



**Belfast City Council**

<b>Report to:</b>	Development Committee
<b>Subject:</b>	<b>Financial Estimates and District Rate 2012/13</b>
<b>Date:</b>	10 January 2012
<b>Reporting Officer:</b>	John McGrillen, Director of Development
<b>Contact Officer:</b>	John McGrillen, Director of Development

<b>1</b>	<b>Relevant Background Information</b>																								
1.1	<p>The Strategic Policy and Resources Committee agreed the following process for setting the district rate and agreeing the estimates for 2012/13.</p> <p><b>Agreed rate setting process for 2012/13</b></p> <table border="1"> <tr> <td>Apr</td> <td>Budget Panel and SP&amp;R</td> <td>Indicative rate, efficiency target and over view of efficiency programme</td> </tr> <tr> <td>Jun</td> <td>Budget Panel and SP&amp;R</td> <td>Year End Report Agree Efficiency Programme</td> </tr> <tr> <td>Aug</td> <td>Budget Panel and SP&amp;R</td> <td>Issue Guidance on estimates and medium term financial plan to Departments Q1 Finance Report</td> </tr> <tr> <td>Sep-Oct</td> <td>Budget Panel and SP&amp;R</td> <td>Update on Rates Position Update on Medium Term Financial Plan Capital Investment Programme</td> </tr> <tr> <td>Nov</td> <td>SP&amp;R</td> <td>Further update on rate to highlight key issues &amp; Scenario analysis Q2 Finance Report</td> </tr> <tr> <td>Dec</td> <td>Budget Panel and SP&amp;R</td> <td>Discuss and finalise options for rates position taking into account Medium Term Financial Plan, capital financing strategy and treasury management strategy</td> </tr> <tr> <td>Jan</td> <td>SP&amp;R Department Committees SP&amp;R</td> <td>Recommendation to Council on district rate and medium term financial plan,</td> </tr> <tr> <td>Feb</td> <td>Council</td> <td>Agree district rate Q3 Finance Report</td> </tr> </table>	Apr	Budget Panel and SP&R	Indicative rate, efficiency target and over view of efficiency programme	Jun	Budget Panel and SP&R	Year End Report Agree Efficiency Programme	Aug	Budget Panel and SP&R	Issue Guidance on estimates and medium term financial plan to Departments Q1 Finance Report	Sep-Oct	Budget Panel and SP&R	Update on Rates Position Update on Medium Term Financial Plan Capital Investment Programme	Nov	SP&R	Further update on rate to highlight key issues & Scenario analysis Q2 Finance Report	Dec	Budget Panel and SP&R	Discuss and finalise options for rates position taking into account Medium Term Financial Plan, capital financing strategy and treasury management strategy	Jan	SP&R Department Committees SP&R	Recommendation to Council on district rate and medium term financial plan,	Feb	Council	Agree district rate Q3 Finance Report
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- 1.2 At the meeting of the Strategic Policy and Resources Committee on 9 December 2011, Members approved the following recommendations for the 2012/13 revenue estimates:-
- Officers should prepare the departmental cash limits report based on a reduction of £713k.
  - A stepped increase of £1m for the waste plan should be included in the estimates
- 1.3 The purpose of this report is to consider the cash limit and agree the revenue estimates for the Development Committee set by the Strategic Policy and Resources Committee at its meeting on 6 January 2012.
- 1.4 The capital investment element of the rate, the EPP and the level of District Rate will be presented to the Strategic Policy and Resources meeting on 20 January 2012.

## 2 Key Issues

### Cash Limits For Department Committees and the Estimates for SP&R Committee

- 2.1 One of the key tasks for the Strategic Policy and Resources Committee is to agree the estimates and to set cash limits for the department committees. The following section of the report provides an overview of the estimates for 2012/13. The table below summarises the movement in departmental estimates from 2011/12 to 2012/13:

	SP&R	H&ES	P&L	DEV	TOWN PLAN	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
<b>2011/12 Estimate</b>	<b>31,674</b>	<b>40,624</b>	<b>22,906</b>	<b>19,715</b>	<b>27</b>	<b>114,946</b>
<b>Increase in costs</b>	1,272	1,549	429	125	0	3,375
<b>Cash Savings</b>	-1,034	-2,609	-169	-259	-17	-4,088
<b>2012/13 Estimate</b>	<b>31,911</b>	<b>39,564</b>	<b>23,166</b>	<b>19,581</b>	<b>10</b>	<b>114,232</b>
<b>Inc/Dec £</b>	238	-1,060	260	-134	-17	-713

- 2.2 The departmental estimates are budgeted to decrease by £713k on the 2011/12 net expenditure. The reduction in departmental estimates is mainly due to:-
- £2.3m efficiencies have been taken out of the budgets as agreed by the Strategic Policy and Resources Committee on 4 November 2011;
  - £1.7m of savings in landfill disposal costs arising from reduced tonnages and the reduction in gate fee; and
  - A pay rise has not been factored into the budgets for the third year running.
- 2.3 The reduction in departmental estimates has been achieved despite significant financial pressures on departmental running costs including increased employers superannuation contributions (£634k), fuel and utility cost increases (£374k), roll out of inner city food waste collection (£603k), new legislation (£527k) and loss of external income (£1m).
- 2.4 When the stepped increase in the Waste Plan of £1m, agreed at the Strategic Policy and Resources Committee meeting on 9 December 2011, is added to the departmental estimates, **the overall increase in the estimates is £287k which as advised to Members at 9 the December 2011 meeting equates to an increase of approximately 0.22% on the District Rate.**
- 2.5 The estimates have been subject to scrutiny and challenge by the Finance and Performance Section to ensure that they were developed in compliance with the corporate guidelines issued in August 2011, taking into account the key financial risks and confirming that the planned efficiencies of £2.3m have been identified and removed from the estimates for 2012/13.

2.6 **On this basis, the Directors of Finance and Resources and Development are satisfied that the estimates presented below, should provide adequate financial resources to support service delivery and the department's key actions for 2012/13. Reasonable consideration of the financial risks to the council has also been made in the preparation of the estimates.**

2.7 **Development Committee**

A spending limit of £19,581,534 is recommended for the department in 2012/13 which represents a decrease of £134k or 0.68% on last year. The main items of expenditure are outlined at Appendix 1 and the key priorities for the department for 2012/13 are summarised in Appendix 2.

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

	£
Community Services	<b>5,519,610</b>
City Events and Venues	<b>4,181,548</b>
Economic Initiatives Section	<b>6,088,958</b>
Directorate	<b>3,791,418</b>
<b>Total Net Expenditure</b>	<b>19,581,534</b>

2.9 The cash reduction in running departmental net expenditure has been achieved through the generation of £259k of savings as part of for the efficiency programme. This has enabled the department to absorb additional superannuation costs of £59k and the net loss of external income of £79k and still deliver a reduction in overall net expenditure of £134k. The department will also undertake an increased number of events during 2012/13 which will be funded from the reserve set aside in 2011/12.

**Community Services**

2.10 The amount provided for in the 2012/13 Community Services budget estimate has decreased by £45k and is based on a continuation of activity at a similar level to the previous years, with some re-focusing required in line with the newly developed service strategy and related structure. It is also based on a consistent level of anticipated income from DSD through the regional Community Support Programme.

**City Events and Venues**

2.11 The City Events and Venues Unit has increased its net budget by £54k. The unit will continue to deliver the annual programme of events including the European Pipe Band Championships. Other projects will also be delivered during 2012/13 including the World Irish Dancing Championships (£200k) which operates from the 30 March 2012 to 8 April 2012. In addition, the Titanic Belfast 2012 Festival programme and activities connected to the Olympic events are budgeted at £2.2m. The Council's contribution to these projects will be £1.1m, including £600k funded from reserves set aside in 2011/12. The balance funding will be provided by NITB.

2.12 During the year 2012/13 both the Waterfront and Ulster Halls will continue to provide world class entertainment and conference facilities that will help promote the cultural and economic regeneration of Belfast and so contribute to the economic benefit of not only the City but the region as a whole.

**Economic Initiatives**

2.13 The net expenditure for Economic Initiatives has reduced by £53k as a result of additional income from St Georges Market and the Continental Market respectively. Whilst the Economic Development estimate is in line with the previous year the programme of work will be substantially refocused to reflect the actions falling out of the Investment Programme 2012 - 2015.

