

## **Ballymoney Borough Council**

### **Council Meeting 872 – 16<sup>th</sup> January 2008**

#### **Table of Contents**

**872.1**      Rate Estimate 2008-09

**BALLYMONEY BOROUGH COUNCIL**

**Minutes of Meeting No 872 held in the Borough Offices, Riada House, on Wednesday 16<sup>th</sup> January 2008 at 7.00 p.m.**

**IN THE CHAIR****Councillor**

J Finlay, Mayor

**PRESENT****Aldermen**F Campbell  
C Cousley  
J Simpson**Councillors**A Cavlan  
M McCamphill  
D McKay, MLA  
A Patterson  
I Stevenson  
B Kennedy  
P McGuigan  
T McKeown  
E Robinson**APOLOGIES****Alderman**

H Connolly

**IN ATTENDANCE**Chief Executive  
Director of Borough Services  
Head of Finance & IT  
Head of Corporate & Development Services**872.1 RATE ESTIMATE 2008-09**

The Mayor advised that the purpose of the meeting was to consider the general estimate of rates for the year commencing 1<sup>st</sup> April 2008, details of which had been circulated to members.

The Chief Executive explained that the rate estimate book (v.1), circulated, is in similar format to previous years. One major difference this time is that no provision has been made for any capital schemes, as members have not given consideration to them before the meeting. Instead, there is included with the book a list of possible schemes and, where these have been costed, the suggested method and cost of financing them has been shown, so that members can see the financial implications of including them in the 2008/09 programme, appendix 1, including an explanatory note from Director of Borough Services on amenities and environmental services projects. When the second book is being issued for the meeting on 29<sup>th</sup> January, it is expected that the 9-month income

and expenditure figures will be available and space has been left for these to be included.

Additional posts have been included where approval for them has been given by Council during the current year. These are in the Waste Collection service where 2 posts, a driver and an operative are included for the new Brown Bin service; in Skip Service where one and a half posts are included for the operation of the Knock Road CA site; and in Fuel Poverty Initiative where one post is include for half the year for Energy Efficiency.

Referring to rate estimate assumptions paper, circulated, attached as appendix 2 to these minutes, the Chief Executive advised that this includes further information on how the rate estimate has been arrived at and on what assumptions it is based. This was requested by the Resources Working group to increase the transparency of the process.

The Chief Executive stated that while management was experiencing a difficult situation with current staff complement considerable work had been done achieving a position not far behind where Council was last year in the process. He paid tribute to all staff involved in the rate process, particularly the Head of Finance & IT. He apologized that the 06-07 actual figures were not incorporated in the book at this stage but this, with the 9 month variance figures, would be in the second edition.

The Head of Finance & IT the presented a summary of the rates estimate 2008-09, as follows: The District Rates for the year 2008/2009 are:

**Non-Domestic Property District Rate - 23.55p**

**Domestic Property District Rate - 0.3022**

**Non Domestic Property District Rate Increase is 1.99 pence or 9.21%.**

**Domestic Property District Rate Increase is 9.21%.**

These rates represent Net Cost of Services of £6,606,045 an increase of £961,562. Adjusting the Net Cost of Services figure to remove capital charges which are not rate borne costs and adding loan charges which are rate borne gives a Net Expenditure of £6,673,556 an increase of £641,422 on last year which equates to a 10.63% increase in net expenditure.

### **Salaries/Wages**

The salaries and wages budgets include the agreed pay award of 2.5% plus the employers pension contribution of 15% - an increase of 2% on the last year. In addition to this the evaluated salaries and wages resulting from the job evaluation exercise have been included, except where a pay cut has been evaluated where the current rate of pay has been retained. The following table shows an analysis of the changes in wages and salaries figures taking the above into account.

## Effect of Rates

Effect of 2% employer's pension contribution increase	57343 ..1.23%
Additional posts compared to 2007/08	93854 .. 1.99%
Effect of 2.5% annual pay review	97245 .. 2.08%
Additional employer's costs resulting from evaluations	48269 ..1.02%
Additional wages/salaries resulting from evaluations	214990 ..4.57%

**Total Increase in wages/salaries compared to 2007/08 51170 10.89%**

## Additional Posts

RCV crew (brown bins)	- 34324
Knock Road Skip Staff	- 28421
Fuel Efficiency (half Year)	- 11514

Grounds Maintenance operative-19595

Total: **93854**

NB. Grounds maintenance operative agreed during 2007/08 year and already in post

**Inflation**

A 3% increase has been applied to most but not all expense budgets. Those costs where inflation has not been added at 3% will be explained as each service is studied.

