

Causeway Coast & Glens Shadow Council

Shadow Council Meeting Thursday 24th July 2014

Key Decisions

No	Item	
3.	Planning Reform and Transfer to Local Government: Proposals for Subordinate Legislation – Phase 1 Consultation Response	<i>Proposals agreed</i>
4.	Capital Programme	<i>Approval granted - Staged Gateway Points Approval granted - Establish baseline figure of circa £8.8m gross/£4m net; Approval granted - Shadow Council officers form a Working Group.</i>
	Cloughmills Old Building Scheme Stage 3	<i>Approval granted</i>
	Rasharkin Community Centre Improvement Scheme Stage 3	<i>Approval granted</i>
	Juniper Hill Infrastructure Works Stage 2	<i>Approval granted</i>
	Refurbishment/Upgrading Benone Complex Stage 2	<i>Approval granted</i>
	Joey Dunlop Leisure Centre Sports Hall Extension Stage 1	<i>Deferred</i>
	Dungiven area Sports Facilities Stage 2	<i>Deferred</i>
	Additional Pitches at Riada Playing Fields	<i>Deferred</i>
5.	Minutes of Shadow Council Meeting held 26 th June 2014	<i>Approved</i>
6.	Minutes of Transfer of Functions & Group Committee held on 10 th July 2014	<i>Adopted</i>
7.	Shadow Council Legal Entity Update	<i>Approval granted:temporary banking facility; commencement of procurement exercise re banking facilities; set up HMRC VAT registration; set up HMRS Construction Industry Scheme registration; set up Data Protection Registration; retrospective set up of HMRC registration for PAYE</i>
8.	Change Management Funding	<i>Authority granted to Chief Executive Designate & funding of £45,455 approved</i>

9.	Response to Consultation on Draft Local Government (Standing Orders) Regulations (Northern Ireland) 2014, Guidance on Filling Positions of Responsibility and Guidance on Appointing Councillors to Committees	<i>Response endorsed</i>
10.	Response to Consultation Rates Convergence	<i>Response adopted</i>
11.	Consultation DETI Review of the Northern Ireland Tourist Board and wider tourism structures	<i>Noted for committee action</i>
12.	Correspondence – Reform Inform July 2014	<i>For information</i>

Shadow Council

Minutes of the Meeting of Causeway Coast & Glens Shadow Council held in the Council Chamber, Coleraine Borough Council on Thursday 24th July 2014 at 7.00pm

In the Chair: Councillor J Finlay, Presiding Councillor

Present: Councillors Baird, Beattie, Blair, Callan, Campbell, Chivers, Clarke, Cole, Harding, Douglas, Duddy, Fielding, Fitzpatrick, Hillis, Holmes, Hunter, King, Knight-McQuillan, Loftus, McCandless, McCaul, McCorkell, McGlinchey, McGuigan, McKeown, McKillop M, McKillop S, McLean, McShane C, McShane P, Mulholland, Mullan, Nicholl, Quigley, Robinson, Stevenson, Watton, Wilson

In attendance: Mr D Jackson, Chief Executive Designate
Mr R Baker, Leisure & Development Lead
Mrs S Duggan, Programme Administrator
Mr S McMaw, Head of Convergence
Mr D Wright, Head of Finance

Mr K Doherty, Chief Executive Coleraine BC
Mr L Flanigan, Chief Executive, Limavady BC
P Fleming [Fleming Mountstephen Planning]
S Kelly
R Lewis
I McCleery
V Richmond
J Anderson

Apologies: Councillor M Hickey

1. Declarations of Interest

Nil

2. Item Brought Forward

It was proposed by Councillor Fitzpatrick, seconded by Councillor Cole and **AGREED:**

that Shadow Council bring the Capital Programme item forward, to be taken after Planning Reform presentation.

3. Planning Reform and Transfer to Local Government: Proposals for Sub Ordinate Legislation – Phase 1 Consultation Response

The Presiding Councillor invited Peter Fleming, Fleming Mountstephen Planning, to present the draft response circulated. Mr Fleming outlined 3

elements: the consultation document explaining the establishment of the 2-tier system and relationship of the Department and the Council as the local authority; the electronic response form (36 questions); and 6 draft statutory rules/regulations. Mr Fleming invited questions.

Mr Fleming responded to queries from Councillor Campbell regarding Neighbour Notification, and Councillor Cole on the criteria for decisions by Council that could be overturned by the Minister of the Environment.

