

<b>Striking the Rate</b>	<b>08/02/2018</b>
<b>Council – For decision</b>	

<b>Linkage to Council Strategy (2015-19)</b>	
<b>Strategic Theme</b>	All themes
<b>Outcome</b>	Striking the Rate
<b>Lead Officer</b>	Chief Finance Officer
<b>Cost: (If applicable)</b>	Rates Estimates

## 1.1 Background

Council is required each year by 15<sup>th</sup> February to strike a rate for the financial year commencing on 1<sup>st</sup> April thereafter. In order to do this the budgetary position of Council has to be assessed taking into account any financial pressures, funding changes or potential savings that will all have an effect of the eventual rate struck.

## 1.2 Detail

It was reported to Council in the autumn that the opening position for the 2018/19 rates estimates was a cost pressure of just under 6% in terms of a rate increase. In order to arrive at this figure the following aspects of Council's budgets were considered:

Wages and Salaries – subject to annual pay award (2% generally but at lower grades is up to 9.19% due to living wage implementation), implementation of changes to the payment mechanism regarding employer's pension contributions resulting in a 1% increase in 2018/19 (with a further 1% increase in 2019/20). Also upward pressure on staff costs due to high number of staff gaining a pay increment after being placed on new pay scales. Reliance on agency staff in recent years has led to Council not incurring employer's pension contributions, reduction in agency staff numbers results in an increase in staff costs due to the employer's pension contributions.

Waste - Introduction of brown bins, £500,000 provided in rates estimates for the introduction of this new service.

Insurance – subject to an upwards pressure on premiums, premium risk mitigated somewhat by existence of long term agreement for some policies, budgeted premiums increased by 10%.

Gas and Electricity – provision increased in the estimates by 12% due to council contract coming to an end in March 2018.

County Hall – all remaining cost removed due to relocation of Planning staff to Cloonavin

### **1.3 Final Position**

Further work refining the figures to includes items such as updated penny product figures for rates income and the de-rating and transferring functions grants as well as detailed costing of staff costs in conjunction with the proposed pay award resulted in it being reported to Council in January that the rates pressure was in excess of 4%. Members indicated that they expected to see a budget tabled where the district rate would be held at current levels. In order to produce a budget enabling Council to strike a rate with no increase Council Officers needed to identify savings/additional income totalling just under £1.8m. This figure has been achieved the details of how being set out below:

#### **Environmental Services**

##### **Operations**

1. Mixed Dry Recyclables Contact has been retendered and the new price of £49.53/tonne
  - Achieves a saving of approx. £200,000.
  - No impact on service delivery
2. Reduce the number of Operational Managers from 3 to 2.
  - Achieves a saving of approx. £26,000.
  - Minimal impact on service delivery
3. Increase charge for commercial waste by 5%
  - Achieves an additional income of approx. £28,000.
  - No impact on service delivery
4. Cease future collection of commercial waste. Appoint contractor to collect on Council's behalf if necessary.
  - Achieves a saving of 1 lorry & crew (approx. £100,000) which can be reallocated to offset costs in the delivery of the new brown bin collection service.
  - Minimal disruption to service delivery.
5. Increase revenue at Craighulliar Landfill Site
  - Expected additional income approx. £100,000
  - No impact on service delivery

##### **Infrastructure**

1. Seasonal Car parking on Beaches at Castlerock, Downhill and Benone. Charging £2.00/vehicle to enter the beach. To help cover cost of Lifeguard Service (£18,000/beach) & cleansing and litter picking (£6,000/beach).
  - Expected revenue £16,000
  - No Impact on service delivery

2. Car Parking Charges – Market Yard Development into Car Park (50p/hr) and Event Space
  - Expected revenue generation (£40,000)
  - No Impact on service delivery
  
3. Seasonal Car Parking Charges at 8 locations
  - Expected revenue generation
  - £75,000 at 20p/hr or £1.00 for all day
  - £157,500 at 30p/hr or £1.50 for all day
  - £238,000 at 40p/hr or £2.00 for all day
  - £318,500 at 50p/hr or £2.50 for all day
  - No impact on service delivery
  
4. Harmonise harbour fees and remove discount for commercial fishing vessels.
  - Expected additional revenue generation - £12,500
  - No impact on service delivery
  
5. Energy saving Initiatives
  - PV Panels & Solar energy savings - £50,000
  - No impact on service delivery
  
6. Advertising opportunities, bus shelters, car parks, roundabouts etc
  - Increased income generation - £10,000
  - No impact on service delivery

## **Estates**

1. Cease all DfI Roads grass cutting and reduce planting provision. Do not enter Britain In Bloom Competitions
  - Reduced seasonal workforce - £90,000
  - Significant visual impact.
  
