

Strategic Policy and Resources Committee

Quarterly Finance Report

Report Period: Quarter 4, 2012/13

Dashboard

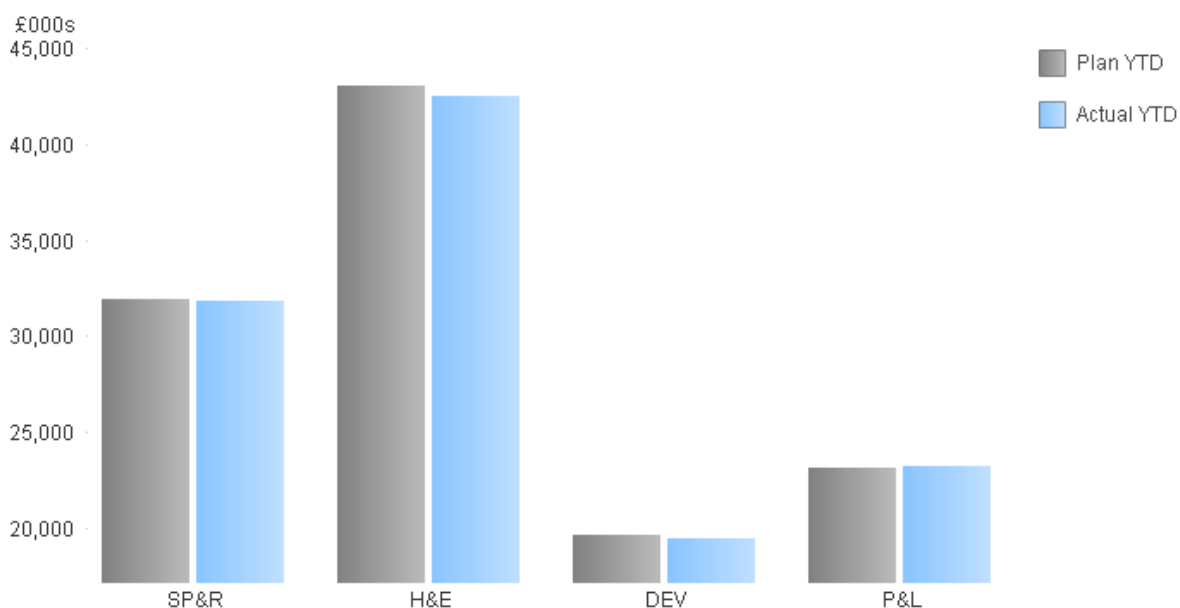
Revenue Section				Page
	Year-end Var £000s	Var %	YTD	
Strategic Policy & Resources Committee	(260)	(0.8)%		3
Health Environmental Services Committee	(508)	(1.2)%		
Development Committee	(151)	(0.8)%		
Parks & Leisure Committee	55	0.2%		
Committee Total	(864)	(0.7)%		
Capital Financing	0			4
Rate Income Variance	(3,900)			5
Other movements on Reserves	(1,922)			6 & 17
BCC Total Movements on Reserves	(6,686)			6 & 17

Investment Programme Section						Page
	3 Year Plan £000s	Committed £000s		Balance Remaining £000s	Delivered £000s	
3 Year Capital Programme	75,000	28,284		46,716	6,471	
Belfast Investment	20,000	0		20,000	0	
Local Investment	5,000	4,593		407	0	
	100,000	32,877		67,123	6,471	
Levered Monies	50,000	18,634		31,366	16,894	
Total	150,000	51,511		98,489	23,365	

	Annual Plan £000s	Actual Ytd £000s	Var £000s		Page
Capital Programme	19,424	7,874	11,550		9 & 10
Connswater	0	392	(392)		
Non-Recurring Projects	1,838	760	1,078		11

Key Performance Indicators (KPI)									
KPI	Actual	Target		Page	KPI	Actual	Target		Page
Debtors collected within 30 Days	62.1%	60.0%		12	Compliant Purchases	83.4%	85.0%		15
Debt under 90 Days	71.6%	65.0%		13	Timeliness Of Goods On System	56.2%	75.0%		16
Creditors Paid within 28 Days	80.0%	75.0%		14					

Committee Net Revenue Expenditure: Year End Position



The year end position for net Departmental expenditure is an **underspend of £864k (0.7%)** of the Council's net Departmental budget. The main drivers to this underspend are:

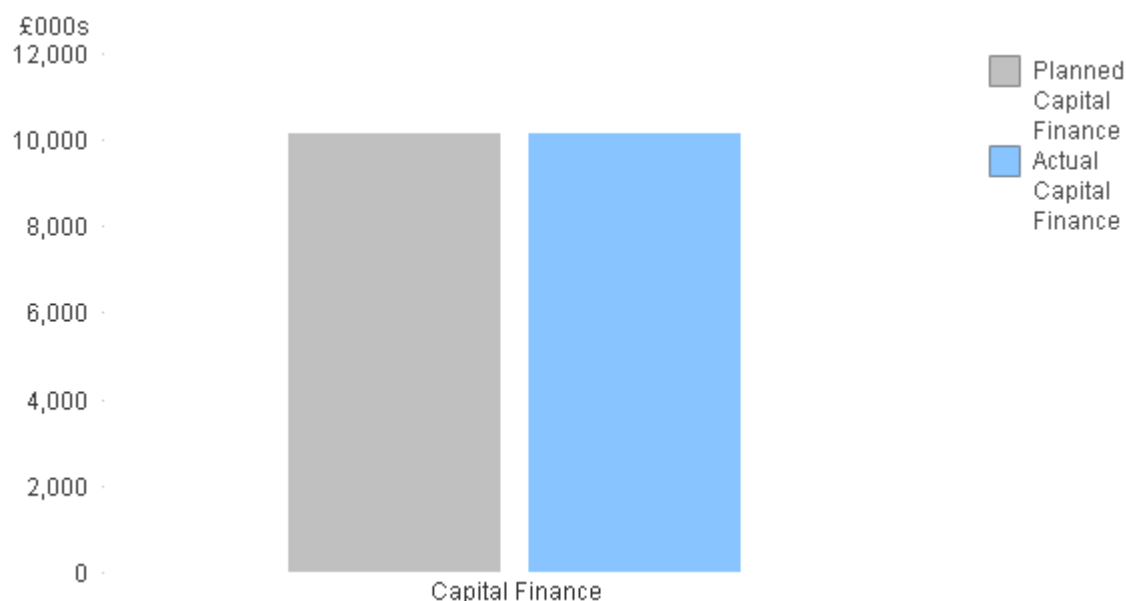
Savings in employee costs of £308k reflecting the gradual implementation of service reviews.

Reduced waste tonnages and the deferred implementation of the alternate weekly waste collection service to the inner city (which is planned to be introduced August 2013).

Increased utility costs of £370k in the Parks and Leisure Service which was mainly offset by additional income of £353k from events, pitch hire, grant funded environmental projects and the crematorium.

Central Finance: Capital Finance at Year End

The Capital Finances are the monies required to support the capital expenditure in the current year and previous years.