It was proposed by Councillor Fitzpatrick seconded by Councillor Hillis and **AGREED: that Shadow Council adopts the Planning Reform and Transfer to Local Government: Proposals for Sub Ordinate Legislation – Phase 1 Consultation Response, circulated.**

* Mr Fleming left the meeting at 7.20pm

4. Capital Programme

In order to allow the Shadow Council to consider pending capital projects with a value in excess of £250k, a capital project workshop had been held on Wednesday 16 July at Flowerfield Arts Centre. The workshop presentation, including information relating to specific projects, was circulated.

4.1 It was recommended that the Shadow Council approve:

- a. The established baseline figure of circa £8.8m Gross/£4m Net is to be confirmed by officers as the approved CC&G committed spend on Capital Projects as at 16 July 2014. Projects that have a current contractual commitments are deemed to be Live Projects. The established baseline figure includes all capital projects >£30k.**
- b. Officers from a Working Group for the purposes of financial planning and to maintain oversight of the Cluster Councils' Capital Project Programmes (Live and Pipeline capital projects >£30k). Pipeline Projects do not have a contractual commitment as at 16 July 2014.**
- c. Shadow Council approve and apply the use of Staged Gateway Points ("go/no-go points") for all future Capital Projects:
Stage 1. Scoping, Feasibility & Outline Business Case (1% of total costs)
Stage 2. Procurement & Final Business Case (3% of total costs)
Stage 3. Operations Contract & Management (110% of total costs)
Stage 4. Operational management (Revenue costs).**

4.2 It was further recommended that stage approval is considered for each of the following Projects:

Cloughmills Old Mill Building Scheme. Approval to undertake and complete Stage 3 at a net cost of £113k.

Rasharkin Community Centre Improvement Scheme. Approval to undertake and complete Stage 3 at an estimated cost of £292k.

Juniper Hill Infrastructure Works. Approval to undertake and complete Stage 2 at an estimated cost of £30k.

Refurbishment/Upgrading to Benone Tourist Complex. Approval to complete Stage 2 at an estimated cost of £30k.

Joey Dunlop Leisure Centre, Sports Hall Extension. Approval to undertake and complete Stage 1 at an estimated cost of £50k.

Dungiven area Sports Facilities upgrade and development. Approval to undertake and complete Stage 2 at an estimated cost of £250k.

Additional Pitches at Riada Playing Fields. Approval to undertake and complete Stage 3 at an estimated cost of £750k or the Most Economically Advantageous Tender (no greater than £750k).

Councillor Clarke felt that Council should go forward on a need based approval, looking at priorities and what burden additional responsibilities placed on the new Council would have on the rates.

Councillor C McShane, referring to the Moyle Leisure Facilities Project feasibility scoping exercise of outdoor pitches, requested clarity over the definition of 'Pipeline Projects' and further queried a date for completion of the scoping exercise in terms of leisure provision across the whole cluster.

The Chief Executive Designate stated that he expected further projects to be brought and he estimated the overarching assessment of leisure across the district area would be brought before Members by October 2014.

Councillor Holmes thanked the Officers for their work, stating that it was good to see a methodology coming forward looking at need and the business case for projects.

It was proposed by Councillor Holmes, seconded by Councillor Harding and **AGREED: that Shadow Council approve and apply the use of Staged Gateway Points ("go/no-go points") for all future Capital Projects:**

Stage 1. Scoping, Feasibility & Outline Business Case (1% of total costs);

Stage 2. Procurement & Final Business Case (3% of total costs);

Stage 3. Operations Contract & Management (110% of total costs);

Stage 4. Operational management (Revenue costs).

It was proposed by Councillor Harding, seconded by Councillor Fitzpatrick and **AGREED:**

that Shadow Council establish a baseline figure of circa £8.8m Gross / £4m Net, to be confirmed by officers as the approved CC&G committed spend on Capital Projects as at 16 July 14. Projects that have a current contractual commitment are deemed to be Live Projects. The established baseline figure includes all capital projects >£30k;

that Shadow Council Officers form a Working Group for the purposes of financial planning and to maintain oversight of the Cluster Council's Capital Project Programmes (Live and Pipeline capital projects >£30k). Pipeline Projects do not have a contractual commitment as at 16 July 14.

Councillor Harding stipulated that Members are kept up to date on the progress of any project that has contractual approval.

In response to comments from Councilor C McShane and a request for clarity by Councillor S McKillop regarding the Development Plan for Bushmills, the Chief Executive Designate reiterated that there are a number of live projects and there may be further pipeline projects. He said there are currently seven pipeline projects tabled to move to next stage but there may be further pipeline projects coming forward in due course.

It was proposed by Councillor McKeown, seconded by Councillor Duddy and **AGREED:**

that Shadow Council grant approval to undertake and complete Stage 3 of Cloughmills Old Mill Building Scheme at a net cost of £113k, subject to approval of grant of £350,000.

