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Committee and Members' Services Section
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24-26 Adelaide Street
Belfast BT2 8GD



6th January, 2009

MEETING OF STRATEGIC POLICY AND RESOURCES COMMITTEE

Dear Councillor,

The above-named Committee will meet in the Council Chamber, 3rd Floor, Adelaide Exchange on Friday, 9th January, 2009 at 12.30 pm for the transaction of the business noted below.

You are requested to attend.

Yours faithfully,

PETER McNANEY

Chief Executive

AGENDA:

1. Routine Matters
 - (a) Apologies
2. Democratic Services and Governance
 - (a) Board of the Library Authority (Pages 1 - 2)
3. Finance
 - (a) Revenue Estimates 2009 - 2010 (Pages 3 - 30)

To: The Chairman and Members of the Strategic Policy and Resources Committee



Belfast City Council

| | |
|--------------------|--|
| Report to: | Strategic Policy and Resources Committee |
| Date: | Friday, 9th January, 2009 |
| Subject: | Board of the Library Authority |
| Reporting Officer: | Mr. Liam Steele, Head of Committee and Members' Services (extension 6325) |
| Contact Officer: | Mrs. Julie Lilley, Members' Liaison Officer (extension 6321) |

Relevant Background Information

The Council has received from the Minister for Culture, Arts and Leisure correspondence regarding the process for the making of appointments to the Board of the new Northern Ireland Library Authority. A copy of the Minister's correspondence along with an explanatory covering letter was issued to the Members prior to the Christmas holiday.

The Minister is asking each Council to provide, by 30th January, completed application forms from between two and four Councillors who wish to be considered for appointment and who meet the specified criteria.

The appointment of Members is covered by the Libraries Act which provides for reserved places for the Local Government sector but does not give Councils direct nominating rights. As places are therefore not guaranteed, the Council's nominees cannot be determined using the proportionality process.

Key Issues

Appointment to the Board would provide Members with the opportunity to become involved in an innovatory arrangement which aims to deliver a robust and responsive library service relevant to the needs of a modern society. Given this and the fact that there is no sustainable manner by which the Council could differentiate between interested Members, it is considered reasonable for the Council to submit to the Minister all completed applications which are received.

To date expressions of interest have been received from four Members.

Recommendations

It is recommended that the Committee agrees to authorise:

- the submission to the Minister of all completed application forms received from Members for appointment to the Board of the Library Authority.

**Belfast City Council**

Report to: Strategic Policy and Resources Committee

Subject: Revenue Estimates 2009/10

Date: 9 January 2009

Reporting Officer: Trevor Salmon, Director of Corporate Services

Contact Officer: Trevor Salmon, Director of Corporate Services

Purpose

The purpose of this report is to request the Strategic Policy and Resources Committee to fix the cash limits of the Council's various committees for 2009/10 and to approve the estimates for the Strategic Policy and Resources Committee for 2009/10.

Relevant Background Information

Section 53(2) of the Local Government Act (Northern Ireland) 1972 and Regulation 2 of the Local Government Annual Budget (SR & O 1973 No 130) require that this Council:

- (a) consider and approve estimates for the year 2009/2010,
- (b) authorise the expenditure included in those estimates, and,
- (c) fix the amount estimated to be raised by means of a District Rate.

The Council is also required to fix this District Rate not later than 15 February 2009.

The key purposes of agreeing the revenue estimates are as follows:

- To establish what the Council can afford to spend in 2009/10.
- To agree the cash limit for each of the Council's committees.
- To agree the district rate for 2009/10.
- To ensure that the Council's money is aligned to deliver the priorities set by Members.

There can be little doubt that preparation of the 2009/10 budget has been the most difficult challenge for many years. The current economic downturn could be the worst for a generation with councils facing a 'double whammy' of lower income and higher demand for services. During recent months I have reported to Committee on several occasions on the difficulties which the Council is experiencing with regard to the current year's budget. Specifically the loss of external income, utility costs, spending on unbudgeted items and loss of investment income are all having a negative influence on our ability to live within budget. These issues, when combined with the ongoing difficulties with Land and Property Services in relation to rate income, have placed the Council in an almost impossible situation with regard to maintaining service delivery but at the same time not placing an unacceptable burden on the ratepayer. It is acknowledged that although District Councils are under considerable stress regional government has responded by freezing the regional

rate and providing compensation on capping so that the overall rate increase to the public will be kept to a minimum.

The most up to date information available from Land and Property Services indicates a district rate increase of 8.59% for 2009/10. The table below shows the impact of this recommended increase on average valued property types.

| PROPERTY | Rates | Rates | Increase in |
|-----------------------------------|----------|----------|-------------|
| | Bill | Bill | |
| | 2008/09 | 2009/10 | |
| <i>Domestic Properties</i> | £ | £ | £ |
| Terrace House | 531.34 | 550.18 | 18.84 |
| 3-Bed Semi-Detached House | 812.60 | 841.41 | 28.81 |
| 4-Bed Detached House | 1,806.55 | 1,870.60 | 64.05 |
| Apartment | 512.61 | 530.79 | 18.18 |

There have been a number of key internal and external drivers for this year's estimates and these are discussed below.

Regional Rate

In 2008/09, the Minister of Finance and Personnel froze the regional rate for domestic ratepayers. The regional rate will again be frozen for 2009/10 but this time the policy will apply to both domestic and non-domestic ratepayers.

City Investment Strategy

Members have identified that Belfast is now at an important stage of development where a further step change in its fortunes is possible. The Council can help to facilitate and deliver these changes through its vision and leadership and ensuring things happen through allocating a significant level of our resources via the City Investment Strategy. The Director of Corporate Services presented to the Strategic Policy and Resources Committee on 14 December 2007 a cash flow analysis for the City Investment Strategy which could raise £29.0m over three years without recourse to borrowing. As part of this analysis it was recommended that £1.0m should be included in the Estimates for 2008/09 and £2.0m in 2009/10.

