



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Proposals for Financial Reporting
Date:	18 June 2010
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Relevant Background Information

It was agreed at the Strategic Policy and Resources Committee in April that work would be ongoing with Members on the development of new financial performance reports for implementation in 2010/11. As agreed, Party Group Briefings took place at the end of May and beginning of June. This report presents the proposed financial performance reports for Members' consideration.

Key Issues

A. Format of Reports

The proposed reports are based on best practice from other local authorities and are intended to give Members a rounded view of the council's finances along with proposals for improvement actions, where required. The key elements of the report pack are as follows:

Dashboard - A high-level summary of financial performance. The focus will be on the percentage year to date and the year end forecast variances. Each indicator will be colour coded to highlight to Members those which have exceeded the agreed tolerances.

Executive summary - this section will explain in narrative terms the performance and also any mitigating action required to improve the position.

The above two elements are intended to summarise the overall financial position for Members with a supporting narrative that aids understanding and makes recommendations for Members' consideration. They are intended to be stand alone and provide a sufficient overview for Members to assist decisionmaking.

The remaining elements below are intended to provide further information for Members, should this be required.

Year to date % variance- indicates the difference of the planned expenditure to the actual expenditure as a percentage variance. This will be from the start of the year to the end of the reporting quarter.

Forecast % variance - indicates the difference of the planned expenditure to the forecasted expenditure as a percentage variance. This will be the forecast to the end of the financial year.

Capital Programme - this will compare planned and actual capital expenditure for the year.

Reserves Position - this indicator shows the actual reserves balance against the planned reserves balance.

% of Creditors paid within 30 days - this indicator measures the percentage of creditor invoices that have been paid within the 30 day limit.

% of Debt collected within 30 days - this indicator measures the percentage of customer invoices that have been paid within the payment terms.

% of Debt over 90days old - this indicator measures the percentage of debt that is over 90days old.

Supplementary Information - this will include details of budgetary and forecasted variances for each Committee along with a cascaded analysis by department for the Strategic Policy and Resources Committee. The analysis will also include details of non-departmental spend in areas such as the capital programme and the overall movement in reserves.

Appendix 1 and 2 set out mock ups of these reports containing fictional data, for illustration only.

Following discussions with Members, the following key points should be emphasised:

1. This proposed reporting pack should be viewed as still under development and the style and information in reports will continue to evolve, as Members make further refinements over time. In addition, it is to be expected that budgets, forecasts and variances will be refined over time, as the quality of the information provided improves;
2. Whilst a full quarterly bidding process for the reallocation of any monies identified as available in year is not proposed at this stage, this will be kept under review. In the meantime, advice will be provided to Members for their consideration on how any underspends identified in year could be used, if appropriate;
3. The full reporting packs are proposed to be presented to Committees with a summary included in the Committee minutes to be reported to Council (rather than the full packs).
4. Officers are currently considering a number of practical issues which need to be

resolved in the development of the reports such as the treatment of internal charges, depreciation and assumed pay rises. A full explanation will be provided for Members with the first set of reports so that the impact of these issues is transparent and can be clearly assessed.

B. Frequency of Reporting

It is proposed that the reporting packs are issued to Committees on a quarterly basis with a financial position update (not the full reporting pack) provided on a monthly basis to the Budget and Transformation Panel, if there are any significant issues to report. There may also need to be additional in year financial information provided to Committees in the winter period, as part of the rates setting process. The reports will therefore go through the Committee system as follows:

Quarter ended June	August Committees
Quarter ended September	November Committees
Quarter ended December	February Committees
Year end position	June Committees

C. Training for Members

It is recognised that training will need to be provided to Members, both on the specific BCC reporting packs and on financial management in general. The Council's Political Skills Indicator is based largely upon the "Skills Framework for Elected Members", which was developed by the Improvement and Development Agency (I&DEA) for Local Authorities. It is proposed, therefore, that the financial training will be based upon the I&DEA model.

The I&DEA framework recognises that the financial skills of Elected Members within a Local Authority vary widely depending on factors such as their personal experience through outside commitments, their length of time as a Councillor, their specific governance role within the local authority or other public bodies. The purpose of the development of core competencies is therefore to provide a framework to enable Members to add to their own list of competencies through experience, gaining knowledge and training.

It is proposed that the financial training programme will be practical and relevant and will use external support in its development and delivery to ensure that the programme obtains external validation and incorporates best practice.

The initial financial training session, targeted for September 2010, will focus on the quarterly financial performance reports to members using the live data from the quarter ended June 2010. It will also cover the I&DEA Skills Framework and the specific financial management competencies developed by the Council to support the framework.

Further development of the programme is proposed to take place in discussion with Party Groups, the Budget and Transformation Panel and Members Services.

Resource Implications

An increased level of officer time will be needed to generate the reports and supporting narrative. The cost of the financial training can be met from within the existing generic training budget for Members.

Recommendations

It is recommended that:

- (a) Members agree to the format of reports being developed in line with Appendix 1 and 2, and the information set out in section A above;
- (b) The reports are produced in line with the timelines in section B above; and
- (c) The initial financial training session for Elected Members should take the form of an interactive briefing in September 2010 with external input, supported by Officers from the Finance and Resource Department.

Documents Attached

Appendix 1 – Proposed reporting pack for Strategic Policy and Resources Committee.
Appendix 2 - Proposed reporting pack for a standing committee.