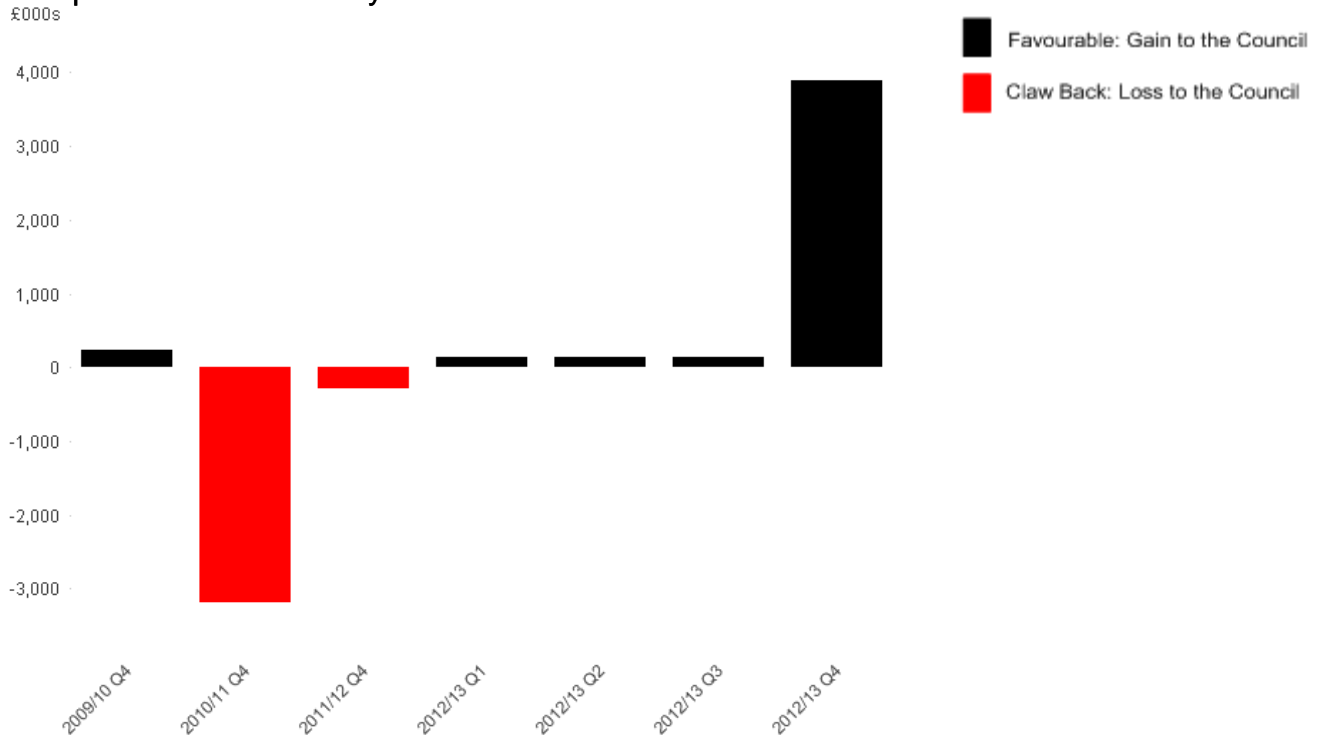


The annual capital financing budget required to meet the Councils 3 year Capital Programme ambitions of £75m is £10.14m. This budget was approved as part of the 2012/13 rate setting process. Due to the lead in time on capital projects it was recognised that the full capital financing budget would not be required in 2012/13. Members consequently approved expenditure on feasibility work up to £500K to support the Local Investment Programme and a further £1.84m expenditure on non-recurring revenue schemes.

The capital financing budget was fully utilised during the year resulting in all capital expenditure incurred being fully financed.

District Rate Year End Outturn

The chart below shows the rate income as received from Land and Property Services (LPS) in previous years and also the forecast for the current year; this forecast is updated each quarter in the current year.



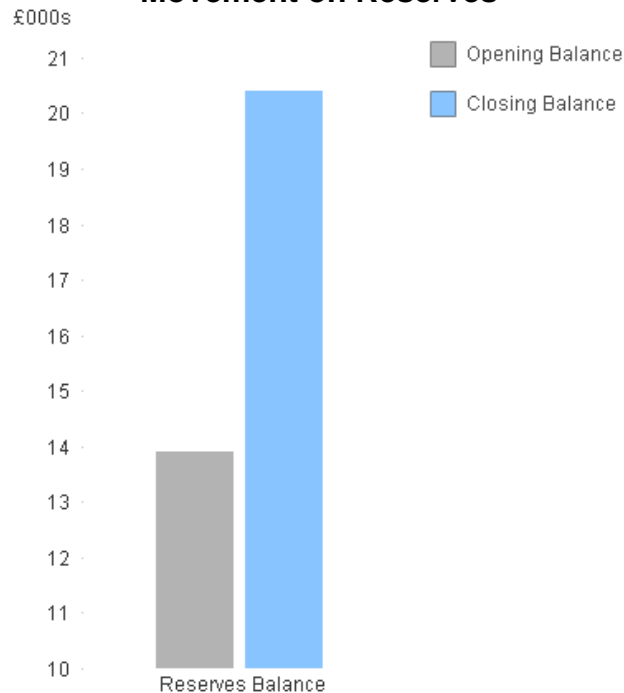
The year end outturn as reported by LPS is a positive settlement to BCC of £3.9m. This compares very favourably to the claw back position which the Council experienced in 2011/12 (£259k) and 2010/11 (£3.41m).

The vacant rating exercise, led by the Building Control Service, has made a significant contribution to the positive position and the settlement also indicates slight growth in the rate base despite the difficult economic environment.

Officers will be working with LPS to analyse the detail of the settlement including the reasons for the slight growth, the recurring impact of the additional income generated through the vacancy inspections and the current position regarding the significant outstanding rating appeals.

This analysis will inform the assumptions presented to the Strategic Policy and Resources Committee in August 2013 regarding the stability of the rate base and the impact on the high level guidelines for the 2014/15 revenue estimates.

Movement on Reserves



The Councils reserves balance at 31/03/2012 was £13.90m. This included a balance of £2.51m in respect of specified reserves leaving a **general reserves balance of £11.39m.**

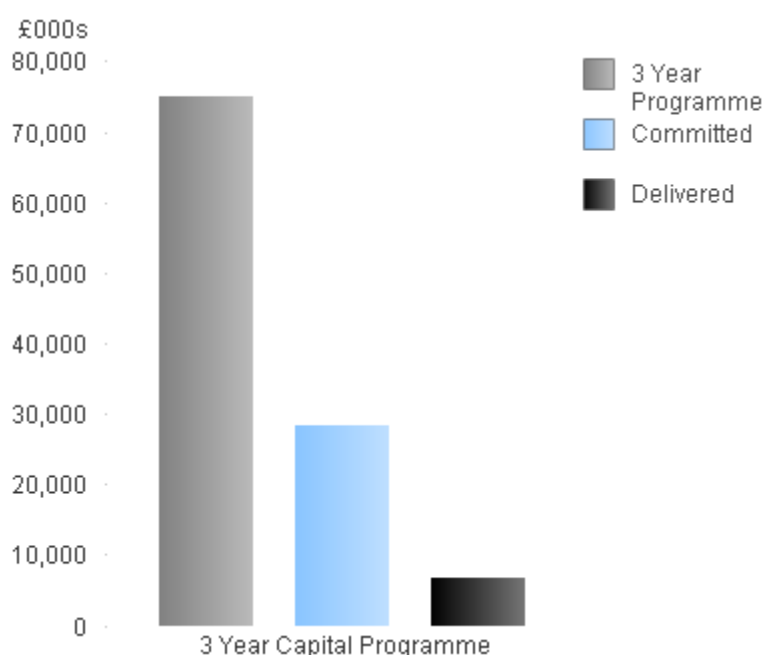
Members will be aware that Strategic Policy and Resources Committee, 23 November 2012, agreed that £3m of unallocated Waste Fund monies be earmarked as specified reserves for a number of Council events over the period 2013/15. This added to the overall level of reserves on a temporary basis and reduced the rate burden for 2013/14 and 2014/15.