The Estimates presented for 2009/10 include an amount of £2.0m. However, economic conditions dictate flexibility in the use of this budget allocation. For this reason I recommend that the budget allocation be used for the following purposes as and when appropriate:

- As a resource for the City Investment Strategy
- As a resource for building up the Council's reserves as recommended by the Local Government Auditor
- As a contingency to safeguard against uncertainty in the current economic climate.

Corporate Thematic Priorities

As part of the corporate planning process Members and Chief Officers have identified a number of cross-cutting priorities which cannot be solely delivered within functional budgets. It is recommended that a corporate strategy budget is established to finance these cross cutting priorities. This budget will be managed by COMT and reported to the Strategic Policy and Resources Committee. A budget of £500,000 is included in the Estimates for this purpose.

The priority areas which will have access to this budget are:

- Safer Belfast
- Older People
- Younger People
- Invest to save
- Customer Strategy

Pay and Pensions

Pay increases for 2009/10 are expected to be close to inflation. However, employer's contributions for superannuation will rise from 15.0% to 16.0% at a cost of £999,190.

Utility Costs

During 2008/09 the price of oil, gas and electricity has been extremely volatile. High level guidance recommended increases of 25% in oil, 50% in gas and 49% in electricity to provide for escalating utility prices. However, because of the utility price reductions which followed the sharp increases in price, budgets have been revised downwards. Nevertheless, a budget increase of £1,609,120 is included in this year's estimate.

Capital Programme

Capital expenditure financed by loan is forecast to be £22m in 2008/09 and £8m in 2009/10. With existing advances of £11.2m the Council will require an additional £1.1m to finance capital expenditure in 2009/10.

General Exchequer Grant

The estimate for 2009/10 is based on Gross Penny Product data at the 30th September 2008. This shows an increase of £205,940 or 5.10% on 2008/09. However, I have been advised by the Department of the Environment that the final estimate for the GEG will not be available until Land and Property Services finalise the estimated penny product figures in January 2009.

Allocation of Waste Disposal Fund

Members will be aware that the Waste Disposal finance strategy was put in place to address the issues of escalating waste management costs and the stepped increases forecast to take place between 2006 and 2010. This strategy has enabled an amount of £1.5m to be allocated next year to finance accommodation issues, completion of the Cemeteries Project, corporate human resources issues and the Dargan Road Closure.

Efficiency Savings

The Strategic Policy and Resources Committee, at its meeting on 14/11/08, agreed a programme of efficiencies for 2009/10 amounting to £1,762,870. The table below summarises the efficiency programme for 2009/10.

| Efficiency Programme 2009/10 | |
|--------------------------------------|------------------|
| | £ |
| Insurances | 482,000 |
| Personal Computers | 105,840 |
| Stationery | 128,720 |
| Departmental Contributions | |
| 1. Health and Environmental Services | 770,000 |
| 2. Core Improvement Team | 200,000 |
| 3. Development | 76,310 |
| | |
| Total Efficiency Savings | 1,762,870 |

Individual departments have also made efficiency savings over and above those detailed in the above table. These are discussed under the individual committee statements later in this report.

A brief description of each efficiency area is provided below.

Insurance

Insurance costs have been reduced from £1,552,000 in 2008/09 to £1,070,000 for 2009/10 – giving a cash saving of £482,000. This has been achieved by tendering the insurance broker services and several of the Council's insurance policies. This resulted in reduced broker and premium costs.

Procurement

The Procurement Unit carried out two reverse auctions for stationery and personal computers. A reverse auction is where suppliers bid on a real time basis for a contract. These auctions are most effective where a detailed specification can be put together in terms of volume and quality. The savings achieved for these two auctions amount to £128,720 for stationery and £105,840 for personal computers.

Departmental Contributions

Four departments have provided estimates for 2009/10 which in real terms show net expenditure savings. These are:

Health & Environmental Services - £770,000. These savings have been produced in the budget areas of employee costs, activity-based modelling of landfill contract costs, segregated waste and compensation claims.

CIT - £200,000. These savings have been achieved through increased rental income following rent reviews on a number of units in the Council's industrial estates and a reduction in employee costs.

Development - £76,310 in respect of employee cost savings.

Product of a 1p Rate

The Estimated Product of a 1p Rate (EPP) shows how much rate income the Council would earn if a rate of 1p was applied to all rateable properties in Belfast. Therefore, the more the city grows the more rate income the Council will receive. Indeed, this has been the case for the past number of years with an average year on year growth of 3%. However, last year saw a change in this trend with the EPP falling by 0.31%. Indications for 2009/10 are not encouraging. The EPP shows a modest increase of 0.80%, however, following intervention by the Finance Minister there may be further adjustment to the EPP in January 2009. Any change to the EPP and consequently the GEG will impact directly on the domestic and non-domestic rate set by BCC. I will update Strategic Policy and Resources Committee on

this finalised position and its impact on the district rate at its meeting on the 23rd January 2009.

Projected Out-Turn 2008/2009

Members will know that the Budget for the current year is the subject of continuous monitoring of actual spending and income against estimate. As a result of the economic downturn budgets in the current year have had to be revisited and revised. There still remains significant uncertainty and risk around income from fees and charges eg Building Control, Business Improvement Section and Information Services Belfast. Departments are however working hard to ensure that income and expenditure will be contained within budget. It is certain however that these risks will carry on into 2009/10.

Key Messages

A communication statement for the rates announcement will be tabled at the Strategic Policy and Resources Committee on the 23rd January 2009.

Summary

The figures now presented in this report take account of the above matters. In summary, the Revenue Estimates for 2009/10, if agreed, will minimise the impact of other financial pressures on the ratepayer, allow Departments to continue to maintain and improve service delivery and at the same time provide sufficient funding for the Council's City Investment Strategy and other priorities.

