

Strategic Policy and Resources Committee

Quarterly Finance Report

Report Period: Quarter 4 2011/12

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, 2011/12

Strategic Element: Financial Planning	Variance £,000 (under)/ Over Q3	Indicator % Q3	Variance £,000 (under)/ Over Q4	Indicator % Q4			Page no
Year End Variance							3
BCC	(3,240)	(3.7)%	(1,870)	(1.6)%	G	↑	
• Strategic Policy & Resource	(912)	(3.9)%	(302)	(0.9)%	G	↑	
• Health & Environ. Committee	(1,731)	(5.3)%	(1,477)	(3.5)%	A	↑	
• Parks & Leisure Committee	(584)	(3.5)%	33	0.1%	G	↓	
• Development Committee	(12)	(0.1)%	(125)	(0.6)%	G	↓	
Capital Programme							7
Forecasted Capital variance	(0)	(0.0%)	(0)	(0.0%)	G	→	
Reserves							8
Reserves variance	(2,898)	(N/A)	(1,611)	(N/A)	G	↑	
Strategic Element: Better Services	Qtr3		Qtr4				
% of creditors paid in 30 days (average)	65.6%		62.9%		R	↓	9
% Debt recovered in 30 days (average)	48.8%		54.2%		R	↑	10
% Debt under 90 days old (average)	50.0%		58.8%		R	↑	11

Notes:

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

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



Executive Summary

Outturn 2011/12

Departmental net expenditure at 31st March 2012 is an under-spend of £1.87m, down by £310,000 when compared to the forecast at quarter 3. The main reasons for the variance are:

1. Employee savings throughout the Council of £1.08m or 1.29%
2. A significant reduction in the tonnage of waste disposed of by landfill and the reduced gate fee resulted in waste disposal costs being £831,000 below budget
3. Additional income in Health and Environmental Services of £585,000
4. Electricity income at the North Foreshore was £400,000 less than budget
5. The tri-annual review of the Gas Pension Fund indicated a shortfall £829,000 resulting in an over-spend in the pensions budget of £376,000.

Members should note that efficiency savings of £2.38m and budget reductions of £1.70m in landfill disposal costs have been included in the 2012/13 estimates. This will assist in addressing many of the areas where under-spends have occurred this year.

Capital Programme

The capital financing budget for 2011/12 plans for the financing of current loans plus financing for new capital expenditure incurred in 2011/12. The capital financing budget for 2011/12 was £10.36m.

As reported to Committee in quarter 3 slippage in the capital programme has resulted in an under-spend in the capital financing budget. This under-spend has, as approved by Committee, been applied to redeem existing loans in order to support the sustainability of the Investment Programme. Consequently the capital financing budget is balanced for the year.

Reserves

The final accounts recorded a reserve balance of £10.43m at 31st March 2011. This is in line with the reserve level agreed at Strategic Policy and Resources Committee on 11th December 2009.

Members will recall that £2.50m was transferred from general reserves to the capital fund at the end of 2010/11, to be used for local investment projects. It is proposed that a further £2.5m is contributed to this fund which will leave a balance on General Reserves of £11.36m after accounting for specified reserves of £2.55m. Given the current economic conditions and the increased risk to the rate base it is appropriate that the Council increase its level of reserves.

Better Services: Creditors and Debtors

The percentage of invoices paid within 30 days is 62.90%. This is similar to the figure reported at 31 March 2011 and down from 65.6% in quarter 3.