It was proposed by Councilor McGuigan, seconded by Councilor Loftus and **AGREED:**

that Shadow Council grant approval to undertake and complete Stage 3 of Rasharkin Community Centre Improvement Scheme, at an estimated cost of £292k.

It was proposed by Councillor Hillis, seconded by Councillor Duddy and **AGREED:**

that Shadow Council grant approval to undertake and complete Stage 2 of Juniper Hill Infrastructure Works, at an estimated cost of £30k.

Councillor Fitzpatrick concurred.

It was proposed by Councillor Holmes seconded by Councillor Harding:

that Shadow Council defer approval to complete Stage 2 Refurbishment/Upgrading to Benone Complex at an estimated cost of £30k and go back to Stage 1.

Councillor Holmes felt Council should be only entering into the commercial sector where there has been a market failure. He said if Council are running facilities that are making a good profit it should continue but Council should look at options.

An amendment was proposed by Councillor Mullan, seconded by Councillor Chivers:

that Shadow Council grant approval to complete Stage 2 Refurbishment / Upgrading to Benone Tourist Complex at an estimated cost of £30k.

Councillor Mullan felt the Project needed to be expedited for the benefit of tourists.

Councillor Harding seconded the deferral, which he felt should remain until Council had a full evaluation of all facilities in Causeway Coast and Glens. Councillor Harding commented that whilst Benone was a stunning location, Council had to question the provision of wet facilities which were a drain on resources and a cost to ratepayers. He further commented that if the Scheme did stand in comparison with other demands within the whole area of Causeway Coast and Glens, then it would go ahead.

Councillor Hillis concurred, offering support to both colleagues.

Councillor P McShane suggested that the private sector was key to the provision Council was offering right along the coast and queried whether Council would lose its tourist base if it started closing wet weather leisure facilities in good weather.

Councillor Robinson concurred with Councillor Mullan.

The Presiding Councillor put the Amendment to the committee, 29 voted for, 10 voted against, Chair declared the Amendment carried.

Applying his comments to the remaining three recommendations circulated, Councillor Holmes suggested that a strategic overview of leisure services across the new council area was still missing.

It was proposed by Councillor Holmes, seconded by Councillor Clarke:

that Shadow Council defer Joey Dunlop Leisure Centre, Sports Hall Extension - approval to undertake and complete Stage 1 at an estimated cost of £50k; Dungiven area Sports Facilities upgrade and development - approval to undertake and complete Stage 2 at an estimated cost of £250k;

Additional Pitches at Riada Playing Fields - approval to undertake and complete Stage 3 at an estimated cost of £750k or the Most Economically Advantageous Tender (no greater than £750k).

An amendment was proposed by Councillor McCaul, seconded by Councillor Beattie:

that Shadow Council continue to assess, on an individual basis, Joey Dunlop Leisure Centre, Sports Hall Extension - approval to undertake and complete Stage 1 at an estimated cost of £50k; Dungiven area Sports Facilities upgrade and development - approval to undertake and complete Stage 2 at an estimated cost of £250k; Additional Pitches at Riada Playing Fields - approval to undertake and complete Stage 3 at an estimated cost of £750k or the Most Economically Advantageous Tender (no greater than £750k).

The Presiding Councillor put the amendment to committee to vote, 13 voted for, 24 voted against, Chair declared the amendment had fallen.

Councillor McGuigan requested clarity on an unsatisfactory process and requested a legal opinion.

Councillor McGlinchey requested a recorded vote on what he deemed a scandalous decision.

Chair invited Members to vote on Councillor Holmes' motion, duly recorded.

FOR: Councillors Baird, Blair, Callan, Campbell, Clarke, Cole, Duddy, Fielding, Finlay, Harding, Hillis, Holmes, Hunter, King, Knight-McQuillan, McCandless, McCorkell, McKeown, McKillop S, McLean, Robinson, Stevenson, Wilson

AGAINST: Councillors Beattie, Chivers, Loftus, McShane C, McShane P, McCaul, McGlinchey, McGuigan, McKillop MA, Mulholland, Mullan, Nicholl, Quigley

ABSTAIN: Councillors Douglas, Fitzpatrick, Watton

23 voted for, 13 voted against, 3 Members abstained.

The Presiding Councillor declared the motion carried.

5. Minutes of Shadow Council Meeting held on 26 June 2014

Councillor S McKillop requested an amendment to the Minutes to include her remarks on expenditure approvals, supporting Councillor McCandless' proposal and Councillor Holmes' remarks that Council requires a strategic approach to Capital Spend and Development for Causeway Coast and Glens. Councillor S McKillop added that the silo mentality and approach

must not continue in the Chamber, noting that the TUV was not involved in the STC and had no input at that point into any of the previous STC Capital Development proposals.