In accordance with Standing Orders and Financial Regulations, Chief Officers have submitted to my Department estimates of Income and Expenditure for the year commencing 1 April 2009. These estimates have been examined in detail by senior staff and myself and a summary of the figures of all Departments, including those under the control of the Strategic Policy and Resources Committee, is set out below and is now submitted to this Committee for consideration and the determination of Committee Cash Limits for the year ending 31 March 2010.

Summary of Estimates of Income and Expenditure
for year ending 31 March 2010

| Year Ending 31/03/2009 £ | COMMITTEE | Year Ending 31/03/2010 £ |
|--------------------------------|---|--------------------------------|
| 15,364,330 | STRATEGIC POLICY AND RESOURCES COMMITTEE | 19,146,520 |
| 5,590,580 | Chief Executive's Department | 5,680,850 |
| 215,620 | Legal Services Department | 254,570 |
| 10,406,690 | Corporate Services Department | 12,189,780 |
| (1,348,560) | Improvement Department | (1,478,680) |
| (500,000) | Rent Reviews | - |
| 1,000,000 | City Investment Fund | 2,000,000 |
| - | Corporate Thematic Priorities | 500,000 |
| 23,796,450 | DEVELOPMENT COMMITTEE | 24,226,210 |
| 30,989,430 | PARKS & LEISURE COMMITTEE | 33,020,230 |
| 47,764,590 | HEALTH & ENVIRONMENTAL SERVICES COMMITTEE | 49,738,470 |
| <u>31,400</u> | TOWN PLANNING COMMITTEE | <u>30,450</u> |
| 117,946,200 | | 126,161,880 |
| <u>(4,518,050)</u> | Less Adjustments re Capital charges | <u>(3,399,790)</u> |
| 113,428,150 | | 122,762,090 |
| <u>(4,040,970)</u> | Less GENERAL EXCHEQUER GRANT | |
| 109,387,180 | | |
| <u>(2,400,000)</u> | Less ESTIMATED CREDIT BALANCE | |
| 106,987,180 | | |
| <u>4,822,430</u> | ESTIMATED PRODUCT OF 1p RATE | |
| 22.1853p | NON-DOMESTIC RATE IN £ FOR YEAR ENDING 31/3/2010 | |
| 0.011449 | CONVERSION FACTOR | |
| <u>0.2540p</u> | DOMESTIC RATE IN £ YEAR ENDING 31/3/2010 | |

My comments on the spending of the various Committees and their efficiency savings are as follows:

Strategic Policy and Resources Committee

A cash limit of £19,146,520 is recommended for the Strategic Policy and Resources Committee in respect of the financial year 2009/10. Excluding capital charges of £3,451,700 this represents an increase in expenditure of £3,782,200.

This is represented by:

| | £ |
|--------------------------------------|--------------------------|
| Chief Executive's Department | 5,680,850 |
| Legal Services Department | 254,570 |
| Corporate Services Department | 12,189,780 |
| Improvement Department | (1,478,680) |
| City Investment Fund | 2,000,000 |
| Corporate Thematic Priorities | <u>500,000</u> |
| | <u>19,146,520</u> |

Chief Executive's Department

A spending limit of £5,680,850 is recommended for the Chief Executive's Department for 2009/10. Excluding capital charges of £20,590 this represents an increase of £90,270 or 1.62% over last year.

Employer's superannuation costs will rise for the fifth successive year throughout the Council. The employers' superannuation rate will rise from 15% in 2008/09 to 16.0% in 2009/10. This has resulted in increased costs of £76,250 for the Department.

The budget provides for the additional post of an Advertising Manager in the **Corporate Communications** Section. This post has been approved by Committee and will require a further £41,000.

Recent legislative change relating to membership of the **District Policing Partnership** has resulted in an increase of £21,420 in the DPP budget.

The Department has reduced costs in a number of areas. The **equipment, tools and materials** budget has been reduced by £17,750 to reflect need in 2009/10. A reduction in the **conference and approved visits** budget of £24,340 reflects, in part, the downward trend in attendance of conferences, by Members, together with a reduction in this aspect for staff accompanying Members.

The principal area of growth is Peace III for which a budget of £429,180 has been provided. This budget which is for staffing and management costs is 100% funded by SEUPB (Special European Union Programme Body) and will therefore have no impact on the ratepayer.

The Department will make a contribution of £20,850 to the **efficiency programme** in 2009/10. Efficiency savings will be made as follows:

| Efficiencies | £ |
|--|----------------------|
| Insurances | 8,230 |
| Personal Computers | 6,660 |
| Stationery | <u>5,960</u> |
| Total Departmental Efficiency Savings | <u>20,850</u> |

Corporate Services Department

A spending limit of £12,189,780 is recommended for Corporate Services Department for 2009/10. Excluding capital charges of £3,427,900 this represents an increase of £1,783,100 or 25.55% over last year.

The Department will face some difficult decisions in 2009/10. There are a number of areas where costs will increase significantly, which, when taken with losses in income arising from the current economic situation necessitates a budgetary increase in excess of £1.5m. The main areas of increased expenditure and reduced income are outlined below.

The Department will incur increased **employer's superannuation and utility** costs of £222,970 and £178,320 respectively.

The re-opening of the **City Hall** will result in increased accommodation costs of £739,550. However these additional costs will be offset by **accommodation savings** of £492,630 generated with the move from Clarendon Dock, Clarendon House, Linenhall Exchange, Scottish Amicable and Callender House.

The new SAP system includes core financial systems (income, payments and accounting) as well as systems for procurement. These systems will enable the Council both to change the way that it carries out basic processes, making these more efficient, and to establish better control over day to day purchasing. However, the Department will incur additional costs of £249,110 to make the **Central Transactions Unit** fully operational in 2009/10.