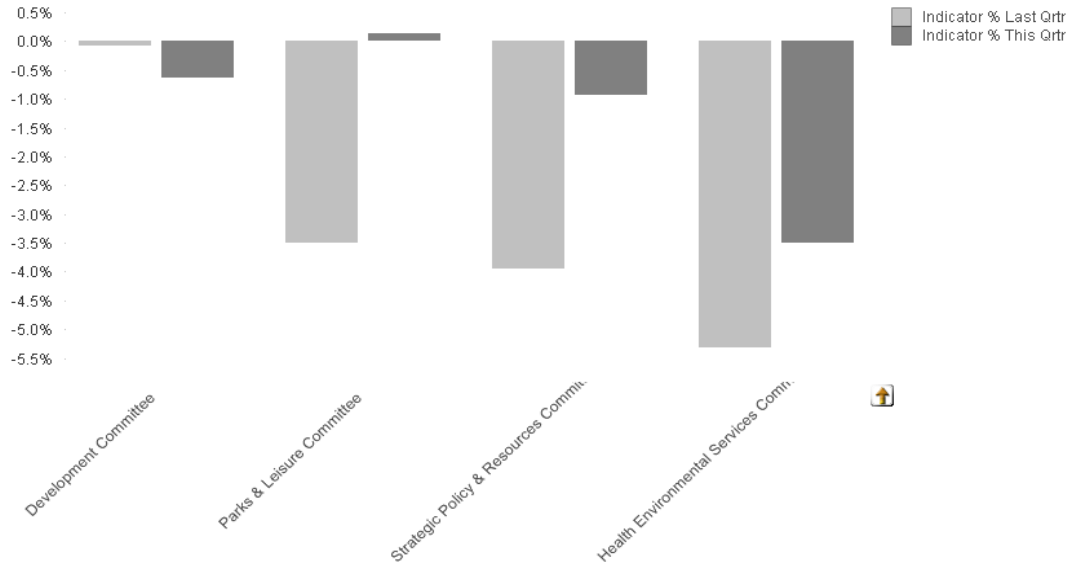
A SAP improvement group has been established and will commence a programme of work in June to address various issues in SAP in order to meet

the new target identified in the Investment Package of 90% paid within 28 days by 2014/15.

The debt figure at the end of the financial year is £5.70m. This has risen considerably in comparison to last year's closing debt of £3.9m. The steep rise in the debt can be attributed to the timing of the issue of £2.1m of invoices, mainly relating to public sector organisations, as compared to £739,000 in the same period last year. Given the nature of these invoices the increased debt is low risk and this is reflected in the overall debt figure having been reduced by £1.99m by the first week in May 2012.

Year End % 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

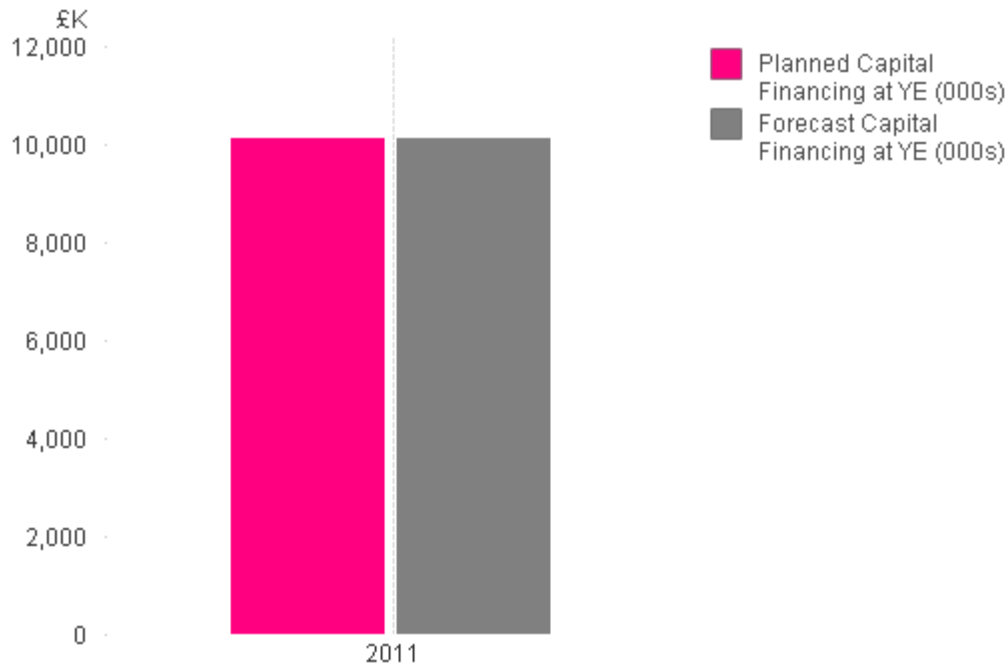
Departmental net expenditure at 31st March 2012 is an under-spend of £1.87m, down by £310,000 when compared to the forecast at quarter 3. The main reasons for the variance are:

