



Strategic Policy and Resources Committee

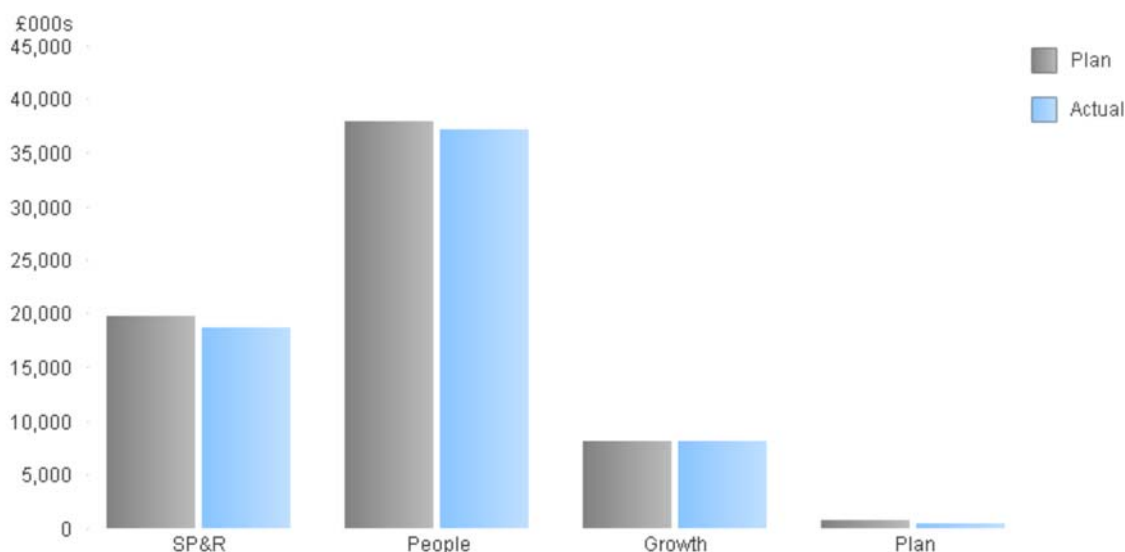
Quarterly Finance Report

Report Period: Quarter 2, 2016/17

Dashboard - Quarter 2, 2016/17

Revenue Section							Page	
Committee	YTD	YTD Var £000s	Var %	Forecast	Forecast Var £000s	Var %		
Strategic Policy and Resources		(1,039)	(5.3)%		(240)	(0.6)%	3, 5	
People and Communities		(819)	(2.2)%		(601)	(0.8)%		
City Growth and Regeneration		(94)	(1.1)%		(195)	(1.2)%		
Planning Committee		(315)	(42.2)%		(460)	(30.1)%		
Total		(2,267)	(3.4)%		(1,496)	(1.1)%		
Rate Income Variance					2,154		7	
Reserves Statement								
Reserves	Opening Balance £000s	YTD Movement £000s	Balance £000s	Forecast £000s				
General	12,863	0	12,863	12,863				
Specified	6,318	(1,432)	4,886	2,072				
Total	19,181	(1,432)	17,749	14,936				
Capital Section							Page	
Capital Programmes	YTD	Expenditure Limit £000s	Actual Expend. £000s	Balance to go £000s	Forecast	Forecast Expend. £000s	Forecast Var £000s	
Annual Capital Programme		55,037	21,034	34,002		45,142	(9,895)	10-11
Feasibility		250	89	161		129	(121)	12-13
LGR New Boundary		1,565	89	1,476		906	(659)	
LTP Efficiencies		0	0	0		0	0	
Non-Recurring Projects		1,883	196	1,687		1,840	(43)	
Capital Funds	YTD	Fund Limit £000s	Committed £000s	Balance Remaining £000s	Actual Expend. £000s			
Belfast Investment		28,200	15,220	12,980	142			14
LIF 1		5,000	4,929	71	3,959			15
LIF 2		4,000	3,763	237	301			
Capital Financing Section								
Capital Finance	Plan £000s	Forecast £000s	Forecast Var £000s					
Transferring Loans	677	677	0				16	
LTP Efficiencies	1,871	1,871	0					
Leisure - New BCC	2,000	2,000	0					
Leisure Transformation Financing	3,230	3,230	0					
Investment Programme	10,313	9,655	(658)					
Total	18,091	17,433	(658)					

Committee Net Revenue Expenditure: Year to Date Position



The Quarter 2 position for Belfast City Council is an **under spend of £2.3m or 3.3%** of the total budget.

The **Strategic Policy and Resources Committee** is under spent by **£1m**, which is **5.3%** of the committee budget.