The most difficult issue facing the Department is reflected in the loss of income. **Interest on the District Fund** is budgeted at £500,000. This is £500,000 less than in 2008/09 and reflects current interest rates.

The Department's two trading Services both face difficulties in 2009/10 due to the current difficult economic climate. **Information Services Belfast (ISB)** have budgeted for a **loss in external income** of £886,400 and the **Business Improvement Section** has budgeted for a loss of £388,600 in external income. It is important that both Services are 'right sized' during this coming financial year.

The Department will make a contribution of £127,440 to the **efficiency programme** in 2009/10 as follows:

| Efficiencies | £ |
|--|----------------|
| Insurance | 46,400 |
| Personal Computers | 39,950 |
| Stationery | 41,090 |
| Total Departmental Efficiency Savings | 127,440 |

Apart from matters highlighted above there are no other exceptional items of income or expenditure.

Improvement Department

The Improvement Department will make a net surplus of £1,478,680 in 2009/10. Excluding capital charges this represents an increased surplus of £130,120 or 9.63% over last year on normal activities.

The main budgetary intentions of the Department for next year are set out below:

| | <u>£</u> |
|---------------------------|---------------------------|
| CIT Initiatives | 55,460 |
| CIT Operations | 2,060,520 |
| Procurement | 139,090 |
| Project Management | 172,330 |
| Estates Management | <u>(3,906,080)</u> |
| | <u>(1,478,680)</u> |

The Departments improved position is as a result of projected rent reviews being undertaken in relation to the Council's **Industrial Estates**. It is anticipated that external income will increase by £263,930, however internal income will fall by £64,170 giving a net increase in income of £199,760. This additional income will offset increased **employer's superannuation** and **utility costs** of £24,910 and £18,190 respectively.

The Department will make a contribution of £210,540 to the **efficiency programme** in 2009/10. Efficiency savings will be made as follows:

| Efficiencies | <u>£</u> |
|--|-----------------------|
| Insurances | 5,740 |
| Personal Computers | 1,820 |
| Stationery | 2,980 |
| Budgetary Efficiencies | <u>200,000</u> |
| Total Departmental Efficiency Savings | <u>210,540</u> |

Departmental efficiencies have been achieved through increased rental income following rent reviews on a number of units in the Council's industrial estates.

City Investment Fund

The Director of Corporate Services presented to the Strategic Policy and Resources Committee on 14 December 2007 a cash flow analysis for the City Investment Strategy which could raise £29.0m over three years without recourse to borrowing. As part of this analysis it was recommended that £1.0m should be included in the Estimates for 2008/09 and £2.0m in 2009/10.

The Estimates presented for 2009/10 include an amount of £2.0m. However, economic conditions dictate flexibility in the use of this fund. For this reason I suggest that the fund be used for the following purposes as and when appropriate:

- As a resource for the City Investment Strategy
- As a resource for building up the Council's reserves as recommended by the Local Government Auditor
- As a contingency to safeguard against uncertainty in the current economic climate.

Corporate Thematic Priorities

As part of the corporate planning process Members and Chief Officers have identified a number of cross-cutting priorities which cannot be solely delivered within functional budgets. It is recommended that a corporate strategy budget is established to finance these cross cutting priorities. This budget will be managed by COMT and reported to the Strategic Policy and Resources Committee. A budget of £500,000 is included in the Estimates for this purpose.

The priority areas which will have access to this budget are:

- Safer Belfast
- Older People
- Younger People
- Invest to save
- Customer Strategy

Development Committee

A spending limit of £24,226,210 is recommended for the Development Department in respect of the financial year 2009/10. Excluding capital charges of £1,326,950 this represents an increase of £429,760 or 1.91% over last year.

The main budgetary intentions of the Department for 2009/10 are set out below:

| | £ |
|---|--------------------------|
| Economic Initiatives Section | 7,227,010 |
| Community Services | 6,456,490 |
| Waterfront Hall / Culture & Arts | 5,249,110 |
| Directorate | 5,293,600 |
| | <u>24,226,210</u> |

The Department's increased budget of £429,760 provides for increased **employer's superannuation and utility costs** of £75,180 and £207,470 respectively.

The Department will also incur increased costs with the opening of the Ulster Hall and the new funding arrangements with DETI for Local Economic Development.

The **Ulster Hall** will be fully operational in 2009/10. This will increase the Departments expenditure by £751,150 but will be mostly offset with income of £574,300.

The first phase of the European Development Funding for **Local Economic Development** is complete. Under this arrangement 50% funding was from the European Union through DETI with the remaining 50% funding being provided by the Council. Under the new programme, with the change in priority areas, it is anticipated that income from DETI will fall to 40% leaving the Council bearing 60% of the cost of the programme. This funding change will result in additional costs of £180,000 in 2009/10 and may lead to further additional costs in subsequent years.

Members will recall that a budget of £400,000 was included in the 2008/09 estimates to support the **Tall Ships** event. A budget of £200,000 has been included in the 2009/10 estimates resulting in a reduction of £200,000.

Approval was also granted in 2008/09 to support the **World Irish Dancing Championships**. This budget will not be required in 2009/10 resulting in cost reductions of £100,000.

Costs associated with **Interreg** and **BERI** projects of £59,660 and £66,780 respectively have not been included in this year's estimate. These three year European funded projects, aimed at promoting best practice across Europe, are now complete.

Cost reductions have also been made in the **Policy and Research Unit**. As a result of work carried out by Business Improvement, the Policy and Research Unit is now structured to allow much of its work to be carried out internally. This will reduce its reliance on external consultants and as a result savings of £60,940 have been included in the 2009/10 estimates.