2. Increase burial charges by 5%
  - Increased income by £5,500
  - No impact on service delivery.

## **Health & Built Environment**

1. Increase the number of locations for trading concessions
  - Increased income of £10,000
  - Possible impact from business due to additional competition.
  
2. Cease 'out of hours' service – Savings from on call payments and overtime call out costs. Average of 220 calls received/annum. 65% of these calls required response.
  - Expected savings approx. £60,000
  - Impact of no calls being taken by officers outside normal working hours.

3. Increase charges for delivering Food Hygiene training
  - Increased income by £1,000
  - No impact on service delivery.

Total of all proposals equate to £778,500 based on seasonal car parking charge of 20p/hr or £1.00 for all day.

## **Leisure & Development**

The following information details a variety of potential saving from which the L&D savings of approximately £350k can be achieved.

### **GENERAL LEISURE AND DEVELOPMENT MANAGEMENT**

£12,053. Reduction of 1 Business Support post at least SCP6 from 6 to 5 & include 8 months agency cover for caravans.

£24,000. General 5% reduction across all grant programmes.

**TOTAL IMPACT UPON THE NET POSITION = £36,053**

### **SPORT AND WELLBEING**

Sport & Wellbeing net budget reductions can be achieved by:

£20,000. Ballymoney Social Centre handover to Evergreen Club and NICVA.

£ 4,000. Waterworld – reduce operational hours during summer season / 1 hour per day, minimal impact on income but savings on staff costs and utilities.

£30,000. Increase in revenue across a number of facilities including:

- Riada 3G bookings
- Increased activity programme in Sheskburn
- Increased marketing activities through work of Commercial Manager
- Increased income from Dungiven / plus reduced subsidy from 17/18 performance.

£20,000. RVLC Facilities reduce premises costs:

- Purchases for resale different supply contract introduced,
- Salami slicing in building repairs / subscriptions / materials etc.

£18,000. Do not fill vacant Every Body Active post.

- Alternate options for managing delivery of existing programme without impacting on service.

£10,000. JDLC reduce use of agency staff.

£ 4,000. JDLC reduce absence cover for cleaners & maintenance staff:

- Minimal potential impact on service, mirrors operational arrangements in other centres.
- Skilled maintenance staff from other sites can be mobile and relocate to cover during normal working hours.

£10,000. Kilrea Sports Centre, reduce opening hours/caretaker option:

- Facility usage throughout the day does not warrant permanent staffing arrangements.
- Building will open as per demand so no negative impact on existing or future booking requests.

£45,000. Termination of Gym contract with Competition Line / RVLC July 2018.

- Existing payment to Competition line circa £8,500pm. 9 months x £8,500 = increase income circa £76,500.
- Purchase of existing equipment cost of £29,000.

**TOTAL IMPACT UPON THE NET POSITION = £161,000.**

## **TOURISM AND RECREATION**

Tourism and Recreation net budget reductions can be achieved by:

£20,000 Alignment of Visitor Information Centres to seasonal and other peak periods.

£50,970. Increased revenue from static caravans, approved by Council.

£21,000. Increased revenue from touring caravans, approved by Council.

£4,960. Increased revenue from seasonal lets, approved by Council.

£10,000. Reduction in the number of Council run Christmas festive switch-on events, from 9 to 4 (focus on Ballycastle, Coleraine, Ballymoney and Limavady).

**TOTAL IMPACT UPON THE NET POSITION = £106,930.**

## **PROSPERITY AND PLACE**

Prosperity and Place net budget reductions can be achieved by:

£3,000. Reduce the budget set aside for the Food Network, which will reduce the number of promotional shows and events for the network this year.

£5,000. Reduction from the original amount sought for Social Enterprise Support.

£3,000. Reduction from the Enterprise Development programme for Exploring Enterprise.

£5,000. Reduction from the Speciality Market budget – meaning no extra marketing for this, this year.

£5,000. Reduction from the Ballymoney THI scheme – this was an extra year requested, and this funding should still allow for the programme to complete.

£5,000. Reduction of projected spend on the Bushmills branding element of the regeneration project.

