



Subject:	Financial Reporting – Quarter 2 2016/17
Date:	18 November 2016
Reporting Officer:	Ronan Cregan; Director of Finance and Resources
Contact Officer:	Mark McBride, Head of Finance and Performance

Is this report restricted?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Is the decision eligible for Call-in?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

1.0	Purpose of Report or Summary of main Issues
1.1	This report presents the Quarter 2 financial position for the Council including a forecast of the year end outturn. It includes a reporting pack which contains a summary of the financial indicators and an executive summary (Appendix 1). It also provides a more detailed explanation of each of the relevant indicators and the forecast outturn for the year.
1.2	The Departmental year end forecast is a net year end positive balance of £1,496k which represents a variance of 1.1% of the annual net expenditure budget which is well with the acceptable target limits.
1.3	However Land and Property Services are forecasting a district rate claw back position of £2,154k which means that the Council has to find an additional £658k, above the forecast departmental positive balance to fully finance the rates claw back.
1.4	Officers are reviewing the planned capital programme and non-recurrent programmes to identify potential capital financing which could meet the £658k balance of the rates claw back so as not to impact on the Council's reserves position.
1.5	In order to secure the current forecast departmental positive balance, Directors have been

	advised that a recommendation will be made to Members that departmental cash limits should be capped at the forecast level with no in year reallocation of funds being allowed by departments unless they are built into the forecasts.
2.0	Recommendations
2.1	<p>The Committee is asked to:</p> <ul style="list-style-type: none"> • Note the forecast departmental position and rates claw back position at Quarter 2. • agree, that in order to limit the impact on the Council's reserves position, departmental cash limits are capped at their forecast position and that officers will review the planned capital programme and non-recurrent work programmes to secure the £658k balance of the rates claw back from the capital financing budget.
3.0	Main report
	Current and Forecast Financial Position 2016/17
3.1	The financial position for Quarter 2 is a net departmental positive balance of £2,267k (3.4%). The forecast year-end departmental position is a positive balance of £1.496k (1.1%), which is well within the acceptable variance limit of 3%.
3.2	The departmental balance arises mainly from the receipt of additional planning and building control fee income as well as additional grant income and below budget employee and supplies expenditure due to staff vacancies, staff turnover and reduced fuel costs. This has been partly offset by uncontrollable increases in waste management contracts.
	Rates Finalisation
3.3	<p>The Quarter 2 forecast by Land and Property Services is an adverse outturn of £2,154k. This is mainly due to non-domestic revaluation appeals and city development removals from the valuation list and the loss of industrial de-rating grant. In summary,</p> <ul style="list-style-type: none"> • £8.2m has been removed from the valuation list due to demolitions / refurbishments. • £9.1m has been added to the list due to new builds. • £7.3m has been removed from the list following completion of valuation appeals.

	Capital Projects
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3.4	Planned capital expenditure for 2016/17 approved as part of the capital programme is £55.04m, with forecast expenditure for the year being £45.1m.
3.5	The Summary Dashboard, on page 2 of the attached performance report, summarises forecast expenditure on other capital programme including Non-Recurring Projects (£1,840k), Feasibility Fund (£129k) and projects in the new boundary areas (£900k).
3.6	Committed expenditure approved by the Committee on Belfast Investment Fund projects is £15.2m, with a further £4.9m committed on LIF 1 projects and £3.7m on LIF 2 projects.
	Capital Financing
3.7	The summary dashboard has also been updated to provide analysis of the annual capital financing budget. A target of £658k which represents the further in-year savings which have to be found to finance the balance of the rates claw back, has been set for capital financing expenditure.
	Forecast Reserves Position
3.8	As the district rates claw back is forecast to be financed from 2016/17 budgets, general reserves are forecast to remain at £12.8m.
3.9	The planned expenditure from specified reserves is forecast to reduce the specified reserve balances to £2.1m at the year end.
3.10	<u>Finance and Resource Implications</u> The Departmental position at Quarter 2 together with the forecast year end Council position is detailed within the report.
3.11	<u>Equality Implications</u> None.
4.0	Appendices – Documents Attached
4.1	Appendix 1 - Quarter 2 Finance Report