

Strategic Policy and Resources Committee

Quarterly Finance Report

Report Period: Quarter 4 2010/11

Notes:

1. Negative variances represent an under spend

2. Movement on last quarter:  Better  Worse  Unchanged

3. Tolerance R/A/G guide for % variances:



Dashboard: Quarter 4, 2010/11

Strategic Element: Financial Planning	Variance £,000 (under)/ Over Q3	Indicator % Q3	Variance £,000 (under)/ Over Q4	Indicator % Q4			Page no
Year to date variance							3
BCC	(728)	(0.8%)	(2,580)	(2.2%)		↓	
• Strategic Policy & Resource	(2,012)	(8.4%)	(2,599)	(8.2%)		↑	
• Health & Environ. Committee	(785)	(2.6%)	(702)	(1.8%)		↑	
• Parks & Leisure Committee	(150)	(0.9%)	187	0.8%		↑	
• Development Committee	(560)	(3.6%)	(1,592)	(7.8%)		↓	
Capital Programme							4
Forecasted Capital variance	79	1.2%	(2,587)	(37.1%)		↓	
Reserves							5
Reserves variance	(629)	14.0%	(2,580)	57.5%		↓	
Strategic Element: Better Services	Days Qtr 3		Days Qtr 4				
% of creditors paid in 30 days (average)	72		66			↓	6
% Debtors collected in 30 days (average)	43		79			↑	7
% Debt under 90 days old	45		54			↑	8

Notes:

1. Negative variances represent an under spend

2. Movement on last quarter: ↑ Better ↓ Worse → Unchanged

3. Tolerance R/A/G guide for % variances:



Executive Summary

Year End % variance

The council has an under-spend of £2.6m at the end of quarter 4.

As in quarter 3, the key elements of the year to date under-spend relate to the current unutilised pay rise budget, additional electricity generation income, fuel costs being lower than anticipated, the deferred roll out of food collection as part of waste management and delays in the filling of vacant posts.

The year end position reflects the latest rates income forecast for 2010/11 from the LPS which shows a clawback of £3.1m compared to our planned rates income (a £0.4m improvement from the forecast at quarter 3).

Members should note that efficiency savings of £2.9m have been included in the 2011/12 estimates and this will assist in addressing many of the areas where under-spends have occurred this year.

Capital Programme

At quarter 3 we had forecast that expenditure was likely to be in line with the budget for the financial year. However, since then we have experienced delays in finalising accounts for two major projects and consequently the annual Capital Expenditure is some £2.6m less than budget.

All projects currently in progress remain within their approved estimates with all necessary funding in place through provision in the rates or other means.

Reserves

The district reserves of the council were planned to be some £9.1m by 31 March 2011, being the opening reserves of £4.6m at 1 April 2010 and the £4.5m contribution from the rates to reserves, agreed as part of the 2010/11 rates setting exercise.

The actual reserves at 31 March 2011 are some £12.5m as at 31 March 2011, mainly due to the in year surplus of £2.6m. These reserves are addressed in the covering report.

Better Services: Creditors and Debtors

The average number of creditors paid within 30 days is 66%, up slightly from last year (63%) but down slightly from quarter 3 (72%).

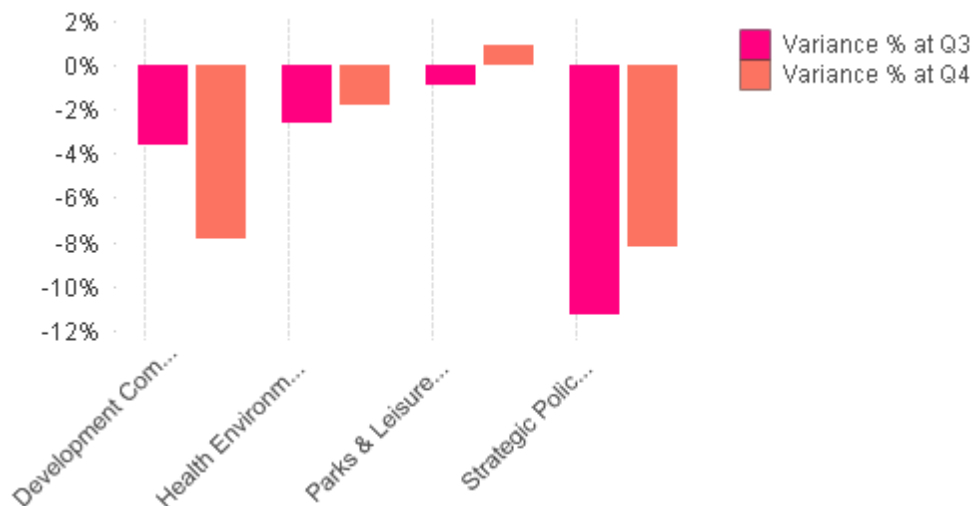
We have initiated closer working relationships with departments in order to bring the actual performance closer to the target of 75%.