1. The tri-annual review of the Gas Pension Fund indicated a shortfall £829,000 resulting in an over-spend in the pensions budget of £376,000.
2. As part of a two year programme to ensure compliance with the Council's PC replacement policy £150,000 of unplanned expenditure was incurred.
3. Electricity income at the north Foreshore was £400,000 less than budget. This situation arose because of a fall in unit price and demand coupled with the cost of decommissioning one of the five generators due to the overall reduction in the supply of gas available.
4. The above over-spends have been balanced by employee savings throughout the Council of £1.08m or 1.29%.
5. As a result of corporate projects being delayed or cancelled savings of £294,000 were achieved in the Invest to Save Programme and the Workforce Development Programme.
6. A significant reduction in the tonnage of waste disposed of by landfill and the reduced gate fee resulted in waste disposal costs being £831,000 below budget. Unplanned income of £585,000 principally from NIHE and the sale of scrap metal has contributed to an under-spend for the department of £1.48m.
7. Parks and Leisure Services outturn for the year is an over-spend of £33,000. This position was achieved despite incurring utility costs of £428,000 above budget and fuel costs of £85,000 above budget. The department was able to withstand these increased costs by in the main generating additional income. Parks income exceeded budget by £300,000 whilst Leisure Services met their annual target.

8. There has been net savings of £222,000 in project costs in the Development department. This has been mainly brought about by the Department generating additional income. Some of this additional income has been transferred to reserves and will be used by the department for events to reduce the rate burden in 2013/14.

Capital Programme

This indicator shows planned capital financing against actual capital financing for the current year.



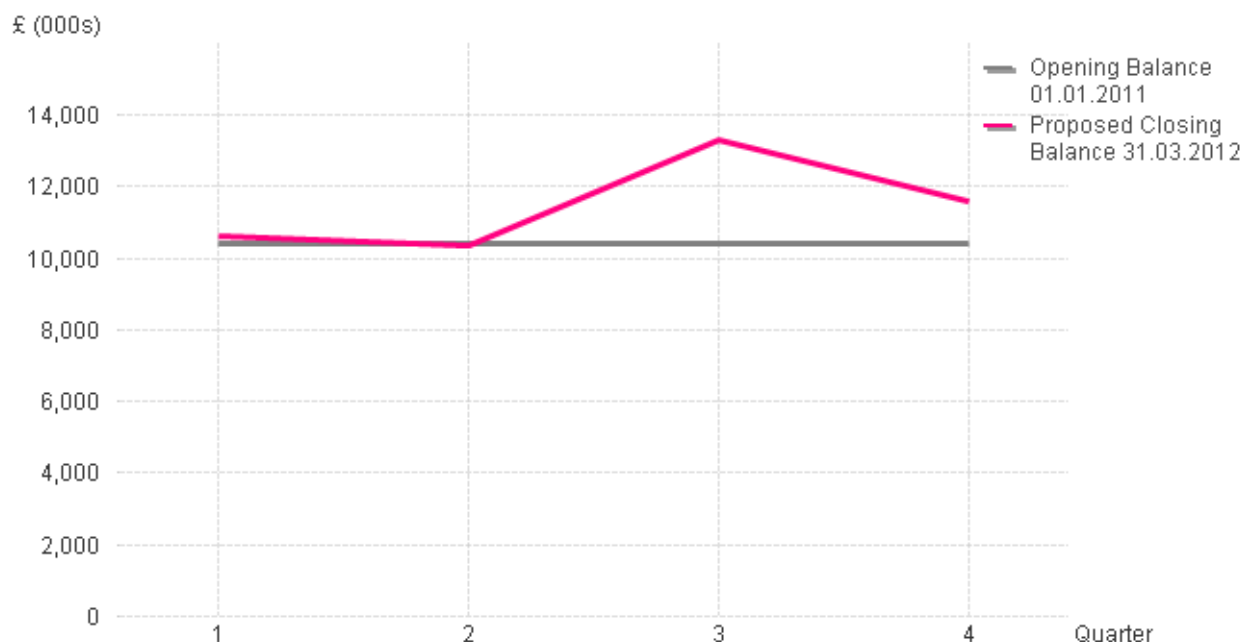
Commentary and action required

The capital financing budget for 2011/12 planned for the financing of current loans plus financing for new capital expenditure incurred in 2011/12. The capital financing budget for 2011/12 was £10.36m.