Further contributions to reserves include the release of approximately £1m of provisions, a positive settlement of £3.9m from LPS and a departmental outturn of £864k.

Reductions in reserves include a drawdown of £600k from the Events Specified Reserve budget and £400k in respect of the Backin' Belfast campaign and £470k in respect of staff payment enhancement.

If the proposal to designate a £2m specified reserve to assist with one off costs in respect of Local Government Reform is approved by committee, the **General Reserve balance at 31/03/2013 will be £13.3m.**

3 Year Capital Programme



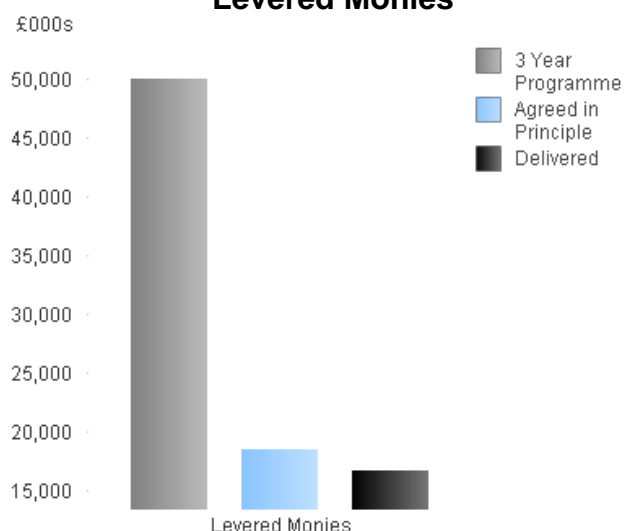
The Council's Investment Programme 2012-2015 outlines plans for net capital investment in Council owned assets of £75m. This level of investment is supported with a capital financing budget of £10.14m.

The Capital Programme approved by the Strategic Policy and Resources Committee on 22 March 2013 outlined a commitment of £28.28m for the period of the Investment Programme 2012-2015. This includes commitments in the following years of:

- 2012/13 - £ 7.32m
- 2013/14 - £10.42m
- 2014/15 - £10.53m

If these plans are adhered to the Capital Programme will still have the capacity to deliver an additional £46.72m of capital projects over the period of the Investment Programme and remain within financial planning spending limits.

Levered Monies



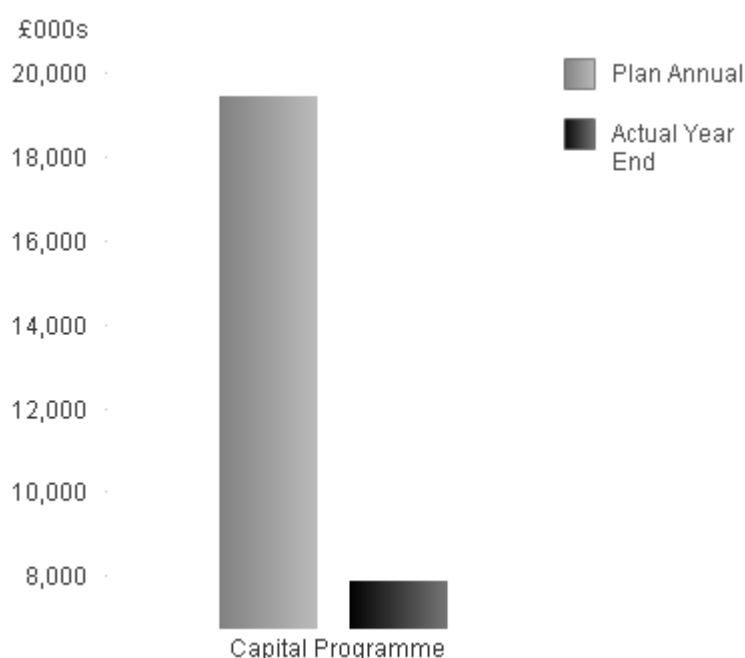
The Council's Investment Programme 2012-2015 set a target of £50m external funding (levered monies) to support the Council's 3-year Capital Programme and the Belfast Investment Programme.

