



Belfast City Council

Report to: Health and Environmental Services Committee

Subject: **Quarterly Financial Report**

Date: 8th September, 2010

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Relevant Background Information

It was agreed at the Strategic Policy and Resources Committee on 18th June 2010 that financial reporting packs would be produced for the Strategic Policy and Resources Committee and each Standing Committee on a quarterly basis and following discussion, that the first reports for the quarter ended June 2010 would be available for Committees in September. Monthly financial updates were also agreed to be provided to the Budget and Transformation Panel, if there were any significant issues to report.

The reporting pack contains a summary dashboard of the financial indicators and an executive summary explaining the financial performance of Health and Environmental Services Committee in the context of the financial performance of the overall Council (Appendix 1). It also provides a more detailed explanation of each of the relevant indicators covering the year to date and forecast financial position.

As was advised in the Strategic Policy and Resources Committee report of 18th June 2010, the reporting pack should be viewed as still under development and the style and information in the reports will continue to evolve, in liaison with Members.

The information within these financial reporting packs has been developed through collaboration between central finance and departmental management teams. The information for Standing Committees has therefore been reviewed and endorsed by central finance. As was outlined in the Strategic Policy and Resources Committee report of 18 June 2010, a number of practical issues have been resolved in the development of the reports. In particular, Members are asked to note the following:

- (i) the original 2010/11 rates setting exercise included a budget for a pay rise of 1.5%. The pay position of the council is determined by national negotiations and currently no pay rise has been offered for 2010/11, which is causing significant trade union concern. The budget of £1.1m has therefore been removed from departmental budgets, for reporting purposes, so that the true departmental variances can be identified. The current unutilised pay rise budget underspend has been logged centrally;

- (ii) demand led internal charges have also been removed from the budgets and expenditure of service users and applied to the budgets of service providers (eg ISB, facilities management etc) for reporting purposes which keeps the budgetary treatment for 2010/2011 in line with that agreed by Members on 18 June 2010 for 2011/2012
- (iii) capital charges are non cash items which have been removed from departmental budgets so that accurate variances can be identified.

Key Issues

A. Current and Forecast Financial Position 2010/2011

The current year to date financial position for Health and Environmental Services is an underspend of some £0.4m (4%) with a forecast end of year underspend of some £0.2m (0%), which is within the acceptable limits. The reasons for this underspend relate mainly to underspends in Environmental Health and Building Control. The financial reporting pack contains more detail on both the overall council position and the financial performance in each of the Services within the Department.

It should be emphasised that it is very early in the financial year and therefore it is difficult to make an accurate forecast of the end of year financial position. There are considerable uncertainties which could impact on the forecast. Nonetheless, an early forecast is helpful to Members in making financial decisions for the remainder of 2010/2011 and in advance of the 2011/2012 rates setting exercise.

As already stated, it is difficult to make an accurate financial forecast so early in the year. It is recommended that the use of the forecast underspend is considered corporately by the Strategic Policy and Resources Committee. The impact of in year savings will also be considered as part of the departmental efficiency programme, which is the subject of a separate report to the committee.

B. Training

As was agreed at the Strategic Policy and Resources Committee on 18 June 2010, to provide training in financial management for Members. It is currently planned that this will be provided in liaison with the Improvement and Development Agency (I&DEA) and will take place in three sessions on 27 September. Members have already been advised of this training and attendance is encouraged, wherever possible.

C. Links to performance management

Members should note that officers are currently working on the development of performance management reporting packs which in time will become available for Members' consideration alongside the financial reporting packs. Further updates will be brought to Members as the work progresses.

Resource Implications

There is a year to date underspend of £0.4m and a forecast underspend of some £0.2m.

Recommendations

Members are recommended to:

- (i) Note the above report and associated financial reporting pack;
- (ii) Agree to the recommended proposal that the utilisation of the forecast underspend be considered corporately by the Strategic Policy and Resources Committee; and
- (iii) Note that financial training is to be provided to Members on 27th September and attendance, wherever possible, is to be encouraged

Document Attached

Financial Reporting Pack