The net under spend is mainly due to:

- The **City Centre Regeneration** service showing a net under spend of £284k, due to the lead time for establishing the City Centre Development Team.
- **Pensions** under spent by £212k due to the timing of employer's contribution payments.
- **PPD Estates** are £208k under budget mainly due to underspends in employee costs (posts in process of being recruited) and supplies and services work still to be undertaken.
- Employee underspends in **Finance & Resources** (£108k), **Democratic Services** (£102k) and **Human Resources** (£78k) due to vacant posts and delays in recruitment.

The **People and Communities Committee** is under spent by **£819k**, which is **2.2%** of the Committee net expenditure budget.

The net under spend is mainly due to:

- **Parks and Cemetery Services** net expenditure at Quarter 2 is £134k below budget due to Cemeteries/Crematorium income £49k above estimate, a £29k under spend in employee costs and utilities being underspent by £120k. Compensation claims are £91k above estimate at quarter 2.
- **Neighbourhood and Development Services** net expenditure at Quarter 2 is £237k below budget. There is £48k under spend in employee costs and additional grant income of £169k was received in relation to sports funding and street trees.
- **Environmental Health (excluding Off Street Car Parking)** net expenditure at Quarter 2 is £154k below budget and is due in the main to vacant posts/reduced hours, and additional income.
- **Cleansing Services** net expenditure at Quarter 2 is £287k below budget and is due primarily to additional income in relation to commercial waste contracts and reduced fuel costs arising from reduced fuel prices and usage.
- **Waste Management** is over budget at Quarter 2 by £197k. This is primarily due to increased tonnages in relation to Household Recycling Centres (HRC's) together with an increase in the HRC residual waste gate fee.

The **City Growth and Regeneration Committee** budget is under spent by **£94k**, or **1.1%** of the Committee net expenditure budget

The net under spend is due to:

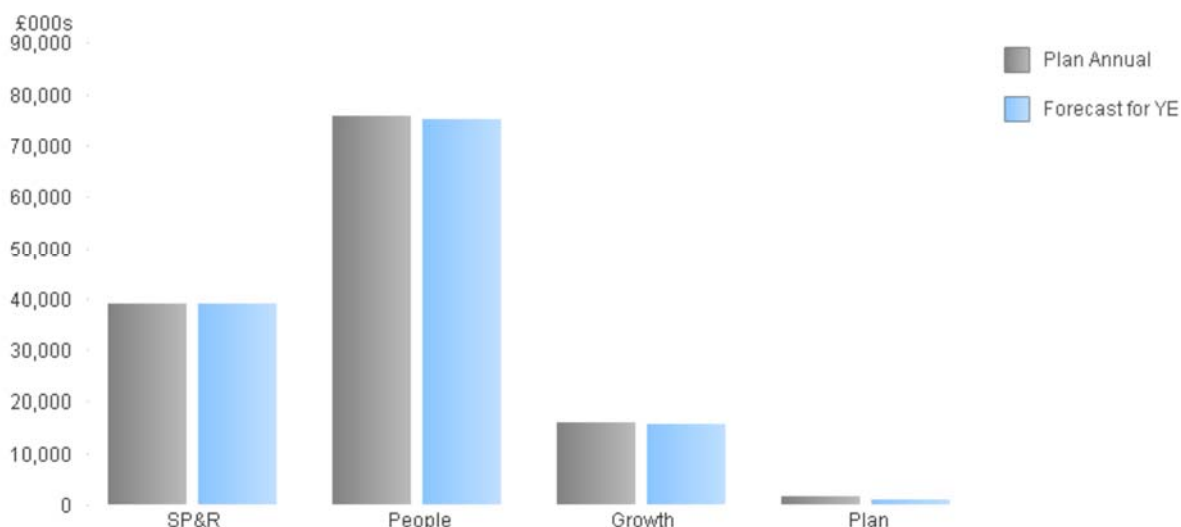
- **Development Directorate** are underspent by £86k as a result of an under-spend within employee costs relating to vacant posts and posts under review.
- The **Economic Initiatives and International Development** is under spent by £84k mainly due to additional income of £36k from City Markets for additional stallage hire fees and under spends in employee costs of £43k.
- **Off street car parking** is under budget by £63k mainly due to increased income (PCN, pay and display, season tickets and fees).
- The **Zoo** is over spent by £163k due to a shortfall in income of £215k and over spends in employee related costs of £45k. These are partially offset by underspends in hired and contracted services to help address the shortfall.

Additional **Planning Committee** income meant that **£315k** of planned net expenditure was not required.

The £315k variance is mainly due to:

- Additional **Belfast Planning Service** fee income of £105k.
- Additional **Building Control** of £210k largely relating to plan and inspection fees.