Councillor Quigley submitted an amendment to the Minutes at Page 7, changing the word “had” to “was”.

It was proposed by Councillor Fitzpatrick, seconded by Councillor Quigley and **AGREED: that Shadow Council adopt the Minutes of the Shadow Council Meeting held, 26 June 2014, as circulated, subject to amendments outlined above.**

**5.1 Matters Arising from Shadow Council Meeting held 26 June 2014
Item 6 – Notice of Motion**

Councillor McGuigan quoted from Interim Standing Orders for Councils, 16.6 [16.1 (on Notice)], *“If the subject matter of any motion of which notice has been properly given comes within the remit of any committee, it shall, upon being moved and seconded, stand referred without discussion to that committee, or to such committees as the Council may determine”.*

Given the fact that Council had adopted Standing Orders at item 4 in the meeting and had previously adopted four standing committees, Councillor McGuigan sought redress.

The Chief Executive Designate acknowledging the protocol, explained that while the application of the Interim Standing Orders was not applied at the time of the previous meeting due to a need for committee terms of reference, the associated proposal and decision required further exploration and would be brought back to the relevant committee.

Councillor Harding concluded that 3 committees existed purely in name, Terms of Reference had not been adopted and that was part of the business Council needed to discuss.

It was proposed by Councillor Harding, seconded by Councillor S McKillop and **AGREED: that Shadow Council continues with the business of the meeting.**

6. Minutes from Transfer of Functions and Group Committee held on 10 July 2014

A discussion ensued on format and presentation.

The Chief Executive Designate advised that a short summary of recommendations from the Chair of Committee would be presented and the Chair would move to adoption of the Minutes and Matters Arising.

It was proposed by Councillor Mullan, seconded by Councillor Duddy and **AGREED: that Shadow Council adopts the Minutes of Transfer Functions and Group Committee held 10 July 2014, as circulated.**

7. Shadow Council Legal Entity update

The Head of Finance reported.

1.1 Background

Causeway Coast and Glens District Council has to establish itself as a separate legal entity in a number of ways with several regulatory and regulated bodies such as HMRC, banks, etc. This report details a number of these scenarios and how Council intends to approach each.

1.2 Banking

1.2.1 Detail

Causeway Coast and Glens District Council requires banking facilities in order to finance its activities from this point onwards. There are 2 elements to this requirement. Firstly in the immediate and short term Council requires a banking facility which will allow for the receipt of funds and transfer of funds to and from our legacy councils and other funding bodies such as DoE. At present there are 2 providers of banking services within our cluster and both have been approached with a view to setting up a temporary facility for a period not beyond 31 March 2015 to facilitate Council in this regard, both have indicated a willingness to provide such a service. At the writing of this report details of the terms of any proposed arrangement were not available but will be presented at the meeting.

Secondly in the longer term Council requires a complete suite of banking services in order to be able to carry out all the transactional business relative to the functions of a local authority. In keeping with best practice and complying with procurement guidelines there will need to be a competitive tender process carried out before any contract is entered into.

There are 2 recommendations:

It is recommended that the Causeway Coast and Glens Shadow Council agree to setup a temporary banking facility with one of the two current providers for a period up to 31 March 2015 and that the Chief Executive, Lead Finance Officer

and Head of Convergence be the authorized signatories on the account with the Lead Finance Officer as the administrator and administrative contact for the account. It is also recommended that 2 out of the 3 signatories be required on cheques.

It is recommended that the Causeway Coast and Glens Shadow Council agree for the Lead Finance Officer to commence a procurement exercise with regards banking facilities and services and to table a report on the outcomes of this exercise together with recommendations at a subsequent meeting in order that facilities are in place no later than 1 April 2015.

1.3 VAT

1.3.1 Detail

Causeway Coast and Glens District Council will require registration with HMRC for the purposes of Value Added Tax (VAT) to take account of the VAT element of the income and expenditure streams of Council's transactions.

It is recommended that the Causeway Coast and Glens Shadow Council agree to setup a registration with HMRC for VAT purposes and that the Lead Finance Officer be the administrator and administrative contact for VAT

1.4 Construction Industry Scheme (CIS)

1.4.1 Detail

Causeway Coast and Glens District Council will require registration with HMRC for the purposes of the Construction Industry Scheme (CIS) to comply with the regulations regarding employment of contractors and sub-contractors in connection with works of a construction nature.