2.14	<p><b><u>Directorate</u></b> The Directorate budget has reduced by £90k mainly as a result of the efficiency programme. The units within directorate are currently the subject of an ongoing structural review.</p>
2.15	<p>Within the European Unit the Open Cities project has come to a close and this budget has been removed from the estimates. The department has also undertaken a review of projects and have decided not to continue with some activities resulting in a reduction of £11k in the European Unit.</p>

<b>3</b>	<b>Recommendations</b>
3.1	<p>The Committee is requested to note the contents of the report and agree cash limits for the Development Committee for 2012/13 of £19,581,534</p>
<b>4</b>	<p><b>Decision Tracker</b> Responsible Officers: Director of Development</p>

APPENDIX 1

DEVELOPMENT COMMITTEE

MAIN ITEMS OF ESTIMATED EXPENDITURE 2012/13

	Net Expenditure 2011/12 £	Net Expenditure 2012/13 £
<b><u>Community Services</u></b>	<b>5,564,620</b>	<b>5,519,610</b>
<b><u>City Events and Venues</u></b>	<b>4,127,505</b>	<b>4,181,548</b>
Waterfront/Ulster Halls	2,424,990	2,478,059
City Events	1,702,515	1,703,489
<b><u>Economic Initiatives Section</u></b>	<b>6,142,166</b>	<b>6,088,958</b>
Tourism, Culture and Arts	4,091,640	4,102,291
Economic Development	1,127,305	1,133,013
Planning and Transport	880,672	875,284
Markets	42,549	-21,630
<b><u>Directorate</u></b>	<b>3,881,039</b>	<b>3,791,418</b>
Development Directorate	1,865,188	1,811,185
City Development	877,574	876,746
Policy & Research	535,838	509,951
SNAP	356,032	357,688
European Unit	246,407	235,848
<b>TOTAL</b>	<b>19,715,330</b>	<b>19,581,534</b>

## Summary of Priority Actions for the Development Department for 2012/13

Highlighted below are some of the key actions which the department is aiming to achieve for 2012/13.

- Identify City Investment Fund's priorities for physical development and infrastructure in Belfast (integrated with work with DSD on SRFs).
- Deliver the Economy strand of the Investment Programme.
- Develop an Integrated Economic Strategy.
- Coordinate a city-wide marketing approach / international relations
- Develop a transition plan for a single core community development infrastructure support programme for the city (with DSD).
- Ensure a strong urban dimension to NI governments EU funding strategy, 2014-2020.
- Maximise our draw-down of EU funds.
- Deliver State of the City Development Debates (to support Masterplan implementation).
- Development of 'Green Industries Corridor' in Belfast.
- Create jobs through various employability and skills programmes such as HARTE.
- Provide business support programmes in targeted sectors (based on the review of previous programmes) for companies focused on encouraging business growth and job creation.
- Pursue opportunities for European Regional Development Funding (ERDF), capital and revenue, and support the development of a neighbourhood regeneration framework.
- Support integrated implementation of 6 elements of Titanic Quarter Memorandum of Understanding (employment, community outreach etc.).
- Work with DEL and DOE on emerging recommendations for bursary schemes and Social Clauses.
- Deliver an integrated Titanic/2012 Events Programme.
- Continue to deliver Council's contribution to the World Fire & Police Games.
- Secure investment for the provision of increased integrated conference and exhibition facilities in the city.
- Deliver actions within the Integrated Tourism Strategy including the 'Belfast Story' and the Tourism 10 Places/Community Tourism.
- Complete and deliver initial action in the integrated Cultural Strategy and start to deliver approved actions.
- Facilitate local regeneration work including under Neighbourhood Renewal, SIP & Local Investment Fund- coherent plan of work over next 3 years.
- Deliver the Renewing the Routes Programme.
- Champion and secure integrated support for a Community Development model for the city.
- Deliver the Community Development Strategy.
- Deliver the BCC Framework on Tackling Poverty and Inequalities.
- Deliver an inter-departmental framework for children and young people.
- Deliver a comprehensive citywide summer programme.
- Implement a coordinated approach to grant management through the Grant Unit.