The Department will make a contribution of £163,840 to the **efficiency programme** in 2009/10. Efficiency savings will be made as follows:

| Efficiencies | £ |
|--|----------------|
| Insurances | 65,300 |
| Personal Computers | 10,940 |
| Stationery | 11,290 |
| Budgetary Efficiencies | 76,310 |
| Total Departmental Efficiency Savings | 163,840 |

Departmental efficiencies will be made in employee costs as a result of reviews carried out by Business Improvement Section.

Parks and Leisure Committee

A spending limit of £33,020,230 is recommended for the Department in respect of the financial year 2009/10. Excluding capital charges of £3,721,420 this represents an increase of £2,030,730 or 7.45% over last year.

The main budgetary intentions of the Department for next year are set out below:

| | £ |
|------------------------------------|-------------------|
| Leisure Services | 13,685,010 |
| Parks and Cemetery Services | 18,155,760 |
| Directorate | 1,179,460 |
| | 33,020,230 |

There are a number of areas where significant change has occurred from last year.

Increased costs of £251,710 must be borne by the Department in respect of **employer's superannuation**.

Utility costs for the department have increased by £745,270 which reflects increases in Oil, Electricity and Gas.

It is estimated that **Leisure Centre Income** will increase by £223,510 with the continuation of the BOOST means tested benefit system and the early opening scheme. The £18.2million multi-agency **Grove Wellbeing Centre** bringing wellbeing, fitness, health and lifelong learning under one roof will see its first full year of operation. The new centre is the result of collaboration of funding from Belfast City Council (57% of the funding), North and West Belfast Trust (38%) and BELB (5%). Other funding has been awarded from BRO Neighbourhood Renewal and Urban II funding for a new playground on the site. This has resulted in growth of £143,730 which is included in the estimate. It should be noted that the Department will not provide a budget for **Beechmount Leisure Centre** in 2009/10 following the decision by Council to close this facility - this results in savings of £221,630.

As part of the creation of the new Parks & Leisure Department work is in progress for the development and implementation of a **Departmental Improvement Plan**. A budget of £50,000 has

been included for the development of a **Parks & Leisure Strategy** for Belfast. The **Parks Improvement Plan** is an element of this overall plan which was outlined to the Parks and Leisure Committee on 13th September 2007. The management plans of several parks include a programme of **tree safety** for which a budget of £80,000 has been provided. A budget of £30,000 is included in the estimate to meet new legislative requirements regarding the health and **safety of headstones** within cemeteries.

The Parks Improvement Plan includes a range of operational reviews which have yet to reach a conclusion. No provision for this potential growth is included in this figure and a report setting out the recommendations will be brought to committee for approval at a later stage.

The Department will make a contribution of £230,640 to the **efficiency programme** in 2009/10. Efficiency savings will be made as follows:

| Efficiencies | £ |
|--|-----------------------|
| Insurances | 188,630 |
| Personal Computers | 18,370 |
| Stationery | 23,640 |
| Total Departmental Efficiency Savings | <u>230,640</u> |

Health and Environmental Services Committee

A spending limit of £49,738,470 is recommended for the Department in respect of the financial year 2009/10. Excluding capital charges of £505,440 this represents an increase of £1,973,940 or 4.18% over last year.

The main budgetary intentions of the Department for next year are set out below:

| | £ |
|-----------------------------|--------------------------|
| Environmental Health | 8,112,230 |
| Waste Management | 19,051,600 |
| Building Control | 1,311,590 |
| Cleansing | 20,363,130 |
| Directorate Support | 899,920 |
| | <u>49,738,470</u> |

There are a number of areas where significant change has occurred from last year, these include increased costs of **£335,770** which must be borne by the Department in respect of **employer's superannuation**, however the impact of this increase on staffing costs has been reduced through savings in **overtime of £62,970** across the department.

Members will be aware that the Council's Waste Disposal Financial Strategy was developed to address the enormous rise in the Waste Disposal costs which the Council would incur and especially to lessen the impact of the significant step increases which were forecast to be incurred between 2006/10. Waste Management will incur significant additional costs for 2009/10, most notably **increased landfill tax costs of £800,000** in line with the £8 per tonne annual increase announced by the Chancellor of the Exchequer in the March 2007 Budget. Additional operational costs of £669,000 and £219,600 will also be incurred in relation to **in-vessel composting** and the **food waste pilot** respectively. However, the increased cost of in-vessel composting will be somewhat offset with the cessation of **windrow composting** resulting in a saving of £214,950.

Waste Management estimates allow for **Landfill Contract** cost reductions of £1,200,000 arising from reductions in forecast "waste arisings" and the reduction of employee costs to allow for savings due to staff turnover. Further savings of £438,260 have been included arising from new

tender exercises for **Recycling Centres and Civic Amenity Sites** contract costs. The savings generated have meant that despite the major increases in operational costs for Waste Management for 2009/10 the actual increase in the cost of the service has been limited to £113,720 representing an increase of 0.60% from 2008/09.

In addition to the normal increase on employee costs and other operational costs, **Cleansing Services** will incur additional **commercial waste disposal costs** of £104,060 during 2009/10 together with estimated increases in **fuel costs** of £363,000. However fees and charges income will increase by £254,650 and fleet leasing and maintenance will reduce by £420,830. Budgetary efficiencies of £300,000 relating to **segregated waste costs** and reduced allowance for **compensation claims** of £70,000 have also been included in the estimates which has meant that the overall increase in the cost of Cleansing Services is £485,200 representing an increase of 2.44%.

The **Environmental Health Service's** budget has increased by £628,480 representing an increase of 8.40%, and includes increased costs of £168,260 relating to the **Dog Control Service** and £150,000 of additional funding for the **Community Safety Wardens Service** which will allow the generation of additional matched funding, by external bodies, for the continuation of an integrated warden service.