Committee Net Revenue Expenditure: Forecast for Year End



The Quarter 2 year end forecast for Belfast City Council is an under spend of **£1.5m** or **1.1%** of the Council's net expenditure budget.

Strategic Policy and Resources Committee has a Quarter 2 forecast under spend of **£240k** which is a variance of **0.6%** of the Committee's net budget.

The key drivers to this forecast underspend are :

- **The Finance & Resources Department** forecast an under spend of **£337k** mainly due to ongoing vacancies and staff turnover.
- **The Chief Executive's Department** forecast an underspend of **£204k** largely due the lead in time is establishing the City Centre Development Team
- **The Property & Projects Department are forecasting** an over spend of **£325k**. The main reasons being increased maintenance and fleet costs.

People and Communities Committee has a Quarter 2 forecast of an under spend of **£601k** or **0.8%** of the committee's net budget.

The main drivers to this forecast are:

- **Waste Management** is forecast to be £474k above budget, this relates to increased waste tonnages and increased residual waste gate fee.
- **Cleansing Services** net expenditure is forecast to be £342k below budget due to increased income in relation to commercial waste contracts and reduced fuel costs arising from reduced fuel prices and usage.
- **Environmental Health** is forecast to be £197k below budget due to vacant posts/reduced hours, and additional central government grant income.
- **Parks and Leisure Directorate** is forecast to be £150k under budget due vacant posts, pending the wider structural review.
- **Neighbourhood and Development Services** is forecast to be £155k under budget due primarily to vacant posts. Included in the forecasted underspend is a grant funding underspend of £55k as the number of applications received has reduced.
- **Parks and Cemetery Services is forecast to be** £140k under budget due to vacant posts, pending the wider structural review. Additional income is also projected to be received at the crematorium.

It is forecast that the **City Growth and Regeneration Committee** budget will be under spent by **£195k**, or **1.2%**, of its budgeted expenditure at year end.

The main drivers to this forecast are:

- **Directorate** are forecast to be under spent by £314k at year end due to a reduction in programme costs within the Urban Development Unit.
- **Off Street car parking** is forecast to be under spent by £27k as a result of increased income
- The **Zoo** is forecast to be £130k over spent at year end as income targets set are not performing as well as expected.

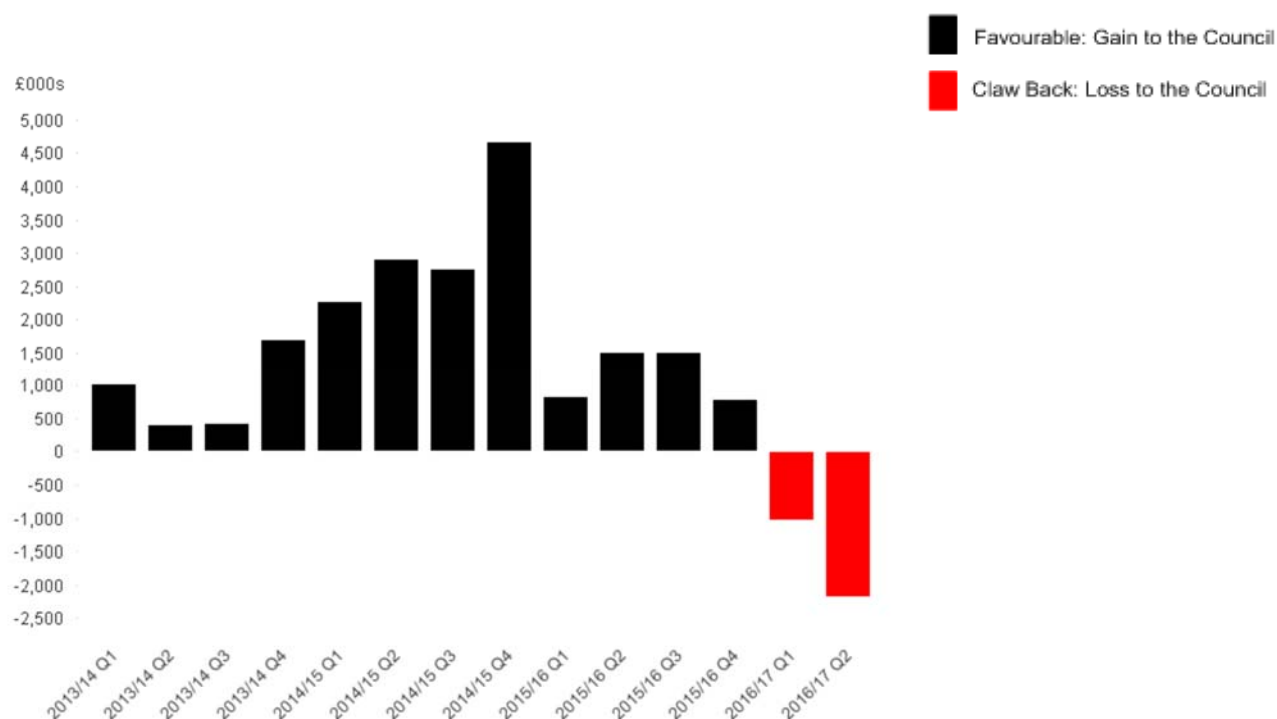
Additional income for the **Planning Committee** means that planned expenditure of £480k is forecast not to be required at year end.