As reported to Committee in quarter 3 slippage in the capital programme has resulted in an under-spend in the capital financing budget. This under-spend has, as approved by Committee, been applied to redeem existing loans in order to support the sustainability of the Investment Programme. Consequently the capital financing budget is balanced for the year.

Reserves Balance

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



Commentary and action required

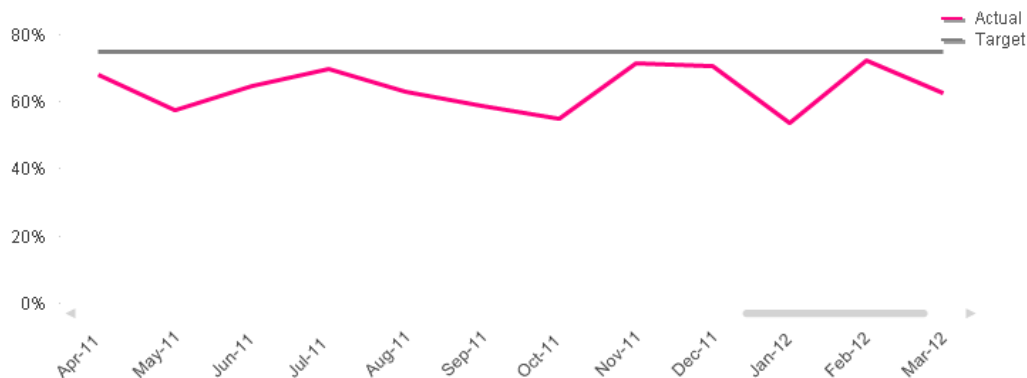
The final accounts recorded a reserve balance of £10.43m at 31st March 2011. This is in line with the reserve level agreed at Strategic Policy and Resources Committee on 11th December 2009.

General Reserves have grown over the year, which reflects the positive departmental contribution of £1.87m together with additional contributions of £2.18m in respect of funds set aside for programmes agreed by the Strategic Policy and Resources Committee throughout the year. Prior year adjustments mainly in respect of rent reviews and VAT interest have contributed a further £1.39m to reserves. This has been offset somewhat by increases in provisions of £523,000 and a claw-back of £259,000 by LPS.

Members will recall that £2.50m was transferred from general reserves to the capital fund at the end of 2010/11, to be used for local investment projects. It is proposed that a further £2.50m is contributed to this fund bringing the final balance on General Reserves to £11.36m after accounting for specified reserves of £2.55m.

% 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

The percentage of invoices paid within 30 days has fallen from 65.6% in quarter 3 to 62.9% in quarter 4.

CTU rely on departments to comply to the Procure to Pay Process by ensuring PO are raised accurately and that GRN is carried out on a timely basis to enable the invoices to be matched first time.

A road show for departments around compliance issues has been piloted in Health and Environmental Services, and will now be rolled out to operational staff across the council.

Compliance reports are produced monthly in qlikview and distributed to departments for review.