The economic downturn is forecast to continue to have a major impact on the **Building Control Service**, with income, estimated to decrease by £879,700 during 2009/10 mainly due to the decline in plan and inspection fees. In response to this shortfall and the estimated inflation increases in staffing and operational costs, management of the Building Control Service have undertaken a critical review of service budgets. Savings in 2009/10 costs will be generated through the non filling of posts, implementing secondments and the reduction in supplies and services costs resulting in actual reductions in gross expenditure of £120,000 in 2009/10. These cost reductions will reduce the impact of falling plan and inspection fee income to the effect that the overall increase in the net cost of the Building Control Service for 2009/10 will amount to £759,550 increasing the net cost of the service from £552,040 in 2008/09 to £1,311,590 in 2009/10.

In addition to the savings outlined above, the Department will also make a contribution of £1,005,440 to the **efficiency programme** in 2009/10. Efficiency savings will be made as follows:

| Efficiencies | £ |
|--|------------------|
| Insurance | 166,730 |
| Personal Computers | 26,120 |
| Stationery | 42,590 |
| Budgetary Efficiencies | 770,000 |
| Total Departmental Efficiency Savings | 1,005,440 |

Budgetary efficiencies have been made by reducing the Waste Management employees budget by £100,000, by reducing the Cleansing compensation claims budget by £70,000, by the removal of the Cleansing segregated waste budget of £300,000 and by reducing landfill contract costs by £300,000.

Town Planning

In previous years Members have drawn attention to the need to provide some funds to cater for possible representation at public enquiries etc. Accordingly a sum of £30,450 has been provided for this purpose.

Belfast City Council like all other Local Authorities across the country is faced with the constant pressure of balancing increasing demands against ever decreasing resources and 2009/2010 will be no exception.

A major effort has been made by all concerned to ensure that the estimates presented are meaningful, realistic, and correlate closely with the key tasks and activities within the Corporate Plan.

On February 2009 the estimates of the various Council Departments and Committees will be approved and adopted. In due course a full copy of the Corporate Plan incorporating a summary of the financial information will be distributed to each Member of Council.

My thanks are due to all for the continued co-operation and assistance which I have received over the past months in what has been a long and exhausting exercise to compile the Revenue Estimates.

DECISIONS REQUIRED:

1. To Fix the Cash Limits for the various Committees of the Council, and
2. To approve the estimates for the Policy and Resources Committee.

APPENDIX 1

REVENUE ESTIMATES 2009/10

| <u>Year Ending</u> <u>31/03/2009</u> | <u>Committee</u> | <u>Year Ending</u> <u>31/03/2010</u> | <u>Var</u> <u>£</u> | <u>Var</u> |
|---|---|---|------------------------|-----------------|
| 15,364,330 | STRATEGIC POLICY AND RESOURCES COMMITTEE | 19,146,520 | 3,782,190 | 24.62% |
| 5,590,580 | Chief Executive's Department | 5,680,850 | 90,270 | 1.61% |
| 215,620 | Legal Services Department | 254,570 | 38,950 | 18.06% |
| 10,406,690 | Corporate Services Department | 12,189,780 | 1,783,090 | 17.13% |
| (1,348,560) | Core Improvement Team | (1,478,680) | (130,120) | 9.65% |
| (500,000) | Rent Reviews | 0 | 500,000 | |
| 1,000,000 | City Investment Fund | 2,000,000 | 1,000,000 | 100.00% |
| 0 | Corporate Thematic Priorities | 500,000 | 500,000 | |
| 23,796,450 | DEVELOPMENT COMMITTEE | 24,226,210 | 429,760 | 1.81% |
| 30,989,430 | PARKS AND LEISURE COMMITTEE | 33,020,230 | 2,030,800 | 6.55% |
| 47,764,590 | HEALTH AND ENV. SERV. COMMITTEE | 49,738,470 | 1,973,880 | 4.13% |
| 31,400 | TOWN PLANNING COMMITTEE | 30,450 | (950) | (3.03)% |
| 117,946,200 | | 126,161,880 | 8,215,680 | 6.97% |
| (4,518,050) | Less Adjustment for Capital Charges | (3,399,790) | 1,118,260 | (24.75)% |
| 113,428,150 | | 122,762,090 | 9,333,940 | 8.23% |
| (4,040,970) | Less GENERAL EXCHEQUER GRANT | | | |
| 109,387,180 | | | | |
| (2,400,000) | Less ESTIMATED CREDIT BALANCE | | | |
| 106,987,180 | | | | (a) |
| 4,822,430 | NOTIONAL PRODUCT OF 1p RATE | | | (b) |
| 22.1853p | NON-DOM. RATE IN £ - Y/E 31/03/10 | | | (c)=(a)/(b) |
| 0.011449 | CONVERSION FACTOR | | | (d) |
| 0.2540p | DOMESTIC RATE IN £ - Y/E 31/03/10 | | | (c)x(d)/100 |

**CHIEF EXECUTIVE'S DEPARTMENT
REVENUE ESTIMATES 2009/10**

| | <u>£</u> | <u>£</u> |
|--|-----------------|------------------|
| Estimate 2008/09 | | 5,621,980 |
| Efficiency Savings | | |
| Insurances | (8,230) | |
| Personal Computers | (6,660) | |
| Stationery | <u>(5,960)</u> | (20,850) |
| Growth | | |
| Peace III- Management Costs | | 429,180 |
| Increased Costs | | |
| Employer's Superannuation | 76,250 | |
| Corporate Communications – Advertising Manager's Post | 41,000 | |
| DPP | <u>21,420</u> | 138,670 |
| Reduced Costs | | |
| Conferences and Approved visits | (24,340) | |
| Equipment Tools and Materials | <u>(17,750)</u> | (42,090) |
| Increased Income | | |
| Peace III – Management Costs Grant | | (429,180) |
| Normal Increase (eg pay awards / supplies and services) | | 13,590 |
| Estimate 2009/10 | | 5,711,300 |

*Includes Town Planning Budget of £30,450.

