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| Striking the Rate | 02/02/2017 |
| Council – For decision | |

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

1.1 Background

Council is required each year by 15th February to strike a rate for the financial year commencing on 1st 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 2017/18 rates estimates was a cost pressure of approximately 2.5% 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 (1% generally but at lower grades is in excess of 1% due to living wage implementation), implementation of 0.5% apprentice levy, implementation of changes to the payment mechanism regarding employer's pension contributions (minimal impact for 2017/18 but will result in a 1% increase in 2018/19 and a further 1% increase in 2019/20.

Insurance – subject to an increase in insurance premium tax and upwards pressure on premiums, premium risk mitigated somewhat by existence of long term agreement for some policies.

Landfill Tax – annual inflationary increase

Repairs and Renewals – provision made in the estimates for planned long-term maintenance, works that occur for example every 10 years.

Dunluce centre – all remaining cost removed due to disposal

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 resulted in it being reported to Council in January that in order to produce a budget enabling Council to strike a rate with no increase Council Officers needed to identify savings/additional income totally just under £900k. This figure has been achieved the details of how being set out below:

Environmental Services

Waste

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| Review Public Convenience openings | £29,091 |
| Diversion of waste from black bin pilot | £20,000 |
| Re-tender MDR contract | £88,000 |
| Increase trade waste fees | £28,000 |
| Additional revenue from landfill | £120,000 |
| Increased output from Letterloan | £10,000 |

Infrastructure

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| Car park income – market yard car park | £20,000 |
| Seasonal car park charges | £25,000 |
| Increased harbour fees | £4,175 |
| Energy saving from LED's | £15,000 |
| Energy from PV panels and income | £35,000 |
| Advertising revenue | £10,000 |

Estates

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| Reduce grass cutting and planting areas | £15,000 |
| Cease DRD grass cutting | £40,000 |
| Increase burial fees | £5,500 |

Health and Built Environment

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| Additional Trading concessions | £10,000 |
| Training income increase | £2,500 |
| Market Stalls income | £5,000 |

Leisure & Development

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| Economic Development | - programme reduction | £1,305 |
| Sport & Well being | - numerous smaller cost efficiencies and income increases across the entire Sport and Well-being portfolio | £165,959 |
| Leisure & Development Man. | - cost efficiencies | £14,040 |
| Tourism | - programme efficiencies | £20,000 |

Performance, Planning, Finance

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| Planning | - reduced rental and accommodation Costs, service efficiencies | £71,525 |
| Finance | - service efficiencies | £10,000 |
| | interest income | £10,000 |
| Performance | - Agency contract savings | £39,000 |
| | Insurance – additional information allowed review of initial assumption included in opening position | £60,000 |

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 Savings

I have been asked recently when will Council begin to save money, a reasonable question. The answer is that Council have been saving money since the inception of the new merged body. The largest contributing factor to this saving has been the voluntary severance scheme which has to date resulted in approximately £2.1m reduction in the cost of wages and salaries to Council. There have been numerous other cost saving and income increases on top of this but this is by far the biggest.

Unfortunately whilst saving continue to be made so additional cost pressures continue to arise. Some of the main cost pressures since the merger have been as follows:

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| Employers NIC increase | £737,000 |
| Waste disposal | £800,000 |
| Annual pay awards/staff costs | £1,353,000 |
| MRP & Interest | £1,515,000 |

to name just the biggest influences.

Over the first three budget rounds of this council reductions in budgets in order to get to an acceptable rate have been as follows:

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| 2015/16 | £2,731k |
| 2016/17 | £1,552k |
| 2017/18 | £896k |

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 in the next couple of years. On top of this there will be other inflationary pressures, already we have seen some increase for example in fuel prices and if this were to continue then the current budgetary provision will fall short in future years

This budget is a 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.

Recommendation

It is recommended that the budgets for 2017/18 are approved resulting in a 0% increase in the district rate. It is further recommended that the associated papers regarding the level of reserves, robustness of the estimates and the prudential indicators are also approved.