The main driver to this forecast is:

- **Belfast Planning Service** income trends are difficult to assess but it is likely to be £220k above the budgeted target.
- The **Building Control** service expects to receive additional net income from fees and grants of approximately £260k.

District Rate Forecast Variance for Year End

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

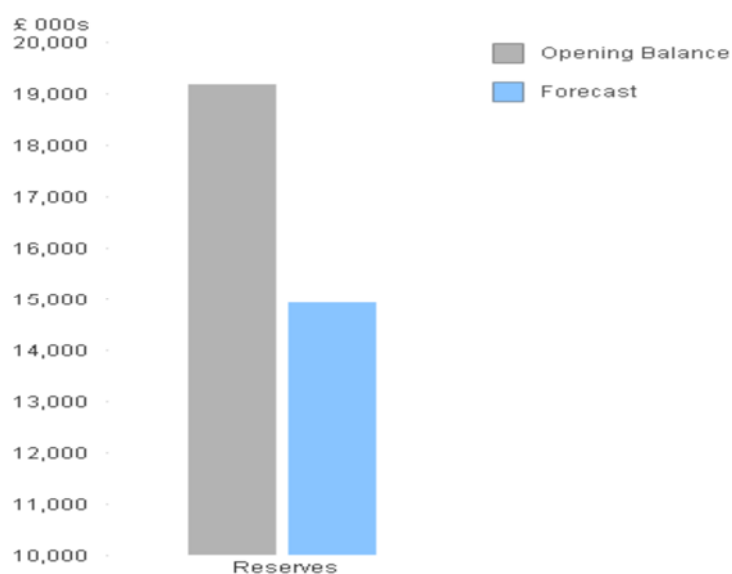


At quarter 2 Land and Property Services are forecasting a district rate clawback of £2.15m arising from non-domestic rate base decline. The main reasons being:

- A number of successful appeals against the 2015 non-domestic revaluation assessment
- City development removals from the valuation list eg Windsor House

Officers are continuing to work with LPS to review income and losses and in particular, significant drivers to the year-end forecast.

Forecast movement on reserves



The Council's total reserves balance at 31/03/2016 was £19.18m. This included specified balances of £6.3m.

The balance of general reserves is forecast to remain at £12.8m at the year end. The application of specified reserves and the funding of voluntary redundancy and pension costs will result in a forecast specified reserves balance of £2.07m at year end, meaning forecast total reserves of £14.9m.

Note :Specified reserves balances at the end of Quarter 2 are

Boxing Strategy	£149,383
Tall Ships 2015 /16	£82,222
Area Pilots Divis	£37,238
Major Events	£208,764
VR and Actuarial	£701,455
Advice Centre/ Tribunal Service	£50,000
Non Recurring Expenditure	£2,281,842
Planning Legal Costs	£125,000
Olympia Community Benefit	£100,000
Fuel Contingency	£250,000
Belfast Agenda	<u>£900,000</u>
Total	£4,885,904

