



Belfast City Council

| | |
|---------------------------|-------------------------------------------------|
| Report to: | Strategic Policy and Resources Committee |
| Subject: | Financial Reporting – Quarter 1 2014/15 |
| Date: | 22 August 2014 |
| Reporting Officer: | Ronan Cregan, Director of Finance and Resources |
| Contact Officer: | Mark McBride, Head of Finance and Performance |

| | |
|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.0 | Relevant Background Information |
| 1.1 | The Strategic Policy and Resources Committee agreed on 18 June 2010 that: <ul style="list-style-type: none">• The Council would produce financial reporting packs for the Strategic Policy and Resources Committee and each Standing Committee on a quarterly basis.• The Budget and Transformation Panel would also receive monthly financial updates if there were any significant issues to report. |
| 1.2 | The reporting pack contains a summary dashboard of the financial indicators and an executive summary explaining the financial performance (Appendix 1). It also provides a more detailed explanation of each of the relevant indicators for the quarter including payment of creditors, recovery of debt and procurement compliance. |

| | |
|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.0 | Key Issues |
| 2.1 | Current and Forecast financial Position 2014/15 <p>The financial position for Quarter 1 is a net departmental under-spend of £462k (1.5%). The forecast year end departmental position is an under-spend of £824k (0.7%) which is well within the acceptable variance limit of 3%. The major reason for the variance in the year end forecast relates to the provision of £500k of expenditure for planned changes to the local government pension scheme for which the effective date was deferred until 1 April 2015.</p> |
| 2.2 | Capital Financing <p>The capital financing budget is £13.37m. This budget is forecast to break even and will be used to finance the capital programme and feasibility work to support the Investment Programme. A detailed Quarter 1 half year capital programme report is included on the agenda.</p> |

| | |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.3 | <p>Rate Income</p> <p>The quarter 1 forecast by LPS is a positive rate settlement of £2.3m. The assumptions around this forecast will be analysed by Financial Services and considered as part of the half year financial report.</p> |
| 2.4 | <p>Investment Programme</p> <p>Committed expenditure approved by the Strategic Policy and Resources Committee for the 3 year Capital Programme stands at £30,503m, leaving £44,497m of schemes within the 3 year programme at the uncommitted or emerging project stage.</p> |
| 2.5 | <p>Committed expenditure on LIF projects currently stands at £4.75m, with 50 projects worth £3.45m having been through the Council's due diligence process. Actual payments of worth £936k have been made to date.</p> |
| 2.6 | <p>The amount of levered external funding for the Investment Programme which has been agreed in principal is £69.415m, with £50,290m of these funds confirmed through letters of offer.</p> |
| 2.7 | <p>Actual capital expenditure for the period was £898k, while non-recurring expenditure was £33k.</p> |
| | <p>Other Financial Indicators</p> |
| 2.8 | <p>The percentage of average for debt under 90 days old increased during the quarter to 63.6% which was slightly below the target of 65%. The percentage of debt collected in 30 days was 46.7% against a target of 60%, however overall debt reduced from £3.7m to £3.6m at the end of quarter 1.</p> |
| 2.9 | <p>The average number of creditors paid within 28 days for quarter 1 was 90.6%, compared to a target of 85%</p> |

| | |
|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.0 | Resource Implications |
| 3.1 | <p>The forecast year end departmental position is an under-spend of £824k (0.7%) which includes £500k of planned expenditure arising from changes to pension regulations which will not now come into effect until April 2015. In addition, LPS are forecasting a year end positive rate settlement of £2.3m.</p> |
| 3.2 | <p>As part of the revenue estimates process, departments are assessing the transition cost implications of condition surveys of assets transferring to the Council from Lisburn and Castlereagh. The Committee will also be considering separate papers at this meeting relating to the one-off mobilisation costs associated with the Waterfront Hall Exhibition Centre (£700k) and Innovation Centre (£130k).</p> <p>It is therefore recommended that there should be no reallocations of the forecast under spend at this stage, but that the Committee agree that any in year under spends be ring fenced to meet the non recurrent costs referred to above which would avoid these costs being added to the district rate in 2015/16.</p> |

| | |
|------------|-----------------------------------------------------------------------------------|
| 4.0 | Equality and Good Relations Implications |
| | There are no equality and good relations implications associated with the report. |

| | |
|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5.0 | Recommendations |
| | Members are asked to:- <ul style="list-style-type: none">• Note the contents of the quarter 1 financial report.• Agree that no reallocations of the forecast under spend be made at this stage but that any in year under spends be ring fenced to meet the mobilisation costs of the Waterfront Hall (£700k) and the Innovation Centre (£130k) and non recurrent costs associated with Local Government Reform. |

| | |
|------------|--------------------------|
| 6.0 | Decision Tracking |
| | |

| | |
|------------|--------------------------------|
| 7.0 | Key to Abbreviations |
| | LPS: Land and Property Service |

| | |
|------------|--------------------------------------|
| 8.0 | Documents Attached |
| | Appendix 1: Financial Reporting Pack |