



Subject:	Financial Reporting – Quarter 2 2018/19
Date:	23 November 2018
Reporting Officer:	Ronan Cregan, Deputy Chief Executive and Director of Finance and Resources
Contact Officer:	Mark McBride, Head of Finance and Performance

Restricted Reports	
Is this report restricted?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
If Yes, when will the report become unrestricted?	
After Committee Decision	<input type="checkbox"/>
After Council Decision	<input type="checkbox"/>
Some time in the future	<input type="checkbox"/>
Never	<input type="checkbox"/>

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

1.0	Purpose of Report
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 with 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.
2.0	Recommendations
2.1	Members are asked to note the report and agree that, given the forecast shortfall in available balances arising from the Rates Clawback and Primark Recovery commitments, no further in year budget reallocations should be considered until the year end position is presented to Committee in June 2019.
3.0	Main report
	Current and Forecast Financial Position 2018/19

3.1	<p>The Departmental year end forecast is a net under spend of £1,225k which represents a variance of 0.9% of the annual net expenditure budget. The capital financing budget is forecast to be underspent by £1m and a specified reserves balance of £135k is forecast to be available at the year end. The total forecast of available balances is therefore £2,359k.</p>																														
3.2	<p>The District Rate forecast by the Land and Property Service (LPS) is a clawback of £1,201k and the Council has committed £1,250k of Primark Recovery Expenditure, excluding the £790k cash flow from general reserves, giving a total expenditure commitment of £2,450k. This would result in a funding shortfall of £90k.</p>																														
3.3	<p>The Quarter 2 forecast position is summarised in Table 1 below.</p> <p style="text-align: center;">Table 1: Quarter 2 2018/19 Forecast</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><u>Available Balances</u></th> <th style="text-align: right;">Qtr 2 Forecast (£)</th> </tr> </thead> <tbody> <tr> <td>Departmental Forecast</td> <td style="text-align: right;">-1,224,500</td> </tr> <tr> <td>Capital Financing Forecast</td> <td style="text-align: right;">-1,000,000</td> </tr> <tr> <td>Specified Reserves Forecast</td> <td style="text-align: right;">-135,000</td> </tr> <tr> <td>Total Available</td> <td style="text-align: right;">2,359,500</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <th style="text-align: left;"><u>To be Funded</u></th> <td></td> </tr> <tr> <td>LPS Rates Clawback</td> <td style="text-align: right;">1,200,000</td> </tr> <tr> <td>Primark</td> <td style="text-align: right;">1,250,000</td> </tr> <tr> <td>Total to be Funded</td> <td style="text-align: right;">2,450,000</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td>Shortfall</td> <td style="text-align: right;">90,500</td> </tr> <tr> <td>General Reserves</td> <td style="text-align: right;">14,694,748</td> </tr> <tr> <td>Less Primark Cash Flow</td> <td style="text-align: right;">13,904,748</td> </tr> <tr> <td>£790,000</td> <td></td> </tr> </tbody> </table>	<u>Available Balances</u>	Qtr 2 Forecast (£)	Departmental Forecast	-1,224,500	Capital Financing Forecast	-1,000,000	Specified Reserves Forecast	-135,000	Total Available	2,359,500			<u>To be Funded</u>		LPS Rates Clawback	1,200,000	Primark	1,250,000	Total to be Funded	2,450,000			Shortfall	90,500	General Reserves	14,694,748	Less Primark Cash Flow	13,904,748	£790,000	
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3.4	<p>The Quarter 2 forecast from LPS is a clawback of £1.201k. This includes an estimated rates clawback of £1.074k and de-rating grant clawback of £127k. This clawback position is largely due to movements in the non-domestic rate base and the loss of rate income from businesses affected by the Primark fire.</p>																														

	Capital Projects
3.5	Planned capital expenditure for 2018/19 approved as part of the capital programme is £51.16m with forecast expenditure for the year of £41.10m.
3.6	The Summary Dashboard on Page 2 of the attached performance report summarises forecast expenditure on other capital programme including Non-Recurring Projects (£1,867k), Feasibility Fund (£250k) and projects in the new boundary areas (£135k).
3.7	Committed expenditure approved by the Committee on Belfast Investment Fund projects is £21.90m, with a further £4.95m committed on LIF 1 projects and £3.92m on LIF 2 projects.
	Capital Financing
3.8	The summary dashboard has also been updated to provide analysis of the annual capital financing budget. Actual capital financing expenditure is forecast to be £1m underspent by the year end.
	Forecast Reserves Position
3.9	The balance of general reserves is forecast to be £13.90m, after providing for the agreed cash flow funding of £790k.
3.10	Specified reserves are forecast to be underspent by £135k by the year end and this has been included in the available balance in Table 1 above.
	Treasury Management Report
3.11	The Quarter 2 treasury management report is included as Appendix 2.
3.12	<p><u>Financial & Resource Implications</u></p> <p>The Departmental position at Quarter 2 together with the forecast year end Council position is detailed within the report. Given the shortfall in available balances to meet the rates clawback and Primark commitments, it is recommended that no further reallocations are considered until the year end position is considered by the Committee in June 2019.</p> <p>Members are also asked to note that there will be further non-recurrent financing requirements in relation to holiday pay back payments and resources for the customer focus programme. Further reports will be brought to the Committee when the requirements have been determined.</p>
3.13	<p><u>Equality or Good Relations Implications/Rural Needs Assessment</u></p> <p>None.</p>
4.0	Appendices – Documents Attached
	Appendix 1: Quarter 2 Performance Report

	Appendix 2: Quarter 2 Treasury Management Report
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