The overall Council debt has fallen to £3.9m (quarter 3: £4.1m) and the percentage of debtors collected within 30 days has risen to 79% (quarter 3: 43%). The percentage of debt under 90 days old has increased to 54% (quarter 3: 45%), albeit down slightly from on last year (57%).

Work also continues on implementing the recommendations made in the report to committee on 22 October 2010, with a concerted effort in the last quarter of the financial year, and this has been reflected in the overall reduction in debt.

Year to Date % variance

This indicator calculates the difference between the budgeted net expenditure and the actual net expenditure as a percentage. It is reported for the year to date.



Commentary and action required

The council has an under-spend of £2.6m at the end of quarter 4, up by £2.0m as compared to the forecast at quarter 3. The main reasons for the variance are:

- The deferred roll out of the inner city food collection element of the waste management plan means that forecast 2010/11 expenditure is no longer required. In addition, the contingency budget for potential fuel price pressures, held centrally, has not been needed. Together these give rise to a £1.2m under spend (SP&R)
- Electricity generation income from the North Foreshore is higher than anticipated leading to additional income of £342k (SP&R)
- Pay is under spent by £1.2m given there has been no pay rise in 2010/11
- Development Department has generated an additional £745k of income, including £321k of grants
- Other departmental under-spends are mainly as a result of delays in filling posts and consequent delays in projects and programmes
- These under-spends have been offset by the need to provide for a shortfall in rates income of £3.1m.

The main changes since the forecast at quarter 3 arose because:

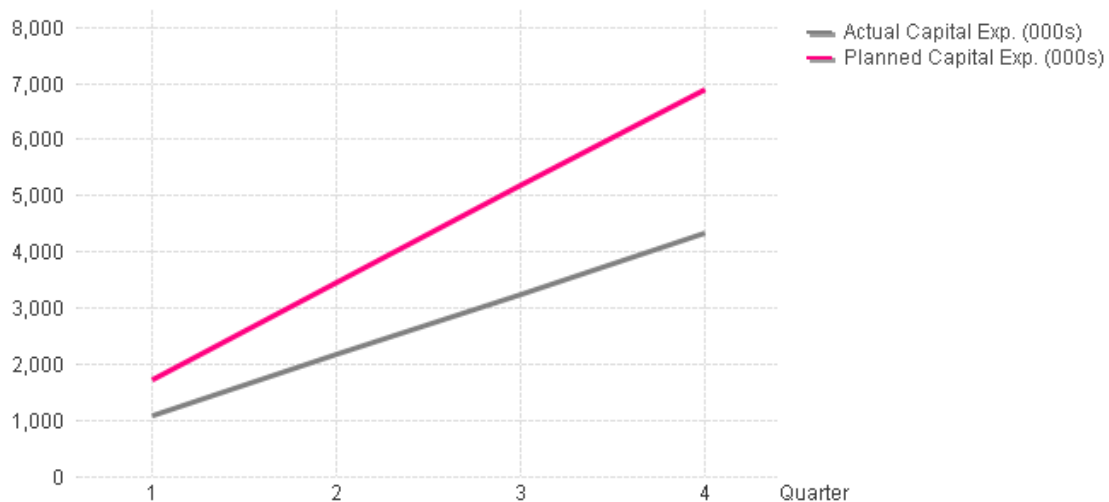
- Grants income was greater, premises costs were lower and grant distributions were less than the Development Department had anticipated
- An additional £200k was not required for food and fuel contingencies
- ISB generated additional income of £120k for services to NIHE
- The rates income claw-back reduced (£354k)

Members should note that efficiency savings of £2.9m have been included in the 2011/12 estimates and this will assist in addressing many of the areas where under-spends have occurred this year.

