



Belfast City Council

Report to:	Parks and Leisure Committee
Subject:	Financial Estimates and District Rate 2011/12
Date:	13 January 2011
Reporting Officer:	Andrew Hassard, Director of Parks & Leisure
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Relevant Background Information and Purpose of Report

1. Members will recall that the following process was agreed by the Strategic Policy and Resources Committee for setting the district rate and agreeing the estimates for 2011/12.

Timetable for Rate Setting 2011/12

March	Budget Panel and SP&R 19 March	Agreement on rates process for 2011/12 and Overview of efficiency programme
April	Budget Panel April	Planning process for 2010/11 Overview of spend across Council
May	Budget Panel and SP&R May	Indicative rate and efficiency target For 2011/12
Jun-Aug		Prepare for detailed rates exercise. Challenge of budgets and realignment. Progress efficiency programme
Sep-Oct		Preparation of draft estimates by Department
November	SP&R November	Highlight key issues
December	Budget Panel and SP&R December	Discuss and finalise options for rates position taking into account potential savings and the implications of managing reserves & financing the capital programme
January	SP&R January	
	Department Committees	
	SP&R January	Recommendation to Council on district rate 2011/12
February	Council February	Agree district rate 2011/12

2. The purpose of this report is to:

- Update Members on progress in setting the district rate for 2011/12;
- Agree the cash limit for the Parks and Leisure Committee; and
- Outline proposed key actions for the department in 2011/12.

Key Issues

A. District Rate 2011/12

3. The table below summarises the key elements of the council's finances for 2011/12 based on a district rate increase of 2.5% (subject to agreement at Council on 5 January) and assuming zero growth in the rate base, which has recently been advised by LPS.

District Rate and Estimates 2011/12

	2011/12 Increase/(Decrease) £	% Rate Increase
Departmental Estimates	1,478,413	1.14
Current Capital Programme	528,895	0.40
Additional Capital Schemes	3,200,000	2.48
City Investment Strategy	0	0.00
Waste Plan	1,300,000	0.99
City Area Priorities	1,000,000	0.77
General Exchequer Grant	(214,000)	0.16
Movement in Reserves	(4,500,000)	-3.46
District Rate Increase		2.50
Average impact on ratepayer		£8.39

4. The various elements of expenditure within this table have been presented to the Strategic Policy and Resources Committee at the meetings on 22 October and 19 November 2010. More information on the Departmental Estimates is set out in Section B below.
5. Further liaison and agreement by Members is still needed in relation to the funding for the additional capital schemes and the city area priorities budget. The additional capital financing budget of £3.2m will deliver around £20m of capital expenditure. As has previously been agreed, the Director of Property and Projects will lead on a prioritisation exercise with Members to agree the additional capital schemes to be delivered within this budget. The £1m of investment in city area priorities will secure a £250k budget for the four city areas. A member led process will be facilitated to agree how to allocate resources at a local level and to prioritise local actions. Further reports on both these items will be presented to Strategic Policy and Resources Committee in due course.

B. Summary of Departments Estimates

6. The following section of the report provides an overview of the estimates for 2011/12 and more detail is provided in the appendices to this report. The table below summarises the movement in department estimates from 2010/11 to 2011/12.
7. The departmental estimates are budgeted to rise by £1.5m which is 1.14% of an increase on the district rate or an increase of 1.3% compared to 2010/11. Given that inflation is currently 3.3%, this represents a **real terms cut of some 2%**. There are four key factors driving costs upwards, in addition to inflation, and these are:
- The **employer's pension contribution** which is decided on by NILGSOC will increase from 17% to 18% at a cost of £600k.
 - **Staff costs** have increased by £750k based on an assumed pay rise of £250 for employees who earn less than £21k per annum (subject to ongoing national negotiation). Members will recall that there was no pay uplift offered for 2010/11.
 - **External income** from fees and charges is still being hit by the recession with a reduction of £1.2m being budgeted for in 2011/12. The worst hit services are Building Control and Parks and Leisure.
 - The combination of increased **landfill tax charges and gate fees** will lead to increase costs of £1.3m.