**General Grant**

Resources Grant – the council is to receive an allocation of £1,118,710 for 2008/09, an increase of £74,416 on 2007/2008.

Derating Grant – the council is to receive an allocation of £293,965 for 2008/09, a decrease of £35 on 2007/08.

This represents an increase of 5.56% in the general grant and reduces the estimated rate by 1.58%

**Estimated Penny Product**

The estimated penny product has increased by 2.95% to 217,840. This equates to a reduction on the rates of 3.45%.

**Credit Balance**

A Credit Balance of £130,500 has been applied at this stage effectively reducing the rate by 2.77%.

**Budgets not included**

Budgets have not been included for the following matters –

- Single Status – outcome of job evaluation regarding back pay/protection, etc
- RPA
- Elections

However it is recommended that expenditure incurred on any of the above items in 2008/2009 is funded from the revenue reserve.

### **Comparisons**

Appendix 3 & 4 show comparisons per main service for the 2 years 2007/08 and 2008/09, with the increase in budgets expressed in pounds, percentage and pence in the pound. A 1% increase in the rate will raise approximately £47,500

### **Fixing the Rates for 2008/09**

In accordance with Section 53 of the Local Government Act (Northern Ireland) 1972 the Council shall consider and approve the estimates for the following year, shall authorise the expenditure included in the estimates and shall fix the rates by 15 February 2008.

In the ensuing debate officers responded to members questions. Included in the matters which engaged members attention were: level of reserves; schemes agreed to be funded from reserves in the 2007-08 estimate and further schemes agreed to be funded from reserves during the year; costs of job evaluation, appeals and protection arrangements; possibility of capping on spend/restrictions on ability to borrow in the light of RPA; variance reports; contribution to sports awards event when alternative event being funded by private sector; increased running costs of Town Hall; waiting times/service delivery in Building Control; agency costs; costs of absence; balance applied; rationale for 3% inflation; trading margin at leisure centre café; capital fund for closure of Crosstagherty Landfill site in respect of which a revised estimate was awaited.

Commenting on the landfill closure plan the Director of Borough Services advised that the Health & Environmental Services Committee would receive a report at its next meeting on a site closure condition plan. This document would be passed to Environmental & Heritage Service for comment thereafter.

The Head of Finance & IT advised that as in previous years a representative from the finance officers group would be collating estimated rates/increases from other councils and he would update Council on this information at the next meeting.

### **This concluded the business of the meeting the time being 9.00 p.m.**

Appendices attached:

Appendix 1 – Proposed Capital Projects, including explanatory note on amenity and environmental services projects.

Appendix 2 – Rate Estimate Assumptions 2008-09

Appendix 3 – Comparison per main services 2007-08

Appendix 4 – Comparison per main services 2007-08 (minus capital charges)

CM 872

16<sup>th</sup> January 2008

**Appendix 1**

**DBS Vehicle/Plant – Capital Projects**

All of the undernoted information has not as yet been conveyed to Members –

**1. Amenities**

- (a) 4.75t 3-way tipper – replacement for MDZ 6028 (1992). MDZ 6028 a Ford Transit van is no longer able to be made road worthy (£28,000).
- (b) 'Small' 45 hp hydrostatic tractor with loader – replacement for Case Tractor (TDZ 5922) (1995) and Kubota B6000 (1980) (£22,000).
- (c) Replacement van for XDZ 5210 (Fiat ducato) (1997) (£18,500).
- (d) New Sand Cart (£13,500).

**2. Environmental Services**

- (a) 2 no. Replacement Refuse Collection Vehicles with Bin Lifts. Replacing ODZ 3602 (1993) and BKZ 8603 (1999) (£280,000).
- (b) 7.5t General Purpose Vehicle (inc. tail & bin lift). Replacing RDZ 6402 (1994) (£70,000).
- (c) 2 no. Replacement Vans. Replacing DAZ 8993 (1994) and BKZ 7559 (1999) (£27,000).

**Appendix 2****Rate Estimates Assumptions, 2008/09**

It was agreed by the Resources Working Group that it would be useful for members to be explicitly told the major assumptions made by management when drawing up the draft estimate. It is hoped that it will help Members, in making their decisions on the draft estimate, if they are more aware of what has been taken into account in the estimate and, just as importantly, what has not.