**CHIEF EXECUTIVE'S DEPARTMENT
MAIN ITEMS OF ESTIMATED EXPENDITURE 2009/10**

| | Inc. Capital Charges | Exc. Capital Charges |
|-------------------------------------|---------------------------------|---------------------------------|
| | £ | £ |
| District Policing Partnership Board | 147,100 | 147,100 |
| Committee Services | 816,200 | 812,500 |
| Lord Mayor's Support | 496,100 | 479,200 |
| Members' Support | 307,500 | 307,500 |
| Members' Allowances | 651,100 | 651,100 |
| Members' Facilities | 238,000 | 238,000 |
| Ceremonial Occasions | 186,000 | 186,000 |
| Good Relations | 603,400 | 591,900 |
| Corporate Communications/ Publicity | 1,032,800 | 1,032,800 |
| Departmental Administrative Support | 338,000 | 338,000 |
| Records Management | 121,500 | 121,500 |

**CORPORATE SERVICES DEPARTMENT
REVENUE ESTIMATES 2009/10**

| | <u>£</u> | <u>£</u> |
|---|------------------|-------------------|
| Estimate 2008/09 | | 10,406,690 |
| Efficiency Savings | | |
| Insurances | (46,400) | |
| Personal Computers | (39,950) | |
| Stationery | <u>(41,090)</u> | (127,440) |
| Increased Costs | | |
| Employer's Superannuation | 222,970 | |
| Utility Costs | 178,320 | |
| City Hall | 739,550 | |
| CTU | <u>249,110</u> | 1,389,950 |
| Cost Reductions | | |
| Accommodation | | (492,630) |
| Reduced Income | | |
| ISB External Income | 886,400 | |
| BIS External Income | 388,600 | |
| BIS Internal Income | 225,670 | |
| Loss of District Fund Interest | <u>500,000</u> | 2,000,670 |
| Increased Income | | |
| ISB Internal Income | (876,500) | |
| BIS – KPI's | <u>(474,230)</u> | (1,350,730) |
| Normal Increase (eg pay awards / supplies) | | 363,270 |
| Estimate 2009/10 | | 12,189,780 |

**CORPORATE SERVICES DEPARTMENT
MAIN ITEMS OF ESTIMATED EXPENDITURE 2009/10**

| | Inc. Capital Charges | Exc. Capital Charges |
|--|---------------------------------|---------------------------------|
| | £ | £ |
| City Hall | 968,300 | 968,300 |
| Adelaide Exchange | 1,433,400 | 1,433,400 |
| Clarendon Dock | 370,300 | 370,300 |
| Cecil Ward Building | 371,300 | 192,700 |
| Linenhall Exchange | 45,000 | 45,000 |
| HR Strategy and Workforce Development Planning | 529,200 | 529,200 |
| Contributions to Specified Bodies | 255,000 | 255,000 |
| LGA Fees | 110,000 | 110,000 |
| Employment Support Scheme | 132,000 | 132,000 |
| Corporate Strategic Objectives | 150,000 | 150,000 |
| Interest on District Fund | (500,000) | (500,000) |
| Bank Charges | 60,000 | 60,000 |
| Pensions | 1,900,000 | 1,900,000 |
| Central Transactions Unit | 742,000 | 742,000 |
| IAG | 800,000 | 800,000 |
| Project & Corporate Systems | 455,800 | 455,800 |

APPENDIX 4.1

**IMPROVEMENT DEPARTMENT
REVENUE ESTIMATES 2009/10**

| | <u>£</u> | <u>£</u> |
|--|------------------|--------------------|
| Estimate 2008/09 | | (1,348,560) |
| Efficiency Savings | | |
| Insurances | (5,740) | |
| Personal Computers | (1,820) | |
| Stationery | (2,980) | |
| Departmental Efficiencies | <u>(200,000)</u> | (210,540) |
| Increased Costs | | |
| Employer's Superannuation | 24,910 | |
| Utility Costs | <u>18,190</u> | 43,100 |
| Normal Increase (eg pay awards / supplies and services) | | 37,320 |
| Estimate 2009/10 | | (1,478,680) |

**IMPROVEMENT DEPARTMENT
MAIN ITEMS OF ESTIMATED EXPENDITURE 2009/10**

| | Inc. Capital Charges | Exc. Capital Charges |
|------------------------------|---------------------------------|---------------------------------|
| | £ | £ |
| Core Improvement Operations | 2,061,000 | 2,061,000 |
| Estates Management | (3,906,100) | (3,909,300) |
| 1. Bog Meadows £(2,700,600) | | |
| 2. Duncrue £ (731,000) | | |
| 3. Gas Works £ (723,000) | | |
| Procurement | 139,000 | 139,000 |
| CIT Initiatives | 55,000 | 55,000 |
| Project Management | 172,000 | 172,000 |

**DEVELOPMENT DEPARTMENT
REVENUE ESTIMATES 2009/10**

| | <u>£</u> | <u>£</u> |
|--|-----------------|--------------------------|
| Estimate 2008/09 | | 23,796,450 |
| Efficiency Savings | | |
| Insurances | (65,300) | |
| Personal Computers | (10,940) | |
| Stationery | (11,290) | |
| Departmental Efficiencies | <u>(76,310)</u> | (163,840) |
| Increased Costs | | |
| Utilities | 207,470 | |
| Employer's Superannuation | 75,180 | |
| Ulster Hall | 751,150 | |
| Local Economic Development | <u>180,000</u> | 1,213,800 |
| Cost Reductions | | |
| Tall Ships | (200,000) | |
| World Irish | (100,000) | |
| Interreg | (59,660) | |
| BERI | (66,780) | |
| Policy and Research | <u>(60,940)</u> | (487,380) |
| Increased Income | | |
| Ulster Hall | | (574,300) |
| Normal Increase (eg pay awards / supplies and services) | | 441,450 |
| Estimate 2009/10 | | <u>24,226,210</u> |