The 2012/13 Capital Programme includes external funding of £18.63m of which £16.89m has been secured by contractual commitments. A list of all schemes where funding has been agreed in principle and/or has been secured is outlined below:

<i>Scheme / Project</i>	<i>Agreed in Principle (£)</i>	<i>Delivered (£)</i>	<i>Comment</i>
Woodvale Park	727,135	727,135	Letter of Offer received from DSD
Dunville Park	864,810	864,810	Letter of Offer received from DSD
Ardoyne Pitch and Mitch	189,000	189,000	Letter of Offer received from DSD
Marrowbone	495,000	0	No risk to funding at present
Hammer Complex (Pitch)	245,000	0	No risk to funding at present
Mountain Bike Trail	350,000	350,000	Letter of Offer received from Sport NI and DARD
Urban Broadband	13,700,000	13,700,000	Letter of Offer received from DCMS
Outdoor gym equipment	80,000	80,000	Letter of Offer received from PHA
BVCB/Belfast Welcome Centre	747,000	747,000	Letter of Offer received from NITB
Pitches Strategy	1,000,000	0	No risk to funding at present
Ballysillan Playground	236,066	236,066	Letter of Offer received from DSD
Total	18,634,011	16,894,011	

Note: £25.74m funding has been agreed in principle for the Connswater Community Greenway project. This has been delivered through Letters of Offer received from the BIG Lottery Fund and DSD.

Capital Programme



The Strategic Policy & Resources Committee, 22 June 2012, agreed a programme of net expenditure for 2012/13 of £19.42m. This includes expenditure on legacy projects, £1.76m, committed projects, £10.93m and uncommitted projects £6.73m.

The final outturn for the year to 31 March 2013 shows the Council has incurred net expenditure of £8.27m. The reason for this variance was explained in detail to the SP&R Committee on the 22 March 2013.

The preparatory work currently being undertaken and additional resources should ensure that the projects will move much more quickly over the next two years. Expenditure for the year to date and forecast outturn on Stage 3: Legacy projects, Stage 3: Committed projects and Stage 2 is outlined below:

Stage 3: Legacy Projects

The Council has incurred £1.07m expenditure on projects which were at finalisation stage before the commencement of the Investment Programme. The main areas of expenditure are:

- Ulster Hall refurbishment - £233k
- City Hall - Major works - £190k
- Wireless Bin Monitoring System - £101k
- Alleygates Phase 2 - £104k
- Grove Wellbeing Centre - £109k

Stage 3: Committed Projects

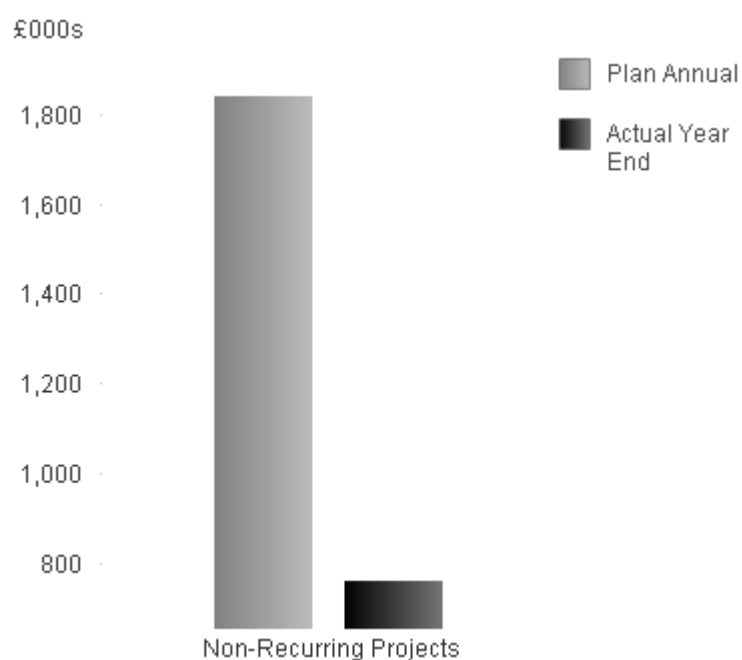
The Council has incurred £6.47m expenditure on the remaining committed projects. The main areas of expenditure are:

- Mary Peters Track - £2.85m
- Dunville Park Refurbishment - £550k
- Woodvale Park Refurbishment - £366k
- Crematorium - Mercury Abatement System - £1.01m
- Replacement Fuel Station - Duncrue - £613k

Stage 2 Projects

The Council has incurred £146k expenditure on uncommitted projects to 31 March 2013. These schemes will only move to tender stage upon approval from the Strategic Policy & Resources Committee and Council.