£5,000. Reduction of the budget set aside for Digital Connectivity.

£20,000. Savings of £1,000 - £3,000 across remaining programme generating a reduction of £20,000 on a “make-do” basis for the remainder of this year’s programming.

**TOTAL IMPACT UPON THE NET POSITION = £51,000.**

## **COMMUNITY AND CULTURE**

Community and Culture net budget reductions can be achieved by:

- £3,471. Efficiencies on programme overheads, for example venue hire, printing, hospitality, postage, staff travel, event materials.
- £6,071. 5% reduction in Council's contribution to the Policing & Community Safety Partnership towards overall programming such as grants, Neighbourhood Watch, Text Alert schemes (staff time).
- £3,366. 5% reduction in Council contribution to the Good Relations Programme as funded through TEO – from leadership programme costs and efficiencies achieved on programme overheads, such as printing, advertising, transport costs etc.
- £10,000. Efficiencies/savings on cultural services facility overheads/services, for example postage, photocopier costs and adjusted budget lines.
- £3,221. Reduction in Culture, Arts & Heritage (CAH) advertising – museums and arts marketing potential reduced – loss of potential promotion of service.
- £5,552. Reduction in CAH Artistes fees – museums and arts activities reduced to customer.
- £6,361. Reduction in CAH Workshop facilitators – museums and arts reduction to programme on offer to customers.
- £1,438. Arts Event Materials/Promotional activities.
- £200. Arts performing rights - reduction of activities.
- £1,481. Museums Exhibition costs – exhibitions to public reduced.
- £5,800. Green Lane Museum – closure of facility, infrastructure loss (site owned by NIEA).

**TOTAL IMPACT UPON THE NET POSITION = £46,961**

## **Corporate, Policy and Resources**

### **Corporate Services**

- 1 ICT staff placement ends June 2018 - £30,441

### **Chief Executive**

- 1 Health & Safety Officer - £45,464
- 2 Admin staff - £27,312
- 3 Postage savings - £20,000
- 4 Shesburn House running costs - £23,140

### **Finance**

- 1 Debt financing – repayment of loans - £373,817  
Will have impact on reserves of approx. £2.4m
- 2 Part-time staff not replaced - £32,868

### **Planning**

- 1 Remainder of County Hall costs and overhead reduction - £30,000

## **1.4 Assumptions**

The savings, etc set out in 1.3 above have all been identified with a view to causing the minimum adverse effect on council services however in some cases, particularly where income levels are concerned, assumptions have been made regarding future service delivery. It is vital to understand and be aware of this point so that when relevant decisions are subsequently being considered these could have an impact upon these assumptions and consequently the budgetary position of Council as a whole.

The Senior Officers are confident they can successfully continue to deliver council services satisfactorily within these budgets and limits but have indicated that any additional reductions will have the consequence of starting to knock out staffing and/service delivery.