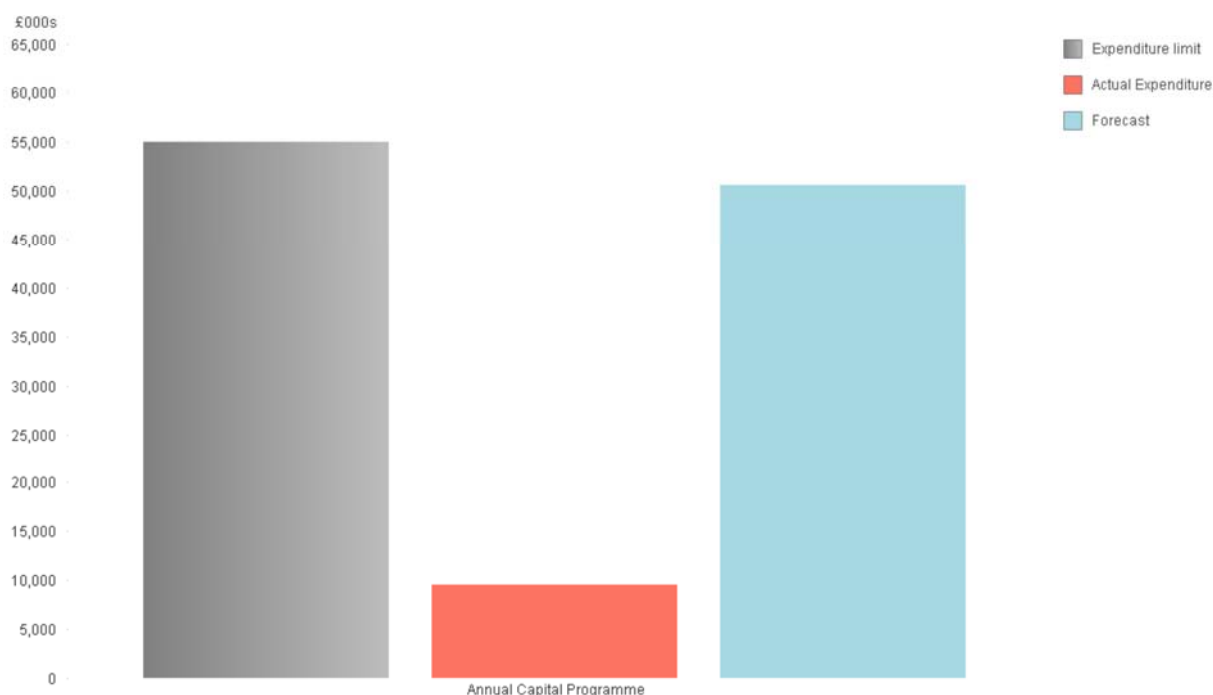
Forecast movement on reserves statement

Committee	Plan YTD £000s	Actuals YTD £000s	Variance YTD £000s	% Variance	Annual Plan 2016/2017 £000s	Forecast for Y/E at P6 £000s	Forecast Variance £000s	% Variance
Strategic Policy and Resources	19,763	18,724	(1,039)	(5.3)%	39,097	38,857	(240)	(0.6)%
People and Communities	37,967	37,147	(819)	(2.2)%	75,613	75,012	(601)	(0.8)%
City Growth and Regeneration	8,158	8,064	(94)	(1.1)%	15,914	15,719	(195)	(1.2)%
Planning Committee	745	430	(315)	(42.2)%	1,528	1,068	(460)	(30.1)%
Total	66,633	64,366	(2,267)	(3.4)%	132,152	130,657	(1,496)	(1.1)%
Capital Financing Underspend							(658)	
Rates Income variance - clawback							2,154	
Specified reserves movements							4,245	
Forecast movement on reserves for current year							4,245	

Analysis of forecast reserves balance

Opening balance reserves	19,181
Movement in reserves	<u>(4,245)</u>
Total Reserves	<u>14,936</u>
Forecast specified reserves closing balance	<u>2,072</u>
Forecast general reserves closing balance	<u><u>12,864</u></u>

Annual Capital Programme



Annual Capital Programme

The Strategic Policy & Resources Committee, 22 March 2016, agreed a programme of net expenditure for 2016/17 of £55.04m. This includes expenditure on committed projects, £47.84m and uncommitted projects, £7.2m.

In the six months to 30 September 2016 the Council has incurred net expenditure of £21.03m. Forecast outturn for the year is £45.14m, which is £9.90m less than previously anticipated.

Expenditure for the year on Stage 3 Committed projects and Stage 2 is outlined below:

Stage 3: Committed Projects

The Council has incurred £21.03m expenditure on the committed projects. The main areas of expenditure are:

- Council Accommodation - £8.85m
- LTP - Olympia Regeneration - £4.39m
- Pitches Strategy - £1.98m
- Connswater Community Greenway - £1.32m
- North Foreshore - £955k
- Fleet Replacement Programme - £649k

Forecast expenditure for Stage 3 committed projects for the year ending 31 March 2017 is £45.04m.

Stage 2 Projects

The Council has incurred £2k expenditure on uncommitted projects to 30 September 2016. There is a programme of expenditure of £100k for uncommitted projects until 31 March 2017. However, these schemes will only move to tender stage upon approval from the Strategic Policy & Resources Committee and Council.