Non-Recurring Projects



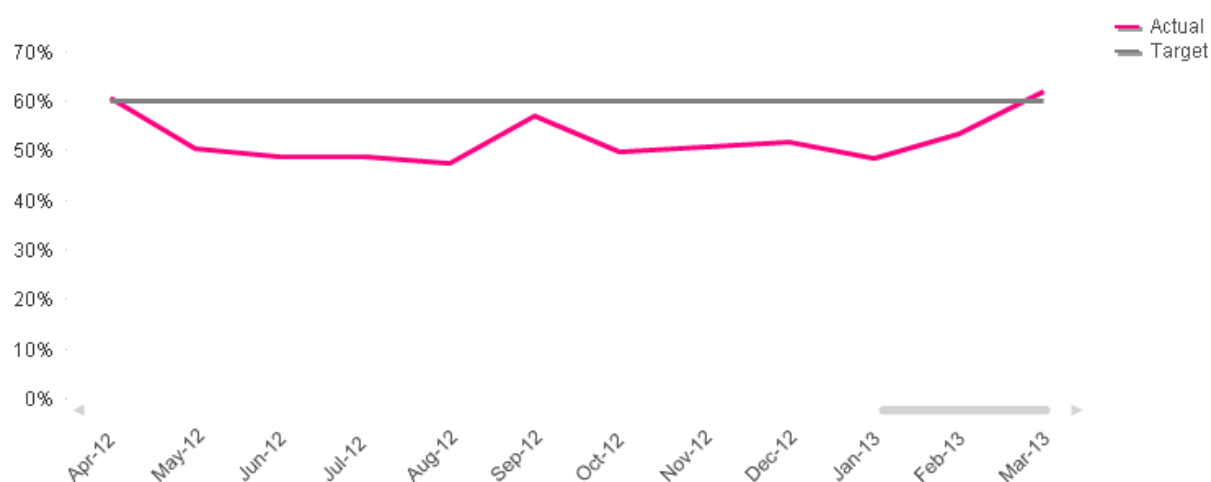
The Strategic, Policy & Resources Committee, 22 June 2012 agreed a programme of non-recurring expenditure on building upgrade and maintenance projects amounting to £1.84m, funded from the forecast underspend in the capital financing budget. The final outturn for 2012/13 was £760k, £1.08m less than previously anticipated, due to the necessity of tendering much of the associated works. The remaining works will be completed in 2013/14.

The main areas of expenditure were:

Location	£
Belfast Zoo	169k
Cecil Ward Building	108k
Andersonstown Leisure Centre	77k
St George's Market	58k
Sir Thomas & Lady Dixon Park	50k
ISB Building	33k

Key Performance Indicators (KPIs): Debtors KPI 1

The Percentage of Debtor invoices collected within 30 days:



The target for the 2012/13 year was increased from 50% to 60% highlighting our intention to continue to improve in this area.

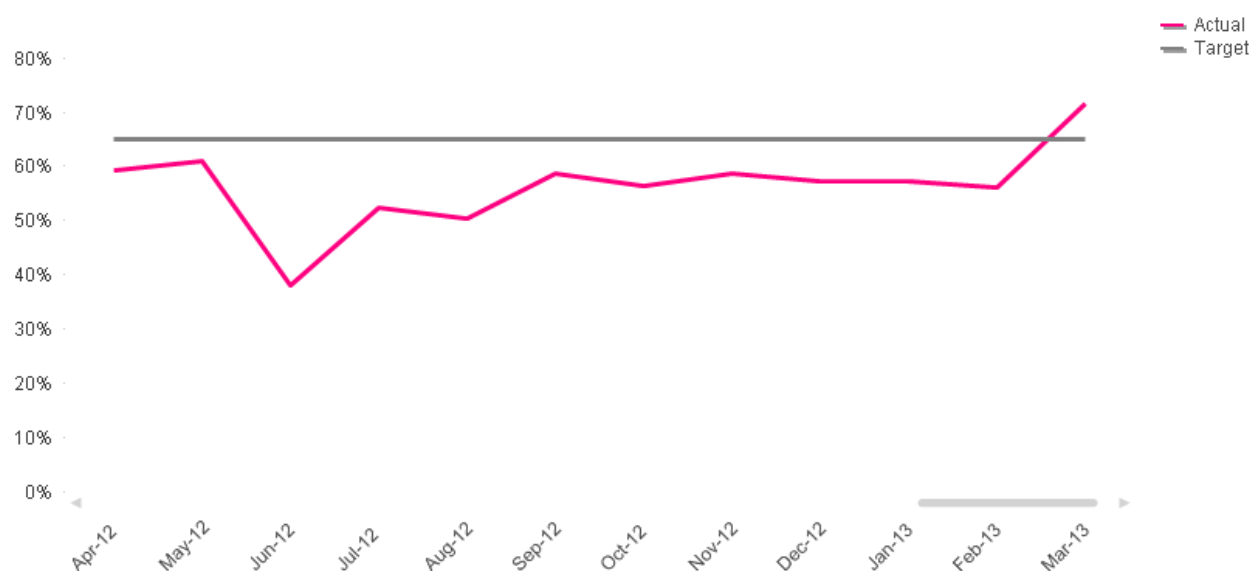
The percentage of customer invoices being paid within 30 days has risen from 52.4% in quarter 3 to 62.1% in quarter 4.

The Central Transaction Unit will continue to proactively pursue customers who exceed their payment terms in order to improve on current performance.

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

Key Performance Indicators (KPIs): Debtors KPI 2

The Percentage of money (debt) owed to the council which is less than 90 days old:



At the end of quarter four the percentage of debt less than 90 days old owed to the council was 71.6%. This is an improvement on the 57.5% at the end of quarter three. Invoices of approximately £1.1m were raised in the last three weeks of the financial year. If these invoices are excluded the position would still have improved to 61.1%.