**General**

1. Budgeting has been done from the starting point of the current year's estimate, with amendments made for any major discrepancies shown up in the most recent year-to-date income and expenditure reports.
2. Where a new service or significant change to an existing one has occurred, the best estimate of the new income and expenditure has been made – one full year's operation will give a better idea of actual figures.
3. Inflation in November, measured by RPI, was 4.3% while CPI measured 2.1%. An inflation factor of 3% has been applied to most items; some major costs like energy, fuel and rates are recalculated using best available information from current year.
4. Staffing costs (being the largest single item of expenditure) are treated differently, as set out in the next section.

**Staffing**

1. Pay costs are based on the new actual scale point for each employee at 1/4/08, assuming that the Single Status arrangements will have been agreed and implemented by then. If that is not the case the extra in the budget will help reduce the cost to reserves, since the new rates will be backdated to 1 February 2006. Included in pay costs is the Employers' pension contribution (15%), which is 2% higher than in 2007/08 & National Insurance (7% – 12.8%).
2. Where Job Evaluation results produced increased pay, the new pay rate has been used.
3. Where Job Evaluation results produced no change, the current pay rate has been used.
4. Where Job Evaluation results produced lower pay, the current pay rate has been used, since some form of pay protection will apply.
5. The cost of:
  - a. arrears of pay due to job evaluation;
  - b. carrying out the job evaluations and the resultant appeals; &



- c. any compensatory arrangements to protect pay or for changes to working hours **is not included** and will be met from reserves.
- 6. For 2008/09, a pay increase of 2.5% has been allowed for; the latest information from the NJC is that the Trades Unions are likely to lodge a claim of 6/7%.
- 7. The cost of holiday cover has, as usual, been included for front line staff only (generally below scale point 6); **no cover** is included for sickness absence.

That covers the general points – there are specific assumptions in each directorate and they are dealt with below:

### **Office of Chief Executive**

No by-elections or freedom ceremonies  
 No major legal costs e.g. judicial reviews or equality cases  
 No costs for Northern Area Plan public enquiry or RPA implementation.

### **Borough Services**

Residual Waste to landfill estimated as 9504 tonnes = 792 tonnes/month  
 Landfill Gate fee estimated as £34.29/tonne for 7 months and (£34.29 +3%)/tonne for 5 months  
 Haulage charges estimated as £8/tonne for 9504 tonnes  
 Landfill tax estimated at £32/tonne for 9504 tonnes

Residual Waste to processing estimated as 2500 tonnes at £50/tonne  
 Haulage charges for processing estimated as 2500 tonnes at £10/tonne

Blue bin recycling estimated as 1700 tonnes at £59.80/tonne  
 Green waste processing estimated using 50% participation rate from 7300 households, 200 kilograms/household per year and £30/tonne processing fee

### **Central & Leisure Services**

Cost of revaluation of Council's assets to be met from reserves

### **Closing Comments**

In preparing the first draft of the estimate, management have been conscious of some members' desire for a zero increase this year and also of the example set by the Assembly in the draft Programme for Government, recently released for consultation. The Assembly has committed itself to no increase in cash terms in the Regional Rate for domestic ratepayers, while for non-domestic ratepayers the rise will be capped at 2.7%, which means around a zero increase in real terms. However I would caution members against any commitment to follow the Assembly's lead without first considering two very significant differences between the Assembly and Ballymoney Borough Council.

These two differences are a) the size of the increases in the local and regional rates over the past few years and b) the relative importance of rate income to the two organisations.

According to figures quoted in the draft budget, the Regional Rate has risen by 53% over the past 4 years, while Local Rates set by Councils rose on average by just 20% in the same period. Ballymoney's increase over those four years was 23%, which is 30% less than the rise in the Regional Rate. If we had applied the same increase to our Local Rate as was done to the Regional Rate, we would be taking from our ratepayers in 2007/08 an extra £1.4 million. That would allow us to set a zero rise this year and still meet all the increases we face due to single status, pensions, pay, landfill costs and inflation while having money available for capital works too. Unfortunately, we don't have the comfort of such a cushion, and that is the first difference between us and the Assembly.

The other important difference is how significant rate income is to the Assembly and to this Council. The draft budget states that the Regional Rate brings in £500 million, or less than 6% of the income available to the Assembly. If it forgoes an inflationary rise of say 3% this year, the Assembly's income will be reduced by £15 million, or less than 0.2% overall.

By contrast, for Ballymoney Borough Council the rate income in 2007/08 represents 59% of the total. If we forgo a 3% rise needed to offset inflation, it would cut our total income by nearly 2%. So the effect of freezing the rate would be ten times greater on the council's budget than on the Assembly's. And, of course, the Assembly freeze applies only to domestic rate payers, not to the non-domestic sector, who are to have an inflationary rise applied to their regional rate this year. So the actual amount they will forgo may only be 0.1% of total income.