It is recommended that the Causeway Coast and Glens Shadow Council agree to setup a registration with HMRC for the CIS purposes and that the Lead Finance Officer be the administrator and administrative contact for CIS

1.5 Data Protection

1.5.1 Detail

Causeway Coast and Glens District Council will require registration with the Information Commissioner's Office (ICO) under Data Protection regulations.

It is recommended that the Causeway Coast and Glens Shadow Council agree to setup a registration with ICO for the Data Protection purposes and that the Lead Policy Officer be the administrator and administrative contact for Data Protection.

1.6 Pay As You Earn (PAYE)

1.6.1 Detail

Causeway Coast and Glens District Council is an employer in its own right and as a consequence requires to be registered with HMRC as an employer having a PAYE reference in order to be able to account for all the tax and national insurance transactions relating to Councillors' and employees' payments. It was however due to the recent elections and the necessity to make Councillors' payments at the end of June to commence the process of registration prior to this Council meeting so that the registration process could be completed on time. As a result the Director of central and Leisure Services of Ballymoney Borough Council successfully registered Causeway Coast and Glens District Council as an employer and received the required PAYE reference during May and early June. Ballymoney Borough Council currently process and pay Councillors' allowances.

It is recommended that the Causeway Coast and Glens Shadow Council retrospectively approve the setup of a registration with HMRC for the PAYE purposes and that the Director of Central and Leisure Services of Ballymoney Borough Council be the administrator and administrative contact for PAYE purposes until 31 March 2015.

It was proposed by Councillor Fitzpatrick, seconded by Councillor S McKilliop and **AGREED:** That Shadow Council set up a temporary banking facility with Danske Bank for a period up to 31 March 2015 and that the Chief Executive, Lead Finance Officer and Head of Convergence be the authorised signatories on the account with the Lead Finance Officer as the administrator and administrative contact for the account. 2 out of the 3 signatories are required on cheques;

that Shadow Council Lead Finance Officer commence a procurement exercise with regards banking facilities and services and to table a report on the outcomes of this exercise together with recommendations at a subsequent meeting in order that facilities are in place no later than 1 April 2015;

that Shadow Council set up a registration with HMRC for VAT purposes. The Lead Finance Officer administrate and act as administrative contact for VAT;

that Shadow Council set up a registration with HMRC for Construction Industry Scheme (CIS) purposes and that the Lead Finance Officer administrate and act as administrative contact for CIS;

that Shadow Council sets up a registration with Information Commissioners Office (ICO) for Data Protection purposes. Lead Policy Officer administrates and acts as administrative contact for Data Protection;

that Shadow Council retrospectively approve the set up of a registration with HMRC for PAYE purposes and that the Director of Central and Leisure Services of Ballymoney Borough Council administrate and act as administrative contact for PAYE purposes until 31 March 2015.

8. Change Management Funding

The Chief Executive Designate reported.

As part of the Northern Ireland Executive Funding package for the Reform of Local Government, £500,000 was allocated per annum for two years (2013-2014/2014-2015) across the 11 new Councils towards Change Manager/Change Management Costs. This equates to an offer of £45,455 per Council in each Financial Year.

It was recommended that the Causeway Coast & Glens Shadow Council agrees to accept the funding of £45,455 towards Change Manager/Change Management costs and authorize the Clerk and Chief Executive to sign the letter of acceptance as required by the DoE.

It was proposed by Councillor McCorkell, seconded by Councillor Duddy and **AGREED:** that Shadow Council agree to accept the funding of £45,455 towards Change Manager/Change Management costs and

authorises the Clerk and Chief Executive to sign the letter of acceptance as required by the DoE.

9. **Response to consultation on Draft Local Government (Standing Orders) Regulations (Northern Ireland) 2014, Guidance on Filling Positions of Responsibility, and Guidance on Appointing Councillors to Committees**

The Chief Executive Designate reported.

- **Draft Local Government (Standing Orders) Regulations (Northern Ireland) 2014**

Comments were offered around paragraph 20 – Voting, paragraph 21 – ‘Call-in’ Process, paragraph 21.2 – Call-in admissibility, paragraph 22 – Positions of Responsibility, and general comments were offered on the draft Model Standing Orders.

- **Guidance on Filling Positions of Responsibility**

The Shadow Council was content with the proposed guidance.

- **Guidance on Appointing Councillors to Committees**

The Causeway Coast and Glens Shadow Council (the Shadow Council) has considered the draft Guidance on Appointing Councillors to Committees. The guidance sets out the process for appointment of councillors to more than one committee. Quota Greatest Remainder will be default method of appointing councillors to Committees.

The Shadow Council was content with the proposed guidance.

It was recommended that Shadow Council endorses this response.