**DEVELOPMENT DEPARTMENT
MAIN ITEMS OF ESTIMATED EXPENDITURE 2009/10**

| | Inc. Capital Charges | Exc. Capital Charges |
|-------------------------------------|---------------------------------|---------------------------------|
| | £ | £ |
| Community Services | 6,456,500 | 6,044,900 |
| Waterfront and Ulster Hall | 3,632,600 | 2,715,500 |
| Economic Initiatives | | |
| Events | 2,398,000 | 2,398,000 |
| Tourism | 2,393,600 | 2,393,600 |
| Arts and Culture | 1,616,500 | 1,616,500 |
| Economic Development | 1,207,200 | 1,207,200 |
| Planning and Transport | 467,600 | 467,600 |
| North Foreshore | 400,200 | 400,200 |
| Markets – Operations and Management | 362,400 | 364,100 |
| Directorate | | |
| Development Directorate | 2,918,600 | 2,918,600 |
| City Development | 930,100 | 930,100 |
| Policy and Research | 648,000 | 648,000 |
| SNAP | 501,100 | 501,100 |
| European Unit | 295,800 | 295,800 |

APPENDIX 6.1

**PARKS AND LEISURE SERVICES DEPARTMENT
REVENUE ESTIMATES 2009/10**

| | <u>£</u> | <u>£</u> |
|--|-----------------|-------------------|
| Estimate 2008/09 | | 30,989,430 |
| Efficiency Savings | | |
| Insurances | (188,630) | |
| Personal Computers | (18,370) | |
| Stationery | <u>(23,640)</u> | (230,640) |
| Increased Costs | | |
| Utility Costs | 745,270 | |
| Employers Superannuation | 251,710 | |
| Grove Wellbeing Centre | 143,730 | |
| P&L Strategy | 50,000 | |
| Tree Safety | 80,000 | |
| Headstone Safety | <u>30,000</u> | 1,300,710 |
| Savings | | |
| Beechmount Leisure Centre | | (221,630) |
| Increased Income | | |
| Leisure Centres | | (223,510) |
| Normal Increase (eg pay awards / supplies and services) | | 1,405,870 |
| Estimate 2009/10 | | 33,020,230 |

**PARKS AND LEISURE DEPARTMENT
MAIN ITEMS OF ESTIMATED EXPENDITURE 2009/10**

| | Inc. Capital Charges | Exc. Capital Charges |
|------------------------------------|---------------------------------|---------------------------------|
| | £ | £ |
| Leisure | | |
| Leisure Centres | 11,774,700 | 9,194,400 |
| Leisure Development | 811,100 | 811,100 |
| | | |
| Parks and Cemeteries | | |
| Parks and Open Spaces | 6,708,800 | 6,543,600 |
| Zoo | 1,578,700 | 1,284,000 |
| Playing Fields/ Recreation Grounds | 1,298,800 | 875,200 |
| Playgrounds | 858,000 | 858,000 |
| Landscape Planning and Development | 786,200 | 786,200 |
| Belfast Castle/ Malone House | 692,400 | 500,900 |
| Cemeteries and Crematorium | 772,700 | 711,200 |
| Conservation and Education | 520,800 | 517,900 |
| | | |
| Directorate | | |
| Anti Social Behaviour | 300,000 | 300,000 |

APPENDIX 7.1

**HEALTH AND ENVIRONMENTAL SERVICES DEPARTMENT
REVENUE ESTIMATES 2009/10**

| | <u>£</u> | <u>£</u> |
|--|-----------------|-------------------|
| Estimate 2008/09 | | 47,764,590 |
| Efficiency Savings | | |
| Insurances | (166,730) | |
| Personal Computers | (26,120) | |
| Stationery | (42,590) | |
| Cleansing | (370,000) | |
| Waste Management – Employee Costs | (100,000) | |
| Landfill Contract | (1,100,000) | |
| Landfill Contract - Tax | <u>800,000</u> | (1,005,440) |
| Increased Costs | | |
| Fuel | 363,000 | |
| In-vessel Composting | 669,000 | |
| Employer's Superannuation | 335,770 | |
| Commercial Waste Disposal | <u>104,060</u> | 1,471,830 |
| Growth | | |
| Community Safety Wardens | 150,000 | |
| Dog Control | 168,260 | |
| Food Waste Pilot | <u>219,600</u> | 537,860 |
| Cost Reductions | | |
| Windrow Composting | (214,950) | |
| Building Control | (120,000) | |
| Recycling Centre & CAS Contracts | (438,260) | |
| Fleet Leasing and Maintenance | (420,830) | |
| Overtime | <u>(62,970)</u> | (1,257,010) |
| Increased Income | | |
| Cleansing Fees & Charges | | (254,650) |
| Reduced Income | | |
| Building Control | | 879,700 |
| Normal Increase (eg pay awards / supplies and services) | | 1,601,590 |
| Estimate 2009/10 | | 49,738,470 |

APPENDIX 7.2

**HEALTH AND ENVIRONMENTAL SERVICES DEPARTMENT
MAIN ITEMS OF ESTIMATED EXPENDITURE 2009/10**

| | Inc. Capital Charges £ | Exc. Capital Charges £ |
|----------------------|---------------------------------------|---------------------------------------|
| Environmental Health | 8,112,200 | 8,097,100 |
| Waste Management | 19,051,600 | 18,622,300 |
| Building Control | 1,311,600 | 1,311,600 |
| Cleansing | 20,363,200 | 20,301,600 |