The issue of these invoices resulted in the overall level of debt rising from £3.02m at the end of quarter three to £4.2m at the end of quarter four. However, the overall level of debt at the close of period one is £2.98m.

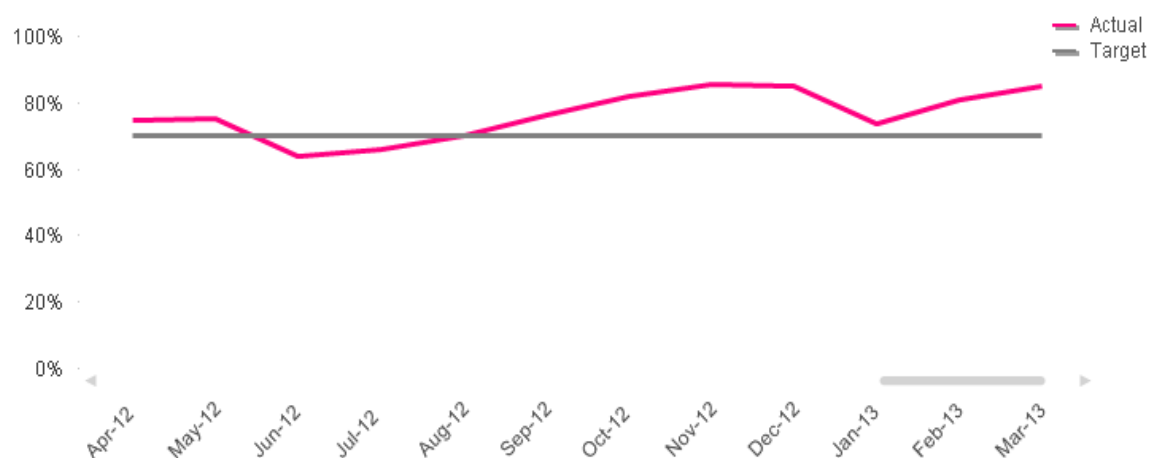
With payment plans having been put in place with customers for older debt this inherently means it takes longer for debt over 90 days to reduce. Customer statements are issued on a monthly basis to identify and remind customers of outstanding debt.

The Central Transactions Unit continues to liaise with customers and departments on a monthly basis to reduce the overall amount of debt.

Customer debts continue to be referred to Legal Service and the Small Claims Court where appropriate to ensure debt is recovered.

Key Performance Indicators (KPIs): Creditors KPI

The Percentage of Creditors paid within 28 days



As part of the Investment Programme it was agreed that by the end of 2014/15 90% of creditors would be paid within 28 days. In order to achieve this, targets were set for the intervening years, with a target of 75% by 31 March 2013 and 85% by March 2014.

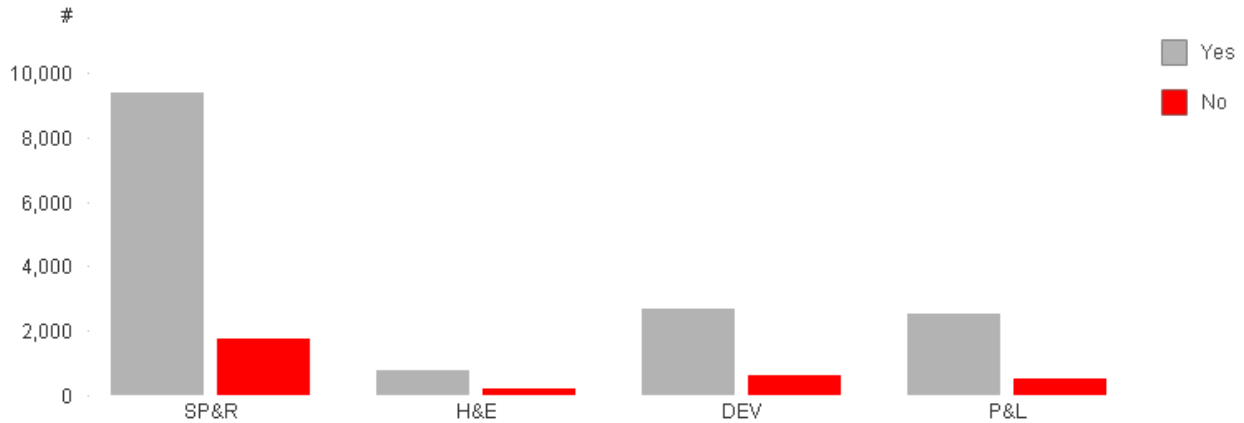
At quarter three the average percentage of creditors paid within 28 days was 75.5%; this has increased to 80.0% at the end of quarter four.

An improvement programme has been developed and is currently being implemented to help sustain this improvement and ensure the target of 90% is met by the end of 2014/15.

Key Performance Indicators (KPIs): Procurement Compliance

Procurement Compliance refers to the purchases that are made in compliance with the standard procure to pay process in BCC. These processes help ensure that our creditors are paid in a timely fashion and our accounts are accurate and up to date. The following indicators are intended to give a flavour of how well we are doing at adhering to the processes.