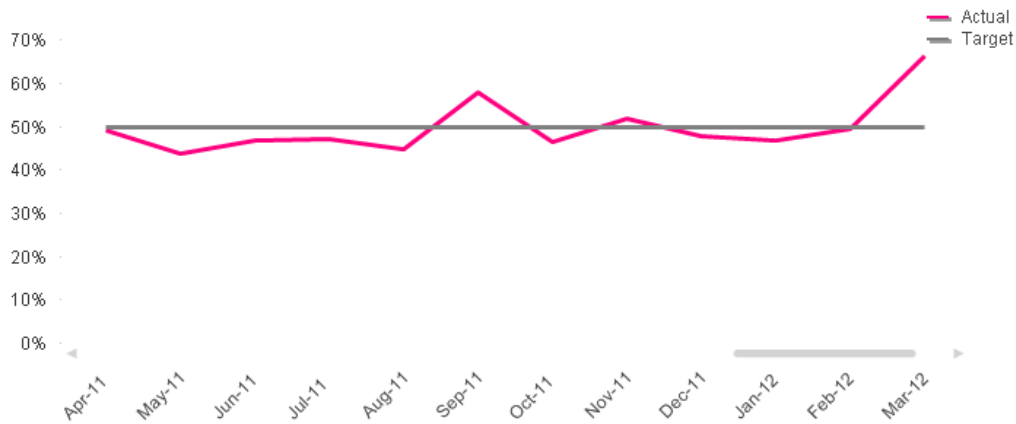
Quarterly meetings between the Director of Finance and Resources and Departmental Directors have been arranged to discuss, amongst other issues, the aforementioned compliance reports.

Meetings will continue to take place with the nominated departmental representatives to discuss progress

A SAP improvement group has been established and will commence work in June to address various issues in SAP in order to meet the new target identified in the Investment Package of 90% paid within 28 days by 2014/15.

% 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

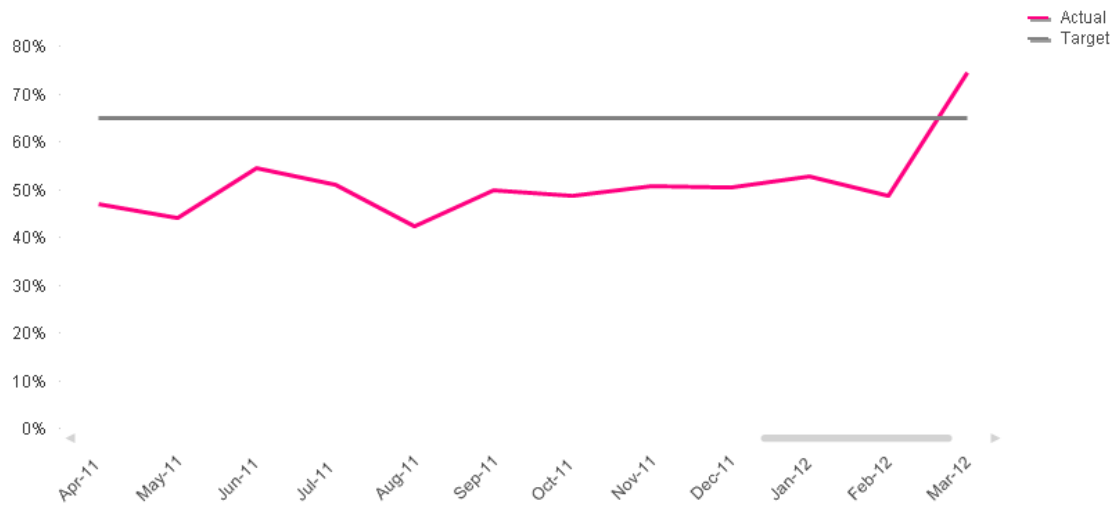
The percentage of customer invoices being paid within 30 days has risen from 48.8% in quarter 3 to 54.2% in quarter 4.

We continue to chase the debt by Sales Office and have built up a good relationship with those customers we deal with on a regular basis which is reflected in the debt being paid within the agreed terms.

We will continue to work closely with departments and customers to ensure debt is collected on a timely basis and to provide the information needed to pay the invoice first time.

% 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 has risen from 50% at quarter 3 to an average of 58.8% at quarter 4.

The debt figure at the end of the financial year is £5,699,783. This has risen considerable in comparison to last year's closing debt of £3,962,428.30. The steep rise in the debt can be attributed to the fact that in the last week of the Financial Year, departments raised in total £2.1m in invoices compared to the same period last year of £739,000. This has resulted in the actual figure for March being 74.7%. If the figures are adjusted to take account of this the actual would be approximately 52%, giving an average for the quarter of 51.2%.