Capital Programme

This indicator shows the planned capital expenditure against the planned forecasted expenditure for the current year.

The planned capital expenditure is taken from the agreed capital programme which provides for new buildings, vehicles and large investments in IT amongst others.



Commentary and action required

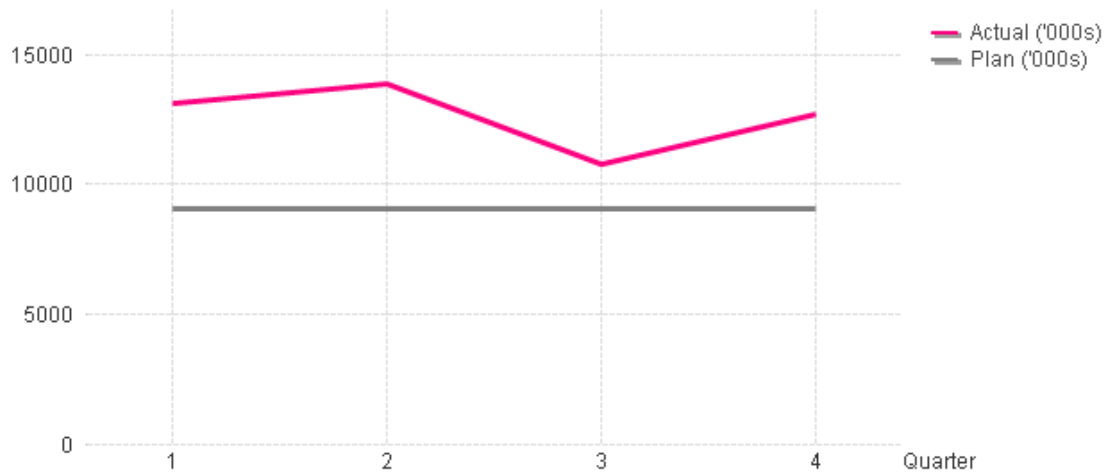
At Quarter 3 we had forecast that we would have Capital Expenditure which would be in line with the budget for the financial year.

At that point it was anticipated that the final accounts for both the City Hall and Ulster Hall would have been agreed. Due to on going negotiations with the Contractors these have not yet been finalised and consequently the annual Capital Expenditure is some £2.6m less than had originally been forecast.

All projects currently in progress remain within their approved estimates with all necessary funding in place through provision in the rates or other means. Applications for loans are kept continuously under review as projects progress to reduce future loan financing requirements.

Reserves Balance

This indicator shows the actual reserves balance against the planned reserves balance, from the rate setting exercise.



Commentary and action required

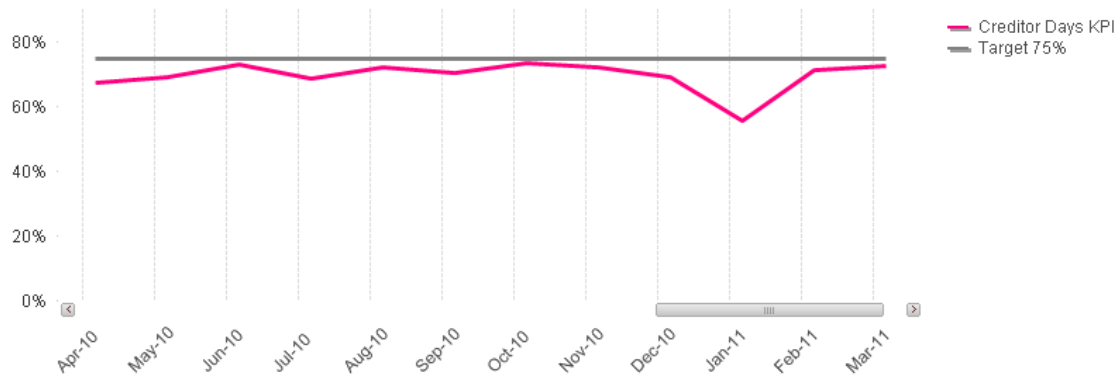
The district reserves of the council were planned to be some £9.1m by 31 March 2011, being the opening reserves of £4.6m at 1 April 2010 and the £4.5m contribution from the rates to reserves, agreed as part of the 2010/11 rates setting exercise.