It was proposed by Councillor Campbell, seconded by Councillor Duddy and **AGREED: that Shadow Council endorsed the response circulated.**

10. **Response to consultation on Rates Convergence**

The Head of Finance reported.

1.0 Review of Public Administration – Managing Convergence of District Rates

1.1 Background

The Causeway Coast and Glens Shadow Council (the Shadow Council) has considered the consultation paper regarding the process of convergence of District Rates. There are a couple of key concerns regarding this process for the Shadow Council and these are set out below.

1.2 Current rates divergence

Causeway Coast and Glens has the second highest differential of all the new Council areas between the highest and lowest rate in our legacy Councils therefore the effect on our rates payers will be the most significant in the country.

1.3 Rates Support Grant

It has become apparent that with the reorganisation Causeway Coast and Glens District Council is one of only two in the new structure who are losing an element of funding due to the reallocation of Rates Support Grant throughout the new structure. This loss of funding is material and will have an additional material impact on the rates beyond the natural convergence process that reorganisation will generate.

1.4 Response

Northern Ireland Local Government Association (NILGA) has prepared a draft response on the matter of rates convergence following on from a number of workshops held with both Elected Members and Officers across the country. This response has been adapted to meet the needs of Causeway Coast and Glens District Council, circulated

It is recommended that Causeway Coast and Glens District adopt the response to the Rates Convergence consultation and submit to DFP, attached Appendix 1.

In response to a query from Councillor Stevenson, the Head of Finance advised that an estimated £360,000 would be lost due to the reallocation of rates support grant.

It was proposed by Councillor Stevenson, seconded by Councillor Harding and **AGREED: that Shadow Council adopt the response to the Rates Convergence consultation, circulated and submit to DFP as attached Appendix 1.**

Councillor Stevenson added that Council should stipulate its deep unhappiness with the decision and asked that the Minister and the appropriate committee be informed and requested to review it.

11. Consultations - DETI Review of the Northern Ireland Tourist Board and wider tourism structures

The Chief Executive Designate acknowledged that the consultation would be brought through the appropriate committee for consideration. It was noted that Members could make individual comments.

12. Correspondence - Reform Inform

Issue 20 – 9 July 2014 circulated for information.

This being all the business the meeting closed at 8.25pm.

Draft Causeway Coast and Glens District Council response to DFP Consultation on Review of Public Administration – Managing Convergence of District Rates

Introduction

Causeway Coast and Glens District Council welcomes the opportunity to respond to the Department of Finance & Personnel's consultation paper on the operation of a rate convergence relief scheme. It has long been evident that local government reform would lead to substantial issues related to the convergence of rates, and Causeway Coast and Glens District Council, along with the remainder of the local government sector, has consistently argued for adequate relief for affected ratepayers. In February 2013, the Northern Ireland Executive allocated funding of up to £30m specifically to address rate convergence, and this was strongly welcomed across the sector.

This consultation seeks views on how a rate convergence relief scheme would operate, and identifies the three key variables – namely the threshold (if any) before relief is applied, the overall duration of the scheme, and how the relief would be phased during the life of the scheme.

This response addresses all questions identified in the consultation paper and has been submitted following approval from Council.

Key Issues

Causeway Coast and Glens District Council believes that there must be a transitional relief scheme, and that the final option chosen should be simple for ratepayers to understand, and, generally, should be applicable uniformly to all affected ratepayers. The Council prefers a scheme which would last for at least the full term of the incoming councils, ie a minimum of 4 years up to 31st March 2019. Issues related to the phasing of relief during the life of the scheme, and the imposition of a threshold, if any, are discussed below.

Question 1

Do you agree that transitional relief should be provided to ratepayers adversely affected by the convergence of rates that will arise from the merging of councils as a result of local government reform?

Causeway Coast and Glens District Council strongly supports the provision of relief to affected ratepayers. It is clear from information provided over the past number of years that many ratepayers in Northern Ireland will suffer adverse consequences of the merger with neighbouring council areas through increased district rates. Ratepayers living in the districts of existing councils who have maintained lower rates than those councils with whom they will merge should not be penalised due to reform which was initiated by central government, and it is entirely appropriate that central government should adequately compensate such persons.

Question 2

Do you consider there to be an “acceptable” rates increase the ratepayer should bear before relief is applied?

Causeway Coast and Glens District Council recognises that the key variables of the scheme will interact and are interdependent on each other in relation to utilisation of the maximum amount of relief. As such, the introduction of a threshold would mean that whilst all ratepayers would lose to

some extent, more of the £30m budget would be available to assist in, perhaps, a scheme of longer duration or improved phasing.