CTU have started to contact all of these customers to ensure the debt comes down to a more realistic figure by the second week in May. At the close of period 1 the debt had reduced to £3,714,251.

With payment plans having put in place with customers for older debt this inherently means it takes longer debt over 90 days to reduce.

Customer statements are now being sent out on a monthly basis to identify and remind customers of outstanding debt

CTU continue to liaise with customers and departments on a monthly basis to reduce the overall amount of debt.

Appendix A – Supplementary Information

Belfast City Council – Movement on Reserves

	Plan 11/12 £'000	Actual Y/E £'000	Variance YTD £'000	% Variance
Total Departmental	117,228	115,358	(1,870)	(1.6%)
City Investment Fund	3,000	3,000		0.0%
Capital Financing	10,363	10,363		0.0%
Rates & General Grant				
General Grant	(4,159)	(4,159)		0.0%
Rates Income	(126,432)	(126,432)		0.0%
APP		259	259	
Movement on Reserves		(1,828)	(1,611)	N/A

Analysis of Reserves Balance	£ 000's
Closing Bal from final accounts @ 31.03.2011	10,426
Movements related to Prior Years	1,391
Add Movement for 11/12	1,611
Waste Plan	1,100
Period 15 Accruals	219
Changes in Provisions	(523)
Movement on Specified Reserves	2,181
Reserves at YE	16,405
Transfer to Local Investment Fund	(2,500)
	13,905
Specified Reserves at YE	(2,547)
General Reserves @ 31.03.12	11,358

Departmental Committee - Main Items of Expenditure

Committee	Plan Annual £000s	Actual at Year End £000s	Variance YTD £000s	% Variance
Development Committee	19,815	19,690	(125)	(0.6)%
Health Environmental Services Committee	42,103	40,627	(1,477)	(3.5)%
Parks & Leisure Committee	22,955	22,989	33	0.1%
Strategic Policy & Resources Committee	32,355	32,053	(302)	(0.9)%
Total	117,228	115,358	(1,870)	(1.6)%

Note: Negative variances represent an under spend

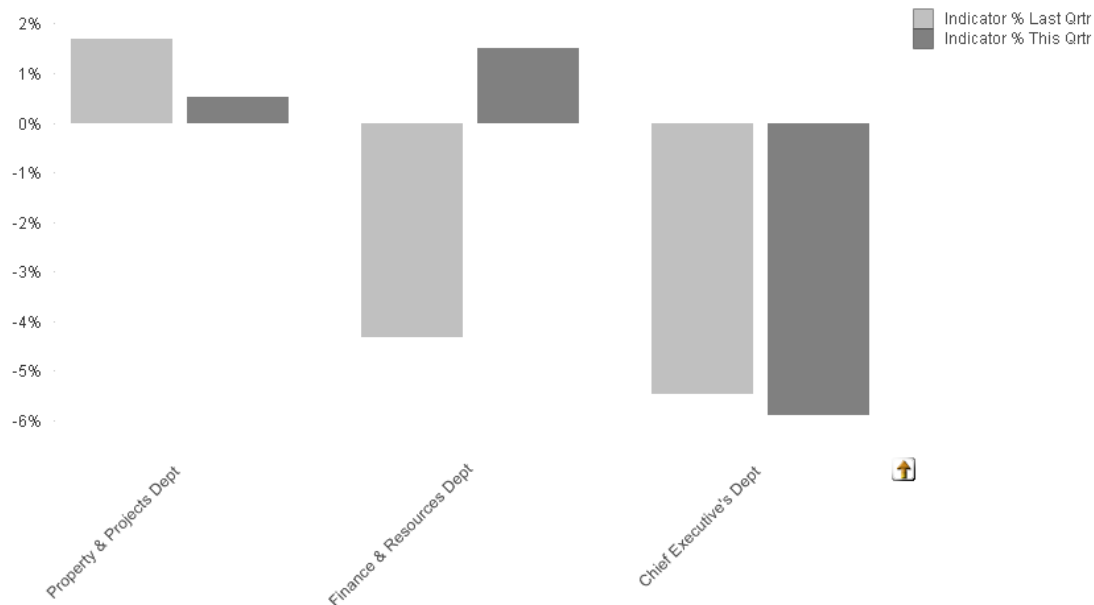
**Appendix B – Strategic Policy and Resources
Committee detail**

Year End % 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.