As at 31 March, the actual reserves are some £12.5m. This position is explained by the £2.6m in year underspend; additional income from a VAT reclaim and rent reviews relating to previous years; and the rates finalisation adjustments from LPS for 2009/10 which were not included in the opening reserves. The proposed use of these reserves is included in the covering report.

There are also £366k of specified reserves which will be utilised in 2011/12, mainly relating to the 'Renewing the Routes' programme (Development Committee).

% of Creditors paid within 30 days

This indicator measures the percentage of supplier (creditor) invoices that have been paid within the 30 day limit.



Commentary and action required

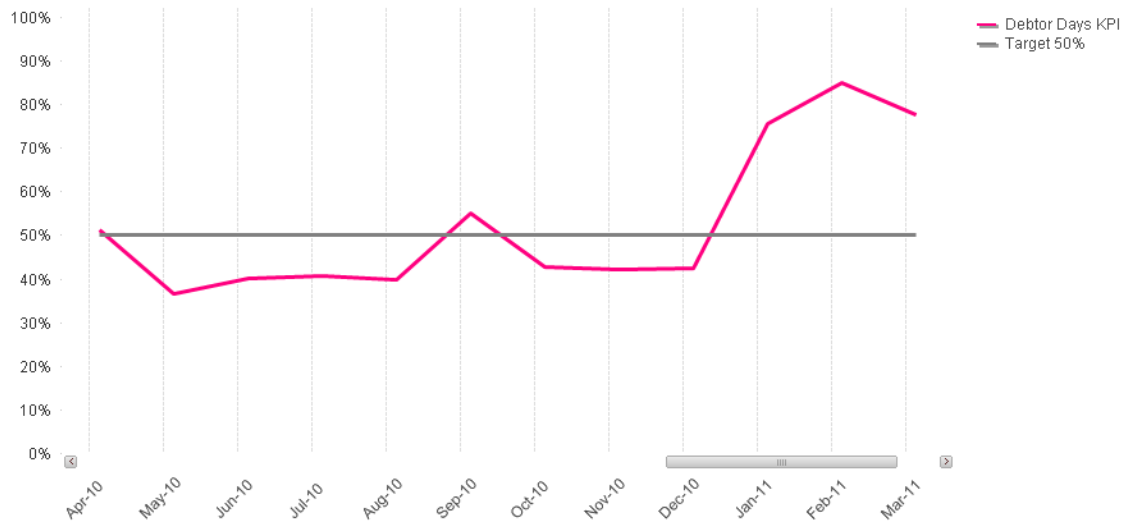
Whilst the percentage of creditors paid within 30 days has fallen from 72% in quarter 3 to 66% in quarter 4 2010/11, nevertheless this represents an increase on quarter 4 last year (63%).

During the year the average time taken to pay creditors has fallen from 28 days to 22 days.

In order to increase the percentage of creditors paid within 30 days, quarterly meetings have been arranged with departmental Directors to identify areas for improvement.

% of Debtors collected within 30 days

This indicator measures the percentage of customer (debtor) invoices that have been collected within a 30 day period.



