}$$

Where:

A is the amount of the capital expenditure in respect of the asset financed by borrowing or credit arrangements

B is the total provision made before the current financial year in respect of that expenditure

C is the inclusive number of financial years from the current year to that in which the estimated life of the asset expires.

(b) **Annuity Method**

MRP is the principal element for the year of the annuity required to repay over the asset life the amount of capital expenditure financed by borrowing or credit arrangements. The council should use an appropriate interest rate to calculate this amount. Adjustments to the calculation to take account of repayment by other methods during the repayment period (e.g. by the application of capital receipts) should be made as necessary.

Option 2 – Depreciation Method

This option means making MRP in accordance with the standard rules for depreciation accounting.

MRP Commencement

Under both options the estimated life of the asset should be determined in the year that MRP commences and not subsequently be revised. If no life can be reasonably attributed to an asset, such as freehold land, the life should be taken to be a maximum of 50 years.

Provision for debt will normally commence in the financial year following the one in which the expenditure is incurred. However, under Option 1 the council may treat the asset life as commencing in the year in which the asset first becomes operational. It may postpone beginning to make MRP until the financial year following the one in which the asset becomes operational. In the case of major projects this could be perhaps two or three years, possibly longer. There would be a similar effect under Option 2 using the normal depreciation rules.

Existing Borrowing and Transitional Arrangements

The legislative requirement to make a prudent provision came into effect from the 1 April 2012. In order to properly account for these new arrangements and deal with existing capital financing, the council has put in place transitional arrangements outside of the two examples given by the DOE in their guidance.

These transitional arrangements provide for a full and prudent provision for existing borrowing requirements at the 31 March 2012 and are detailed in the policy statement below.

Report by the Chief Financial Officer on Reserves General – 2014/15

Under Section 6 of the Local Government Finance Act (NI) 2011 the Chief Financial Officer shall submit to the Council a report on the adequacy of any proposed financial reserves for a financial year and the Council shall have regard to that report when considering the estimates.

At 31st March 2013 the General Fund amount of £1,018,366 equates to 11.35% of the Net Operating Expenditure.

DOE guidance indicates that the General Fund Level should be between 5% and 7.5% of the Net Operating Expenditure.

Management accounts for period 8, 2013/14 show an overall favourable variance against budget at this stage in the year. Projections for the year would indicate, at worst, a break even position at the year end.

In year forecasts of the Actual Penny Product for 2013/14 produced by Land & Property Services show a positive outturn in the region of £200k.

Even with applying a balance of £294,250 in 2014/15 I am satisfied that the level of Reserves for the year will be adequate for the normal financing of the Council.

Report by the Chief Financial Officer on 2014/15 Estimates

Under Section 4 of the Local Government Finance Act (NI) 2011 the Chief Financial Officer of a council shall submit to the council a report on the robustness of the estimates and the Council shall have regard to that report when considering the estimates.

At the commencement of the Rates setting process Council indicated its wish to have a 0% increase in the District Rates for 2014/15. The final estimates (version 5) submitted to Council shows a 0% increase in the District Rates for 2014/15.

Approximately 48% of the gross expenditure is salaries and wages budgets. These budgets include adequate provision for employers pension and national insurance costs plus a 1% pay award for all employees. No provision however has been made for replacement cover for sickness absence.

Another significant percentage of expenditure is for utility costs and plant and vehicle maintenance. Budgetary provision has been made based on current usage, planned maintenance and contract prices where available.

Budgetary provision has been made for the Council's insurance portfolio based on current premiums, some of which are long term agreements.

The Council's share of the estimated running cost of the Statutory Transition Committee and Shadow Council in 2014/15 has been budgeted for and a balance applied for the same amount, so that the cost is rates neutral.

A general inflationary increase has not been applied across budgets nor have contingencies been included for unforeseen events/incidents.

On the income side the Estimated Penny Product calculated by Land & Property Services has been used to calculate the District Rates.

The Rates Support Grant and De-rating Grant amounts supplied by the DOE have been included in the estimates. Assumptions have been made about the level of grants from other governments departments where offers have not yet been received.

I am broadly satisfied that the estimates put before Council this evening are sufficiently robust to enable the Council to deliver its services to a satisfactory level, in normal circumstances in 2014/15.

Ballymoney Borough Council

MRP Policy Statement 2014/2015

It is proposed to use Option 1, the Asset Life (Equal Instalment) Method, for capital expenditure incurred from 1 April 2012 which is financed by borrowings. Therefore The Minimum Revenue Provision Policy Statement for 2014/15 is as follows:

In accordance with the Local Government (Capital Finance and Accounting) Regulations (Northern Ireland) 2011 the Council's policy for the calculation of Minimum Revenue Provision in 2014/15 will be the Asset Life (Equal Instalment) method for any capital funded by borrowing incurred after 31 March 2011.

MRP will begin in the year after the capital expenditure is incurred. The Council retains the right for schemes lasting a number of years to begin the charging of MRP in the year after the asset becomes operational.

For capital expenditure incurred before this date MRP will be made on the basis of existing loans or lease principal repayments relating to those assets. All capital spend not yet financed at this date will be provided through MRP over a 20 year period or average asset life. This is regarded as a prudent approach to provide for that debt.

Based on this policy an amount of £981,184 has been included in the Councils 2014/15 Estimates in respect of MRP, as follows: -

	2014/15 £
Forecasted Loans Principal Payment (on expenditure incurred before 31/3/11)	601,560
MRP on Internal Borrowing (financing from own resources)	54,458
Voluntary extra provision	
MRP on Capital Expenditure incurred after 31/3/11	325,166
TOTAL MRP CHARGE	981,184
Interest Costs on Borrowing	509,569
TOTAL COST for ESTIMATES	1,490,753

The use of internal resources to finance capital expenditure is only a temporary measure until loans are drawn down.

The policy will be reviewed on an annual basis.

RECOMMENDATION:

It is recommended that the Council accept the proposed Annual MRP (Minimum Revenue Provision) Statement for 2014/15 as set out above.

Approved by Council on: 12/02/2014