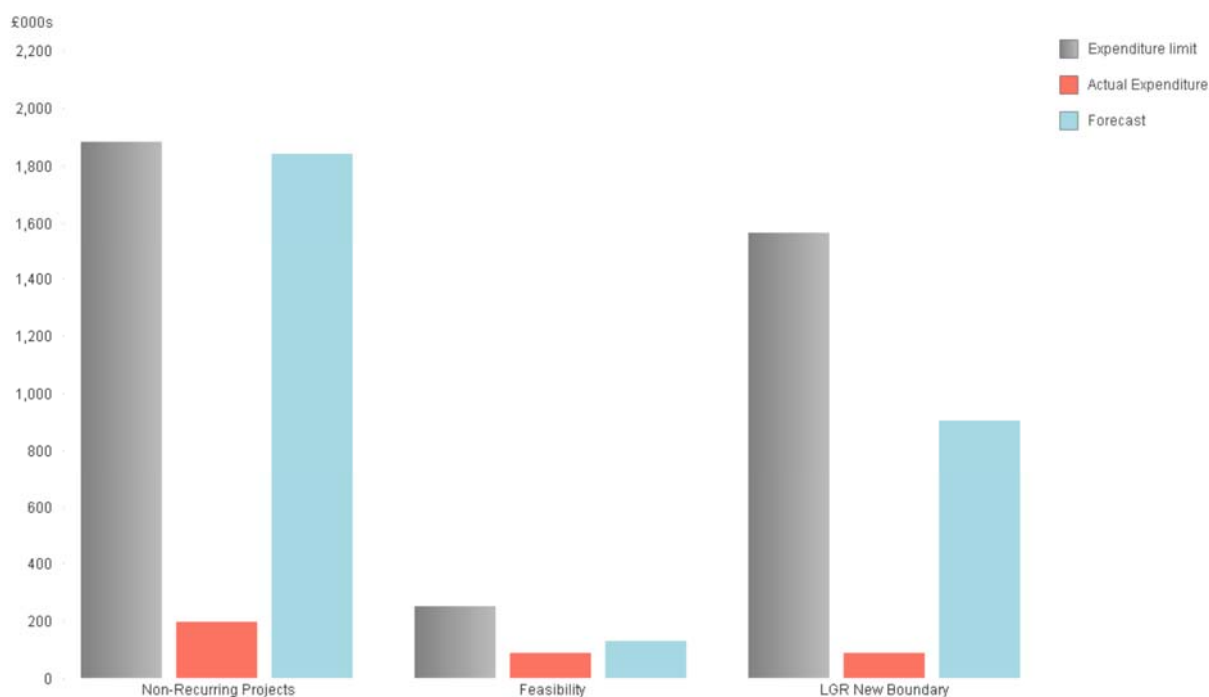
External Funding

The 2016/17 Capital Programme includes 19 projects that are part funded by external organisations.

In the six months to 30 September 2016, the Council has claimed/received £3.66m from these external funders. The main areas of funding are:

- Connswater Community Greenway - £1.70m
- Super-connected Belfast - £814k
- Belfast Waterfront Exhibition and Conference Centre - £476k
- North Foreshore - £328k

Other Capital Programmes



Feasibility

£250k from the capital financing budget has been ring-fenced to provide a Feasibility Fund in 2016/17

The Feasibility Fund enables initial feasibility work to be undertaken on proposed projects to bring them to a point where Members can decide if they should be progressed. The fund can be used for Local Investment Fund, Capital Programme or Belfast Investment Fund proposals.

As at 30 September 2016, the Council has committed £128k to the feasibility fund with £89k of this having been paid out. £39k relates to the Capital Programme Feasibility, £60k relates to BIF Feasibility and £30k relates to Urban Villages Feasibility.

Leisure - New Boundary

The Strategic Policy & Resources Committee, 22 March 2016, agreed a programme of net expenditure for 2016/17 of £1.56m for investment in the leisure estate in the new boundary area. The Council has incurred £89k on these projects to 30 September 2016. The forecast expenditure for 2016/17 is £906k.

The main areas of forecasted expenditure are:

Location	£
Prince Regent Road Depot	462k
Playground Replacements	260k
Sally Gardens	130k