	SP&R	H&ES	P&L	DEV	TOWN PLAN	Dept Total
	£'000	£'000	£'000	£'000	£'000	£'000
2010/11 Estimate	32,048	38,880	22,301	20,211	27	113,467
<u>Uncontrollable costs</u>						
Superannuation	116	188	240	48	0	592
Employee costs	179	312	185	72	0	748
Loss of External Income	324	607	270	0	0	1,201
Connswater	0	0	590	0	0	590
Landfill tax /gate fees	0	1,338	0	0	0	1,338
TOTAL	618	2,444	1,285	120	0	4,469
<u>Councilwide Savings</u>						
TOTAL	-1,376	-485	-655	-419	0	-2,935
<u>Departmental Savings/Growth</u>	276	-212	9	-129	0	-56
2011/12 Estimate	31,568	40,627	22,940	19,783	27	114,945
Inc/(dec) £	-480	1,747	639	-427		1,478
% Inc/(Dec) from 2010/11	-1.50%	4.49%	2.87%	-2.11%	2.47%	1.30%
% of District Rate	-0.37	1.35	0.49	-0.33	0.00	1.14

8. The £4.5m uncontrollable increase in departmental costs has been partially offset through the **cash savings** delivered as part of the council's efficiency programme. For 2011/12 cash savings totalling £2.9m have been captured. These have been achieved without any cut in front line services. The details for savings were previously reported to the Strategic Policy and Resources Committee at its 22 October and 19 November 2010 meetings. The table below provides a summary of the efficiencies by efficiency type.

Efficiency Cash Savings 2011/12 Efficiency Type	Council Total £'000
Assets and Land	374
Budgetary Challenge	982
ICT	98
Income Generation	245
Procurement	320
Service Review	916
Total	2,935

9. In addition to the uncontrollable cost increases and the efficiency savings as outlined, there is also departmental savings/growth which delivers a net saving to the council of £56k. This means that effectively departments have absorbed inflationary pressures within their budgets.

C: Set The Cash Limits For Parks & Leisure Committee 2011/12

10. A spending limit of £22,940,266 is recommended for the Parks & Leisure Committee in 2011/12 which represents an increase of £639,392 or 2.8%. The main items of expenditure are outlined at Appendix 1 and a summary of some of the proposed priority actions for the Committee, which will be funded by the 2011/12 estimates, is included in Appendix 2.

Parks & Cemetery Services

11. The department has the responsibility for taking on the management and maintenance of **Connswater Community Greenway**. In year one of the project Parks & Leisure could face costs of up to £590k depending on the phasing of the project and the timescales associated with when the project goes live. From the ongoing improvement agenda within Parks operational efficiencies and changes to working practices have been identified which will allow approximately **£100k** of this increased cost to be absorbed by the service.
12. **The Zoo shop income** is estimated to decrease on last year by **£118k** this reflects the performance of the shop to date this year more accurately. Supplies for resale have also reduced by **£60k** to reflect the current turnover. Belfast Castle and Malone House have both reflected a loss of income from internal customers of approximately **£30k** and from **external customers of £70k**.
13. The **People in the Parks** Initiative is a youth participation programme which is being developed as part of the antisocial behaviour pilot in our parks and involves projects in 10 of our parks requiring a **£65k** investment. This was agreed at the P&L Committee in August 2010.
14. Increases in charges to the public of approximately inflation and 5% have been estimated for both the Zoo and the Cemeteries and Crematorium respectively and are reflected in the increased income figures. These fees and charges will be submitted to the Parks and Leisure Committee in a separate report.

Leisure Services

15. Due to the partial closure of two leisure centres for essential maintenance to be programmed in 2011 there is a **loss of income of approx £82k**. More detail will be presented to committee on this in due course.
16. Increased rates and water charges have been offset by a reduction in the price of Electricity and Gas and savings generated through Combined Heat and power units.
17. Work is in progress for the development and implementation of a Departmental Improvement Plan. Costs of **£130,000** have been included to support the development of the **Active Belfast and Open Spaces Strategy** and the **Parks & Leisure Improvement Plan** which was outlined to the Parks and Leisure Committee during this year.
18. Additional costs of **£240,297** must be borne by the Department in respect of **superannuation** increased provision and increases in staff costs due to increments and assumed pay increases which have an estimated increase of **£185,120**.
19. The Department will make a contribution of £655k to the **efficiency programme** in 2011/12. Efficiency savings will be made in areas such as reviewing how we procure certain contracts, reviewing overtime and agency costs and fees and charges. Savings have also been achieved through the review of the operating structures of both Parks & Leisure and details of restructuring and VR processes have been presented to committee throughout the year.