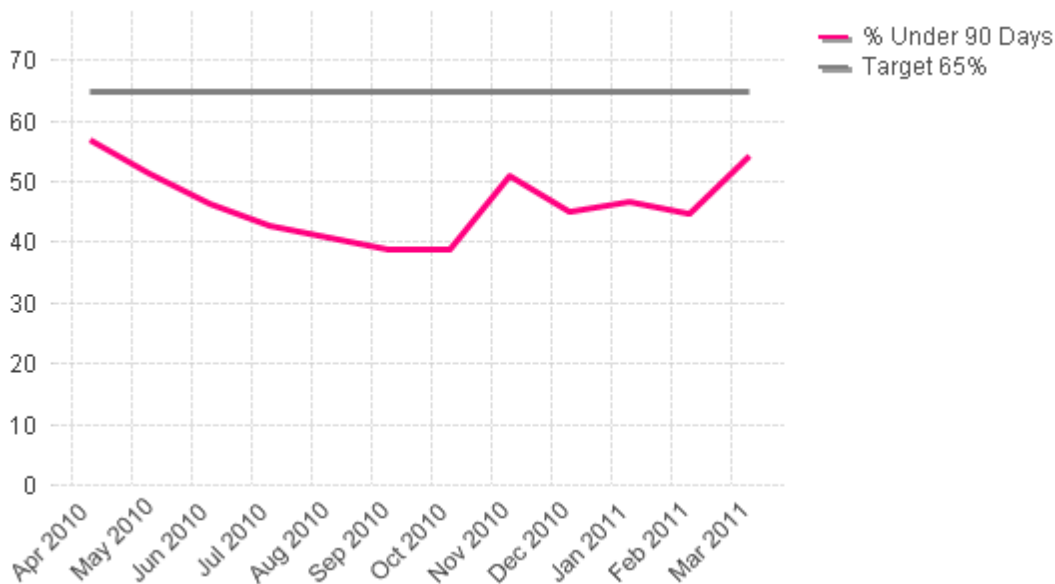
Commentary and action required

A concerted effort was made in the last quarter of the financial year to try and reduce the overall level of debt. This has resulted in a sharp increase in the number of debtor invoices being paid, an increase to 79%.

It is likely that this will reduce in the next quarter to a level closer to the target.

% of Debt under 90 days old

This indicator measures the percentage of outstanding money (debt) owed to the council that is less than 90 days old.



Commentary and action required

The percentage of debt under 90 days old has increased from 45% in quarter 4 2009/10 to 54% in quarter 4 2010/11.

However, during the year the overall level of debt has fallen from £4.9m as at 31 March 2010 to £3.9m as at 31 March 2011, a reduction of 20%.

From the end of May monthly statements will be sent out to customers to advise them of their outstanding balances.

Further system changes are taking place during June to enable reminder letters to be sent out at an earlier stage.

Roles and responsibilities have been reviewed and revised to reduce customer queries and speed up the debt process.

It is envisaged that these steps will improve the debt collection process.

Appendix A – Supplementary Information

Belfast City Council – Movement on Reserves

	Plan 10/11 £'000	Actual 10/11 £'000	Variance 10/11 £'000	% Variance
Total Departmental	114,946	108,998	(5,947)	(5.2%)
City Investment Fund	3,000	3,000		
Capital Financing	7,020	7,027	7	
Rates & General Grant				
General Grant	(4,372)	(4,158)	214	
Rates Income	(125,078)	(125,078)		
APP		3,146	3,146	
Year End Adjustments				
Movement on Reserves	(4,484)	(7,065)	(2,580)	57.5%

Analysis of Reserves Balance	£ 000's
Opening Balance @ 01.04.2010	4,602
Adjustments relating to prior to 2010/11	577
Finalisation (09/10)	238
Vat reclaim	216
Add Movement for 10/11	7,065
Movement on Specified Reserves	252
Reserves @ 31.03.11	12,950
Specified Reserves at Y/E	366
General Reserve at Y/E	12,584

Belfast City Council - Departmental Analysis & Forecast

	Plan 10/11 £'000	Actual 10/11 £'000	Variance 10/11 £'000	% Variance
Strategic Policy & Resources	31,731	29,131	(2,599)	(8.2%)
Health & Environmental	39,332	38,630	(702)	(1.8%)
Parks & Leisure	22,291	22,478	187	0.8%
Development	20,351	18,759	(1,592)	(7.8%)
Employee Pay Rise (1.5%)	1,241		(1,241)	
Total Departmental	114,946	108,998	(5,947)	(5.2%)