Non-Recurring Capital Projects

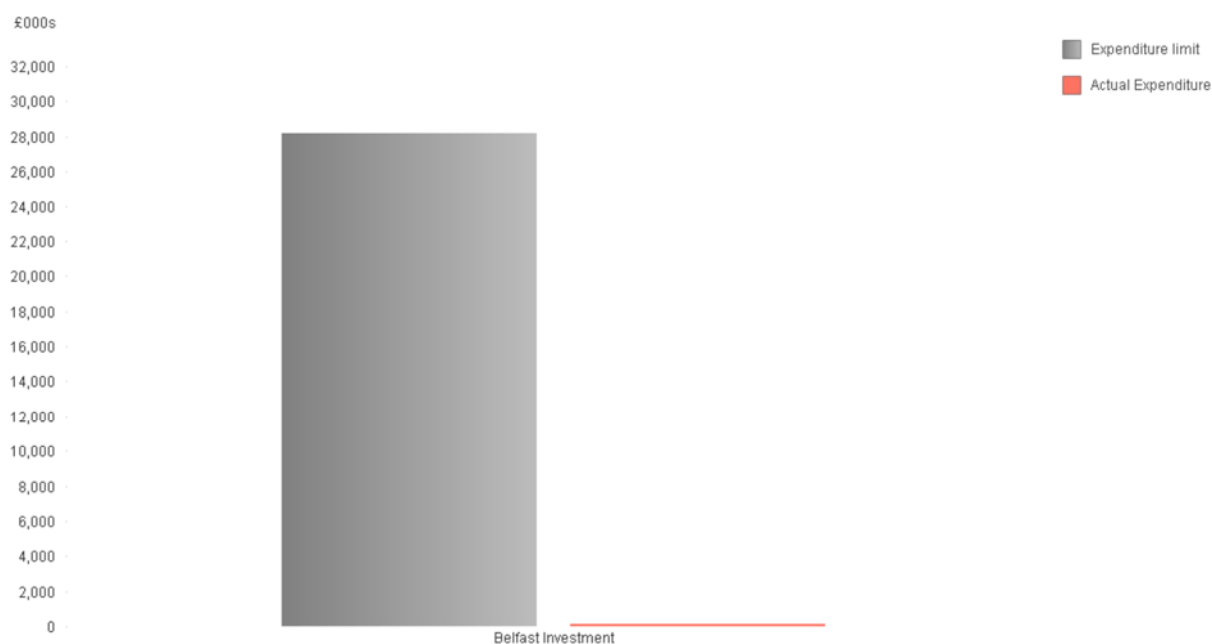
A planned programme of works amounting to £1.88m has been agreed for 2016/17.

The Council has incurred £196k of expenditure on non-recurring projects as at 30 September 2016. The forecast expenditure for 2016/17 is £1.84m.

The main areas of forecasted expenditure are:

Location	Work needed	£
City Hall	Preparation works	480k
BWUH	Maintenance	200k
New Building	Mobilisation	150k
Ormeau Park	Railings	130k
Various Playgrounds	Refurbishment	130k
Various Pitches	Drainage	125k

Belfast Investment



Belfast Investment Fund

The Council has established a Belfast Investment Fund (BIF) which is designed to support partnership projects across the city. The Strategic Policy & Resources Committee on 24 April 2015 agreed that there is £22m available under BIF and to ensure that there is balanced investment across the four city quadrants in terms of the overall allocation.

As part of the rates setting process in January 2016 an additional £5m was allocated to BIF, bringing the total to £27m. On 22 March 2016, it was agreed to allocate this additional funding proportionately across Outer West and Outer East.

At SP&R Committee on 23 September 2016 an additional £1.2m was allocated to projects in the Shankill area of the Court District Electoral Area.

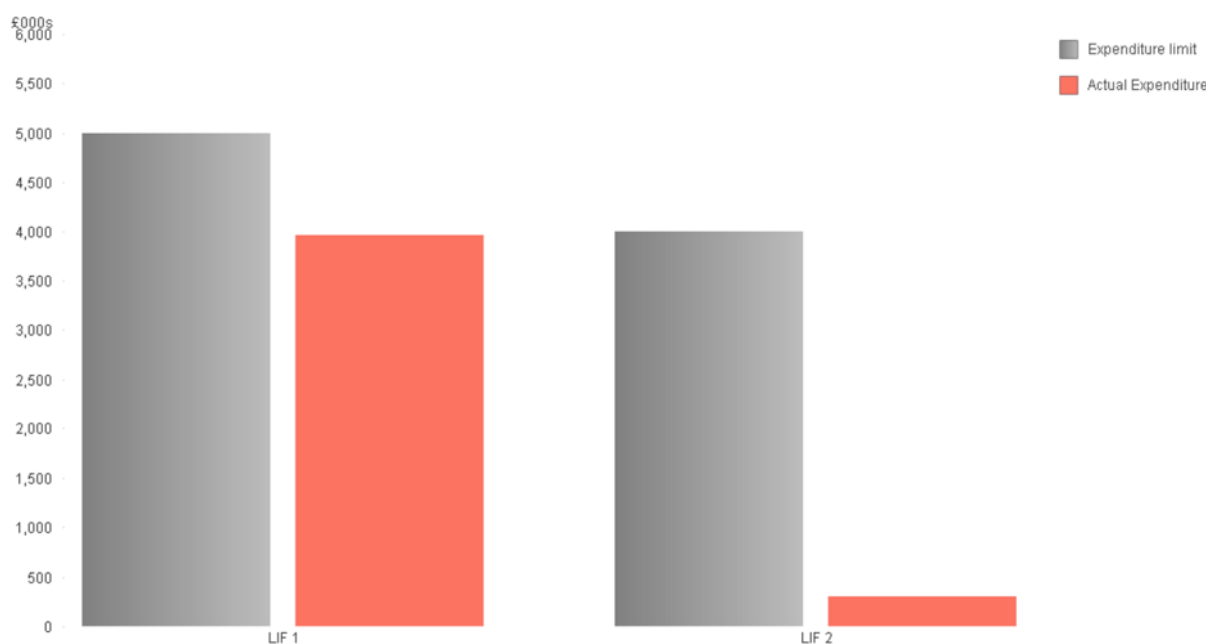
As at 30 September 2016, there are eleven committed projects totalling £15.22m investment. The Council has incurred £142k expenditure on these projects to 30 September 2016.