There is no particularly evident case for setting a threshold at any specific level, say an acceptable rate increase of 1% or 2%. Given the relatively arbitrary nature of any figure being used as a threshold, it may be more appropriate to provide relief to all ratepayers adversely affected. Additionally, the imposition of a threshold would further penalise those ratepayers worst affected by removing a portion of the increase which they will suffer from being eligible for relief.

However, if a small increase of no more than 1%, which would (on average) lead to a 0.5% rise in an overall rate bill, were to provide a significantly improved scheme, then such a small threshold would be worthy of consideration. For instance, if a 1% threshold were to enable a scheme to be provided over a four year period, with levels of relief at 100%, 80%, 50% and 30% over the term, then this would ease the burden of achieving substantial savings quickly for the worst affected councils in early years and provide enhanced levels of relief to affected ratepayers.

Question 3

How long do you believe any transitional relief scheme should last?

Causeway Coast and Glens District Council notes that the options provided in the consultation paper are two, three or four years, along with “other”. The new councils will have to aim to achieve sufficient savings and efficiencies as relief is gradually removed during the life of the scheme in order to ensure that affected ratepayers continue to have any potential reform-related increases mitigated. It would be more difficult for councils to achieve such savings if the life of the scheme was shorter, especially since some of the reform costs which may have been capitalised would still be being written off. It would be especially difficult and unreasonable for those councils where the rate convergence issue is most stark to be expected to achieve the necessary level of savings quickly.

Causeway Coast and Glens District Council would therefore support a rate convergence relief scheme which lasts for at least the first full term of the new councils after they “go live” ie a four year period up to 31 March 2019.

Question 4

Based on the models provided in the document, what level of relief do you think is acceptable over each year of the phasing in?

As noted above, Causeway Coast and Glens District Council favours a scheme duration of at least four years. Whilst it would naturally be ideal to provide full relief to all affected ratepayers in the first year, Causeway Coast and Glens District Council notes from the consultation paper and associated technical annexes that the total amount of relief available to each affected council area is very similar using a 3 year 100/66/33% model and a four year 80/60/40/20% model (based on table 3 of the technical annex which covers domestic ratepayers only).

Therefore, Causeway Coast and Glens District Council would again support a four year model with relief applied at 80% in year one, falling to 60%, 40% and 20% in years two to four respectively. Should this model not utilise the full £30m allocation, then additional relief should be provided in year one over and above the 80% level. Alternatively, as outlined above, Causeway Coast and Glens District Council would support a 1% threshold if phasing could be provided at levels of 100%, 80%, 50% and 30% over a four year period.

Question 5

Do you have any suggestions for how the scheme could be improved within the Executive's £30m budget?

At the present time, data available along with the consultation paper covers domestic district rates and ratepayers only, as a consequence of the current review of non-domestic property valuations. Clearly, the scheme will also apply to non-domestic ratepayers, and it is hard to make final comments on the various matters related to the scheme without knowledge of the impact of non-domestic properties on the figures.

A further issue which has been taken into account, so far as this scheme is concerned, is the impact of amalgamations on the distribution of the resources element of the general grant. Two councils will lose significant amounts of this grant as a result of merging with councils who get substantially smaller grant or indeed no grant at all. This is clearly a reform convergence issue, and the Department of Finance and Personnel has confirmed that this has taken into account in this scheme, but Causeway Coast and Glens District Council would prefer that separate discussions and ultimately funding be provided by the Department of the Environment to address this matter more fully, as outlined in our response to question 10 below.

Causeway Coast and Glens District Council also assumes that separate relief will be provided to non-domestic ratepayers in relation to any adverse changes related to an upwards revaluation of their property via the current review. This may be through a separate transitional relief, as has been the case in prior revaluations, or through an extension of the current small business relief scheme. Should this not be the case, then the rate convergence scheme would need to take account of any such valuation changes.

Question 6

Do you think relief should be provided to all ratepayers affected by the scheme or just to those significantly affected? Or should there be a two tier scheme (a longer one for ratepayers in areas most affected)?

It is clear that there is a wide variation in the level of impact the council merger will have in terms of rate convergence. Some of the affected existing council areas face substantial increases in their ratepayers' bills; others moderate rises, and some more modest rises. Additionally, there is no information available in terms of any potential differential impact across the various groups identified in s.75 of the Northern Ireland Act 1998.

The creation of a scheme which phases relief to affected ratepayers will, by default, provide those council areas affected with a greater share of the £30m budget. As outlined above in relation to a potential threshold, Causeway Coast and Glens District Council does not feel that there should be any relatively arbitrary judgement made as to what would constitute "significant".