NB// Corporate Priorities has an annual budget of £124k therefore the percentage variance was too large to be shown to scale.

Commentary and action required

The Strategic Policy and Resources Committee had a budget of £32.35m for the year to 31 March 2012. At the year end the Committee is under-spent by £302k or 0.9% of budget.

Chief Executive's Department shows a net under spend of £453k at year end, in line with the departmental forecast of £440k under spend.

Vacant posts across the services created an under spend of £195k while expenditure planned for external services on corporate policy, external communications and human resources (£100k) was delayed due to priorities around other corporate initiatives. Expenditure for Members relating to conferences, civic visits, hospitality and civic gifts was under spent by £140k. This was offset in part by unbudgeted expenditure on Members pensions contributions (£67k).

The Department also received additional income from external bodies for work around recruitment advertising and community planning totalling £76k.

The **Finance and Resources** Department has an overspend of £171k or 1.5% of it's budget.

Delays in the implementation of staffing reviews have resulted in an under spend in the Finance and Performance unit of £253k. The Audit Governance and Risk Service has an under-spend of £74k. As a result of staff turnover the Service is examining its structure with a view to identifying efficiency savings and service improvements and is also undergoing an external review to assist in this analysis.

The ISB service is overspent by £156k. This reflects the approved £150k spend on the council PC refresh programme which was initiated as part of a two year programme to ensure compliance with the PC replacement policy. An actuarial review of the Council's Gas Pension Fund has indicated a shortfall of £829k. The decision to restore the fund to it's recommended target has resulted in an overspend in the Pensions budget of £376k.

Corporate Priorities has an under spend of £86k. As a result of projects being delayed or cancelled the Workforce Development programme is under budget by £103k and the Invest to Save programme is under-spent by £191k. These under-spends help offset against the loss of electricity income at North Foreshore (£400k) due to:

- a much milder winter than the previous year which reduced the level of both demand and prices received;
- the cost of decommissioning one of the five generators due to the overall reduction in the supply of gas available.

Property and Projects has an over-spend of £66k (0.5%). This was in line with the forecast for the Department. The overspend was due to a higher than expected volume of work in the Fleet Management Unit and essential Building Maintenance works over and above that which was planned. A review was undertaken of both Fleet provision and maintenance during the year and this will be implemented during 2012/13.

Strategic Policy and Resources Committee - Section Expenditure Budgetary Analysis & Forecast

Department	Section	Plan Annual £000s	Actual at year End £000s	Variance £000s	% Variance
Strategic Policy & Resources	Total	32,355	32,053	(302)	(0.9)%
Chief Executive's Dept	Total	7,699	7,245	(453)	(5.9)%
	Central Support Unit	1,300	1,116	(185)	(14.2)%
	Corporate Communications	1,068	1,007	(61)	(5.7)%
	Democratic Services	2,019	1,935	(84)	(4.2)%
	Good Relations	414	458	43	10.5%
	Human Resources	1,850	1,736	(113)	(6.1)%
	Legal Services	578	602	24	4.1%
	Strategic Policy	470	392	(78)	(16.6)%
Finance & Resources Dept	Total	11,295	11,466	171	1.5%
	Audit	869	795	(74)	(8.5)%
	Corporate Directorate	593	568	(25)	(4.2)%
	Corporate Management	1,900	2,276	376	19.8%
	Finance & Performance	2,547	2,294	(253)	(9.9)%
	ISB	4,867	5,023	156	3.2%
	Occupational Health	235	209	(25)	(10.7)%
	PACS	285	301	16	5.5%
Property & Projects Dept	Total	12,386	12,452	66	0.5%
	FACILITIES	15,093	15,466	373	2.5%
	PPD Operations	(3,365)	(3,807)	(442)	13.1%
	Property Mgmt	658	793	136	20.6%
Corporate Priorities	Total	975	889	(86)	(8.8)%