Indicator 1: Compliant Purchases (Purchase order created on system before ordering goods)



The impact of ordering goods without a purchase order being created on the system are that a) the authorisation for purchasing goods has not gone through the proper channels, b) incomplete records are available and decisions are being made based on information that is not correct and c) suppliers whose invoices do not have purchase orders take longer to pay and this contravenes an objective of the investment programme, negatively affecting supplier relationships with BCC.

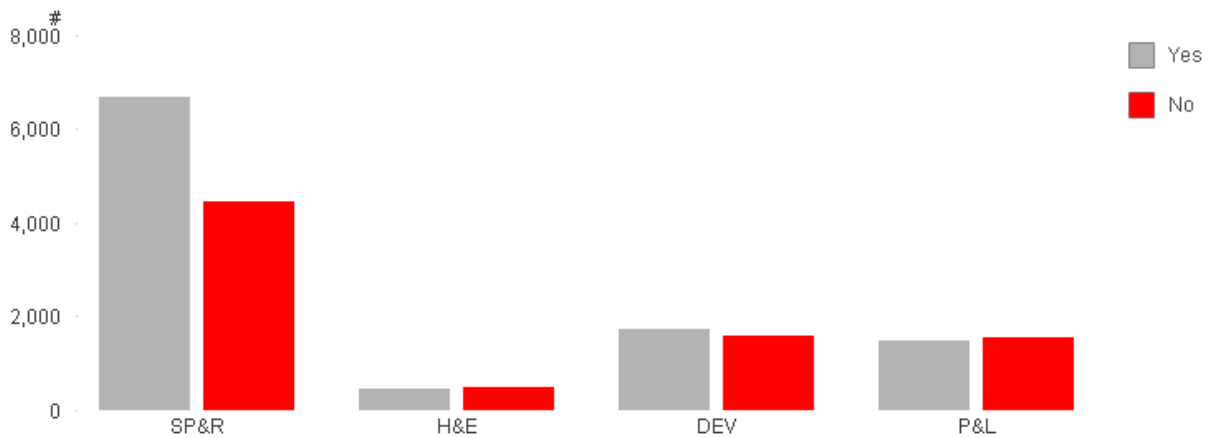
This indicator shows how often goods or services are ordered with a valid purchase order being created prior to the order being placed.

Members have set a target of 85.0% for the Council. The table below shows how Standing Committees have performed. Overall the level of compliance is 83.37%. All departments are monitoring performance to identify where there is non compliance. This together with the roll out of SRM (computerised purchase ordering) across departments will ensure continued improvement in this indicator.

	% Compliant
Belfast City Council	83.37
Strategic Policy & Resources Committee	84.44
Health & Environmental Services Committee	79.41
Development Committee	81.50
Parks and Leisure Committee	82.75

Key Performance Indicators (KPIs): Procurement Compliance

Indicator 2: Timeliness of Goods on System (Goods received and marked received on system within 5 days)



The impact of not marking goods as received onto the system is that a) BCC records of goods on site are not up to date and b) there is a risk that a department might overspend its budget as goods have been received but are not showing against the budget and c) it can take longer to pay the suppliers invoices and this contravenes an objective of the investment programme, negatively affecting supplier relationships with BCC

This indicator shows when goods or services are received into the Council whether they have been marked on the system as received (compliant) or whether the officer has waited for the invoice before marking the goods or service as received (non-compliant).

Members have set a target of 75.00% compliance. The table below shows performance significantly below target. Directors are monitoring performance with monthly reports discussed at Departmental Management Teams and specific actions are being taken to address the operational difficulties of ensuring goods or services are confirmed as received. This together with the roll out of SRM across Departments should ensure significant improvement in this indicator.

	% Compliant
Belfast City Council	56.17
Strategic Policy & Resources Committee	60.01
Health & Environmental Services Committee	48.28
Development Committee	52.15
Parks and Leisure Committee	48.99

Belfast City Council – Committee Summary

Committee	Annual Plan £000s	Actuals Year-end £000s	Variance £000s	% Variance
Strategic Policy & Resources Committee	31,921	31,661	-260	-0.8%
Health Environmental Services Committee	42,986	42,478	-508	-1.2%
Development Committee	19,660	19,509	-151	-0.8%
Parks & Leisure Committee	23,166	23,221	55	0.2%
Total	117,732	116,869	-864	-0.7%
Capital Financing			0	
Release of Provisions			-1,000	
Rates Income			-3,900	
Contribution to Specified Reserves			-3,000	
Drawdown from Reserves			2,078	
Forecast Movement on Reserves for current year			-6,686	
<u>Analysis of Forecast Reserves Balance</u>				
Opening Balance Reserves		13,905		
Movement in Reserves		6,686		
Total Reserves		20,591		
Specified Reserves Balance		5,290		
Balance General Reserves		15,301		
LGR Fund		2,000		
Closing Balance General Reserves		13,301		