## **1.5 Future pressures**

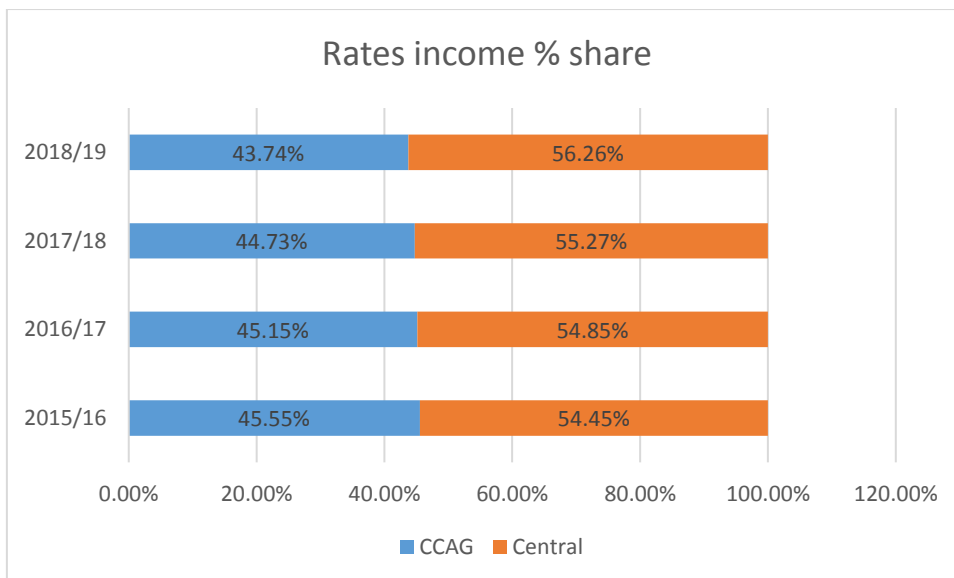
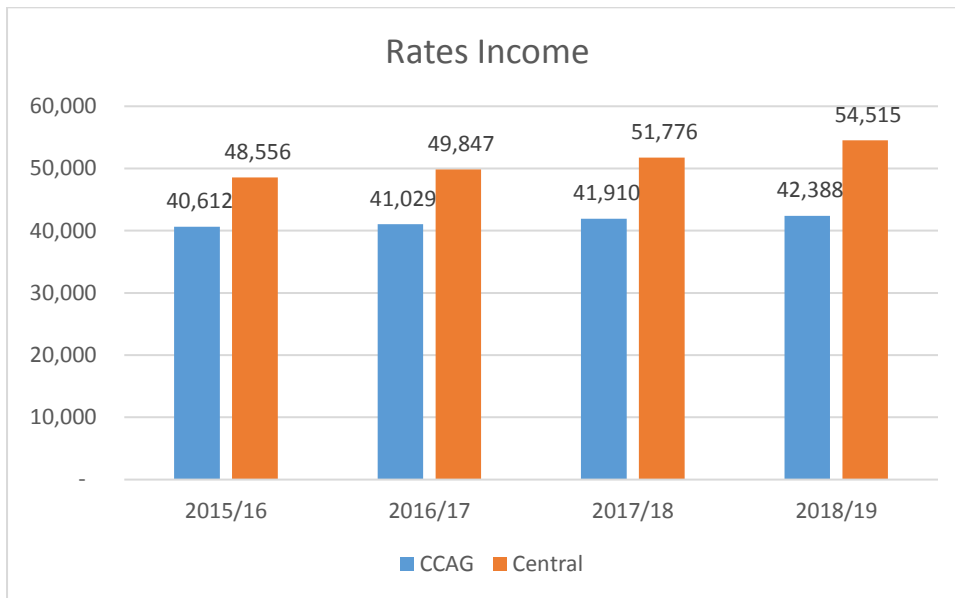
With the current pay award being a 2 year offer we can at this point identify a major cost pressure which Council will have to face whilst setting the rate for 2019/20. The pay offer for next year follows the same theme as that provided for in this rates estimate. It will again be a 2% headline pay offer however again due to the living wage issue it is enhanced at the lower pay grades with some again receiving a pay increase of up to 7.3%. In addition we will have another 1% added to employer's pension contributions bringing these to 20% plus an annual fixed sum (£277,100).

In addition to the wages and salary costs inflation is now running at approximately 3% however with a couple of exceptions listed above there has been no inflationary adjustment made to the vast majority of non-payroll running costs. Should inflation remain at this level council budgets will come under pressure and it will be highly unlikely that this approach can continue into another financial year.

It is clear therefore that whilst the cost of running this council in pure monetary terms may not have changed significantly, the real cost has reduced considerably and whilst Council strives to control the cost of rates the absorption of such cost will continue but will become more challenging especially since the opportunities for savings will reduce over time, voluntary severance being a prime example of this, the vast majority of this having already occurred therefore only smaller numbers and smaller savings will be achievable going forward.

This budget is an extremely challenging budget, Senior officers have been challenged to make this possible and will be so asked again when it comes to the delivery of it but they are confident that it is achievable.

This council has now done what I believe no other council, either current or legacy in this area, has done in putting forward a budgeted district rates freeze for the third consecutive year. As regional rates continue to rise by at least an inflationary factor year on year the proportion of local rate payers' bills which come to fund local council services continues to decrease. The charts below sets out the monetary value and percentage of rates which Council and Central Government have received over the last three years and a projection for 2018/19 assuming the regional rate will increase by 4%.



Percentage Rates Increase				
	2015/16	2016/17	2017/18	2018/19
CCAG	1.5%	0.0%	0.0%	0.0%
Central	1.4%	1.7%	1.6%	4.0%

## Recommendation

On the assumption that the Council decides on a district rates freeze (0% increase) **it is recommended** that the budgets for 2018/19 are approved together with the associated papers regarding the level of reserves, robustness of the estimates and the prudential.