There are also four uncommitted projects, with £2.55m allocated, and eleven emerging projects, with £2.25m allocated. These projects will only become committed projects upon approval from the Strategic Policy & Resources Committee and Council.

The BIF contributions for each of the committed projects are:

Project	BIF Contribution £
Cancer Lifeline	650,000
Grace Women's Centre	1,600,000
Lagan Gateway at Stranmillis	2,150,000
Lanyon Tunnels	1,300,000
Bredagh GAC	700,000
Willowfield Parish Church	560,000
H&W Welders Club	2,370,000
Bloomfield Community Association	440,000
Lionra Uladh (Raidió Fáilte)	950,000
Davitts GAC	1,000,000
St Comgall's	3,500,000

Local Investment Funds (LIF 1 and LIF 2)



Local Investment Fund

LIF 1

An integral part of the Investment Programme was the establishment of a £5m Local Investment Fund (LIF) which was designed to support the delivery of key local regeneration projects in neighbourhoods and as a means for Members to connect with local communities in their area. This was in preparation for their formal role in community planning under the Reform of Local Government.

As at 30 September 2016, 70 projects worth £4.93m have been approved in principle, with 63 projects worth £4.50m have been through the Council's rigorous due-diligence process.

Funding worth £3.96m has been paid out to 57 groups across the Council area, including Small Steps Adult Education Group, May Street Presbyterian Church, C.S. Lewis Visitor Centre, An Cumann Chluain Ard, and St Matthew's Church Hall.

Due-diligence work is continuing on the other projects which have been approved in principle and officers are working closely with the groups to ensure all necessary information is being forwarded to the Council.

LIF 2

Given the success of the original LIF it was agreed at Shadow SP&R in March 2015 that a LIF 2 would be established and £4m will be allocated to AWGs for this on a proportional basis as below:

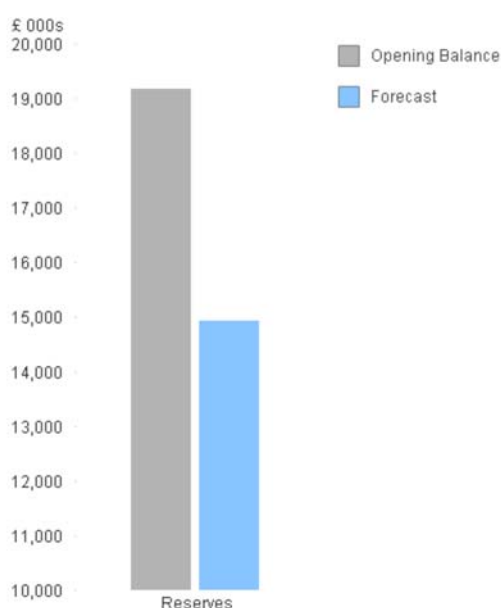
Area	LIF Allocation £
North	800,000
South	800,000
East	1,200,000
West	1,200,000

As at 30 September 2016, 54 projects worth £3.76m have been approved in principle, with 16 projects worth £1.55m have been through the Council's rigorous due-diligence process.

Funding worth £301k has been paid out to 6 groups as at 30 September 2016.

Central Finance: Capital Finance Forecast for Year End

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



The Capital Financing Budget for 2016/17 has been set at £18.09m to meet the financing cost of the Council's Capital Programme.

This budget is to finance five main areas of expenditure, namely:

- Recurring financing costs of existing and transferred loans
- Financing costs of committed schemes
- Financing costs of uncommitted schemes
- Feasibility work
- Non recurring schemes

Which is the capital finance budget this forecast to be underspent by £658k, which represents the further in year savings which have to be found to finance the balance of the rates clawback for 2016-17.