D. Summary of Implications for the Overall Rate Position

20. The table below summarises the current rate position discussed above and its impact on the ratepayer.

Implications for Ratepayers

PROPERTY	Annual Increase in Rate Bill	Weekly Increase in Rate Bill
<i>Domestic Properties</i>	£	£
Terrace House	6.31	0.12
3-Bed Semi-Detached House	9.65	0.19
4-Bed Detached House	21.45	0.41
Apartment	6.09	0.12
Average Capital Value	8.39	0.16
<i>Non-Domestic Properties</i>		
Office Property	81.46	1.57
Retail Property	65.58	1.26

21. Work is ongoing on a communication statement on key messages for the rates announcement which will be discussed further at the Strategic Policy and Resources meeting on 21 January.

Recommendations

The Committee is requested to note the contents of the report and agree the cash limit for the Parks & Leisure Committee for 2011/12 as £22,940,266.

APPENDIX 1**PARKS AND LEISURE COMMITTEE****MAIN ITEMS OF ESTIMATED EXPENDITURE 2011/12**

	Net Expenditure 2010/11 £	Net Expenditure 2011/12 £
<u>Leisure</u>	8,287,520	8,298,191
Leisure Centres	7,622,659	7,651,052
Leisure Development	664,861	647,139
<u>Parks and Cemeteries</u>	11,916,101	12,276,655
Parks and Open Spaces including playgrounds and playing fields	6,281,603	6,902,303
Zoo	953,089	865,622
Landscape Planning & Development	760,616	766,170
Estates Management incl Belfast Castle/Malone House	529,404	600,744
Cemeteries and Crematorium	457,581	349,818
P&C Development	1,336,367	1,303,182
P&C Services	1,021,547	1,035,769
Conservation and Education incl DOE Trees	575,893	453,047
<u>Parks and Leisure Directorate</u>	2,097,253	2,365,420
Directorate (PBDU and all BS)	1,909,760	2,115,436
Anti Social Behaviour	187,493	249,984
TOTAL	22,300,874	22,940,266

Summary of Priority Actions for the Parks and Leisure Department 2011/12

Key actions for 2011/12

The department is currently developing the full detail of its Departmental Plan for 2011/12 which will be presented to Parks and Leisure Committee in March.

Highlighted below are some of the key actions which the department is aiming to achieve for 2011/12.

- Agree the new Active Belfast and Open Spaces (ABOS) strategy and deliver year one actions
- Deliver year one actions in the pitches strategy:
 - Complete public consultation
 - Agree sites for investment
 - Design and commence design and build of agreed projects
- Develop a robust plan for the development of new crematorium facilities in Belfast and continue to manage the ongoing cemeteries development project.
- Improve the customer experience at Parks and Leisure venues by:
 - Implementing a New Customer Charter
 - Developing customer service standards
 - Providing customer care training for all staff
 - Implementing other service improvement pilots
 - Completing the Green Flag standard site assessment across the department's parks and open spaces and apply for Green Flag in three additional parks and open spaces
- Make arrangements for the management and maintenance of phase 1 of the Connswater community Greenway
- Completing the Dunville and Woodvale park development programme and commence development works subject to agreement on funding
- Develop with partners an annual programme of parks and leisure focused citywide events across the city
- Facilitate the delivery of community programmes and activities
- Work in partnership to develop and deliver the Safer Neighbourhood Antisocial Behaviour Programme and deliver and evaluate the Presence in Parks initiative
- Deliver phase two of the People in Parks (youth) initiative with Challenge Youth
- Deliver improvements in Dog control in our parks
- Develop and deliver year one actions in an 'Active Belfast Plan' together with the Belfast Health Development Unit and other partners
- Open the new Urban Sports Park and deliver associated sports development activities
- Deliver a range of health and well-being programmes and activities
- Agree and implement a revised business/ commercial model for the Zoo
- Develop a city wide participation plan, including a review of the departmental grants schemes
- Through operational reviews identify and deliver improvements and efficiencies in our services