Note: Negative variances represent an under spend

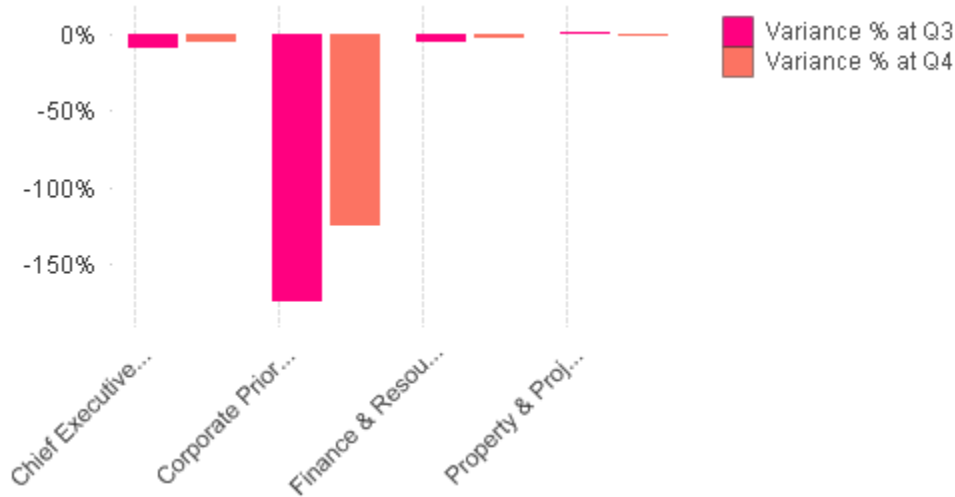
**Appendix B – Strategic Policy and Resources
Committee detail**

Year to Date % variance

Source: SAP

PI definition:

This indicator calculates the difference between the budgeted net expenditure and the actual net expenditure as a percentage. It is reported for the year to date.



Commentary and action required

The Strategic Policy & Resources Committee's outturn at the year end is an under-spend of £2.6m.

The main drivers to the year end position are:

1. The contingency budget of £1.2m for food collection (roll out deferred to 2012/13) and fuel increases was not required.
2. Income from the generation of electricity from the North Foreshore outperformed expectations. Income for the year was £324k above budget.
3. The Finance & Resources Department's outturn for the year was £399k within budget due to additional income of £120k generated by ISB for services provided to NIHE and delays in filling vacant posts. It should be noted that the department has reduced its budget by £389k for 2011/12.
5. The Chief Executive's Department's outturn for the year is £335k within budget. The department has been restructured during the year and the revised establishment has now been filled and is reflected in the 2011/12 estimates.
6. The Property & Projects Department's outturn for the year is £155k within budget.

Members should note that efficiency savings of £1.4m have been included in the 2011/12 estimates as this Committee's contribution to the £2.9m overall Council efficiency target.

Strategic Policy and Resources Committee - Section Expenditure Budgetary Analysis at YE

	Plan 10/11 £'000	Actual 10/11 £'000	Variance YTD £'000	% Variance
Strategic Policy & Resources Total	31,731	29,131	(2,599)	(8.2%)
Chief Executives Department	5,727	5,392	(335)	(5.8%)
Legal Services	787	700	(87)	(11.1%)
Corporate Communications	1,061	1,030	(30)	(2.8%)
Business Support	249	290	40	16.1%
Good Relations	448	481	33	7.4%
Democratic Services	2,700	2,530	(171)	(6.3%)
Strategic Policy	482	361	(121)	(25.0%)
Finance and Resources (exc corp Priorities)	12,385	11,986	(399)	(3.2%)
Human Resources	1,696	1,687	(9)	(0.5%)
Finance and Performance	2,834	2,420	(414)	(14.6%)
ISB	4,167	4,342	175	4.2%
Audit Governance & Risk Services	861	834	(27)	(3.1%)
Project Corporate Systems	344	281	(62)	(18.1%)
Pensions	1,900	1,900		0.0%
Directorate	424	335	(89)	(21.0%)
Occupational Health	159	187	28	17.6%
Property and Projects	12,258	12,103	(155)	(1.3%)
Facilities Management	14,741	15,182	441	3.0%
CIT Management	649	527	(122)	(18.8%)
Projects, Procurement and Estates	(3,131)	(3,605)	(474)	15.1%
Corporate Priorities	1,361	(350)	(1,711)	(125.8%)