Similarly, the creation of any two tier scheme would require a judgement to be made regarding which council areas should benefit from the additional relief. Whilst it may be clear which areas are worst and least affected, any decision on which areas would benefit between these extremes would be likely to be taken by reference to utilisation of the full £30m budget, rather than on grounds of need, impact assessment etc.

Causeway Coast and Glens District Council therefore would prefer a single scheme which would be simple to explain to ratepayers. If any consideration was to be given to a two tier scheme, additional relief should only be provided to those council areas where the burden of rate convergence is at its most extreme.

Question 7

Do you consider that any additional support should be provided for ratepayers detrimentally affected by the boundary changes as described in paragraph 21?

The consultation paper indicates that any proposed scheme will take account of those ratepayers who, through boundary changes, are moving to a completely new council area in the same manner as those who are merging with another existing council.

In accordance with our comments above, these ratepayers will be compensated in an equitable manner alongside all other ratepayers, and hence Causeway Coast and Glens District Council would not favour any separate support for such ratepayers.

Questions 8 & 9

Do you have any views on the differential impact of implementing the scheme? Do you have any additional evidence on the differential impact the scheme may have?

Causeway Coast and Glens District Council notes the comments made in Annex 5 of the consultation document in relation to equality impacts, rural proofing and deprivation analysis. It is recognised that it is difficult to quantify the nature or extent of any adverse impact. As a result, therefore, Causeway Coast and Glens District Council would suggest that this inability to analyse impact in more detail should lead to a simple, clear scheme which is applicable equally to all affected ratepayers.

Question 10

Have you any other views on the issues covered in this document?

(a) General Grant Allocation

The aim of the scheme is to mitigate sudden and excessive increases in district rates arising as a result of local government reform. The proposed scheme takes fully into account the differential between district rates of merging councils for the 2014/15 financial year, and account has also been taken of potential changes to the distribution of the resources element of the general grant which, similarly, arise from reform.

It is clear, however, that any such changes, where material, would have an impact on the differential between the current district rates of merging councils, and thus any significant loss of general grant will impact negatively on ratepayers going forward. This matter requires full consideration to assess the additional burden on affected Councils.

The Department of Finance & Personnel will adjust this scheme to reflect changes in the allocation of grant, but Causeway Coast and Glens District Council is of the view that the grant is administered and paid to councils by the Department of the Environment, and the latter Department should be responsible for the separate provision of transitional relief directly to those councils whose loss is significant. Such relief was paid to affected councils on a previous occasion when a review of the general grant led to material alterations in allocations to individual councils.

Causeway Coast and Glens District Council believes that it is unfair to compensate ratepayers for reform-related increases without first providing formal transitional relief to councils whose loss of general grant will materially affect the rate to be struck post-reform. Failure to compensate councils in this regard would mitigate against the successful introduction of a rate convergence relief scheme in affected areas.

Causeway Coast and Glens District Council would therefore seek that the Department of the Environment provide transitional relief to compensate councils for any material loss of general grant for a period of time similar to the duration of the rate convergence scheme.

Additionally, Causeway Coast and Glens District Council would seek assurances from the Department of the Environment that the overall amount of grant (£18.3m in 2014/15) will be maintained. Any cut for the incoming financial year would not only add to the issues faced by those

councils who lose grant, but would also have a negative impact on those who gain, and those for whom the general grant is a significant part of their overall income.

(b) Council Borrowing

One of the main reasons why many districts currently have differential rates is the significant variation in the amount of borrowing carried out by the existing councils and the resources required to pay off government and other long term loans.

Whilst appreciating that this matter has been raised with the Department of Finance & Personnel previously, Causeway Coast and Glens District Council would again ask that serious consideration be given to permitting councils to refinance government loans without penalty. The burden of paying off loans which were taken out at hugely higher interest rates than those currently in force adds considerably to district rates and has, in part, contributed to the disparity which gives rise to the need for a rate convergence relief scheme. Having the facility to refinance loans without penalty would greatly assist in permitting the new councils to make savings quickly enough to ensure that affected ratepayers do not see future increases in rates when the rate convergence relief scheme is phased out.

(c) Review of Rate Convergence Relief Scheme

The Local Government Act (Northern Ireland) 2014 provides for a review of the scheme within two years. Such a review must include an assessment of likely or actual increases in district rates due to the withdrawal of the scheme, along with consideration of further mitigating measures. Causeway Coast and Glens District Council believes that this review will provide a good opportunity to assess whether the scheme is delivering appropriate benefits to affected ratepayers and whether further funds are necessary to achieve the aims of the scheme. Along with the other new councils, Causeway Coast and Glens District Council looks forward to active participation in the review in due course.