



Belfast City Council

Report to:	Development Committee
Subject:	Quarterly Financial Report – Quarter 3 2010/11
Date:	16 March 2011
Reporting Officer:	John McGrillen, Director of Development, ext 3470
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1	Relevant Background Information
1.1	The Strategic Policy and Resources Committee agreed on 18 June 2010 that: <ul style="list-style-type: none">– 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 (Appendix 1) contains a summary dashboard of the financial indicators and an executive summary explaining the financial performance of the Development Committee in the context of the financial performance of the overall Council. It also provides a more detailed explanation of each of the relevant indicators covering the year to date and forecast financial position.
1.3	The style and layout reflect much of the discussion and feedback arising from the Members' financial training at the end of September 2010. As we previously advised the Committee, we will continue to develop the style and contents of the reports in liaison with Members.
1.4	Central finance and our departmental management team have worked together to develop the information within this financial reporting pack.

2	Key Issues
2.1	<p><u>Current and forecast financial position 2010/11</u> Net expenditure for the Development Department was £0.6m (quarter 2: £0.2m) below budget for the quarter representing 4% of estimated net expenditure. The forecast year end position for the department is estimated to be £1.0m (quarter 2: £0.5m) which is 5% below budget.</p>
2.2	<p>Of the four key reasons for the current under-spend within the department, three continue from quarter 2, namely vacant posts, delays or non activation in projects and work programmes caused by delays in structural reviews and other external factors and additional in-year efficiencies. In addition, premises costs have turned out to be lower than expected.</p>
2.3	<p>The department will continue to monitor the variance between actual and budgeted expenditure during quarter 4.</p>
2.4	<p>The financial reporting pack contains more detail on both the overall Council position and the financial performance in each of the Services within the Department.</p>

3	Resource Implications
3.1	<p>There is a year to date under spend of £0.6m and a forecast under spend of some £1.0m.</p>

4	Equality and Good Relations Considerations
	<p>There are no equality or good relations considerations attached to this report.</p>

5	Recommendations
5.1	<p>Members are recommended to note the above report and associated financial reporting pack.</p>

6	Decision Tracking
	<p>There is no decision tracking attached to this report.</p>

7	Documents Attached
	<p>Appendix 1 - Financial Reporting Pack</p>



Development Committee

Quarterly Finance Report

Report Period: Quarter 3 2010/11

Dashboard: Quarter 3, 2010/11

Strategic Element: Financial Planning	Variance £,000 (under)/ Over Q2	Indicator % Q2	Variance £,000 (under)/ Over Q3	Indicator % Q3			Page no
Year to date variance							3
BCC	(1,423)	(2.5%)	(728)	(0.8%)	■	↑	
• Development Committee	(222)	(2.2%)	(560)	(3.6%)	■	↓	
○ Community Services	(126)	(4.3%)	(109)	(2.4%)	■	↑	
○ City Events and Venues	26	1.0%	51	1.6%	■	↓	
○ Economic Initiatives	(37)	(1.4%)	(314)	(6.1%)	■	↓	
○ Directorate	(86)	(5.2%)	(188)	(7.3%)	■	↓	
Forecasted % variance							4
BCC	(2,138)	(1.9%)	(629)	(0.5%)	■	↑	
• Development Committee	(490)	(2.4%)	(980)	(4.8%)	■	↓	
○ Community Services	(230)	(4.1%)	(350)	(6.2%)	■	↓	
○ City Events and Venues	0	0	0	0	■	→	
○ Economic Initiatives	(20)	(0.3%)	(250)	(3.9%)	■	↓	
○ Directorate	(240)	(5.9%)	(380)	(9.3%)	■	↓	

Notes:

1. Negative variances represent an under spend

2. Movement on last quarter:  Better  Worse  Unchanged

3. Tolerance R/A/G guide for % variances:



Executive Summary

Net expenditure for the Development Department was £560,000 below budget for the year to date representing 3.6% of estimated net expenditure. The breakdown by service is as follows:

- Community Services is underspent by £109,000 (2%)
- City Events and Venues is overspent by £51,000 (2%)
- Economic Initiatives is underspent by £314,000 (6%)
- Directorate is underspent by £188,000 (7%)

There are 4 key reasons for the current underspend within the department:

- Employee costs (£120,000) relate to delays in implementing the structural reviews following the Council's organisational restructuring in April 2007 and Committee Approval in October 2008. Extensive consultation in Community Services and Business Support between Management and Trade Unions to agree structures, associated job descriptions and allocation processes were followed by the implementation of normal council procedures i.e. categorisation and recruitment vetting. With the completion of the voluntary redundancy/supernumerary exercises recruitment is currently ongoing in Community Services but there have been difficulties in securing an internal recruitment for Business Support.
- Delays or non activation in projects and work programmes caused by delays in structural reviews and other external factors (£305,000). The initiation of recruitment in Community Services and the implementation of the new structure will, in time, remove both the delays and non-activation of work programmes. The projects affected in Community Services include the Volunteer Strategy, Neighbourhood Assets Plan, the BCC Children & Young People Framework and the Identification of a suitable quality standard for community centres. These projects will be able to go ahead now that the vacant posts have been filled and will be able to utilise budgets in 2011/12. External factors have contributed to further project delays in Economic Development Unit, Planning & Transport, SNAP and Policy units. These delays include the following Economic Development projects: sales growth, strategy in business, retail development support, export start and Harte projects. It is anticipated that projects will be able to go ahead as planned in 2011/12. In the Policy Unit the projects delayed include: integrated economic strategy, and the poverty framework. Within Planning & Transport the following projects were delayed by external factors: the Sprucefield Enquiry, BMAP and the Regional Development Strategy. These will now have to be covered by the 2011/12 budget.
- In year efficiencies (£50,000) – a number of areas were identified within Directorate at the end of the 2009/2010 financial year and these have been implemented with immediate effect.
- Premises costs relating to utilities costs in community centres and external repairs in the markets being lower than expected in the year to date (£85,000).

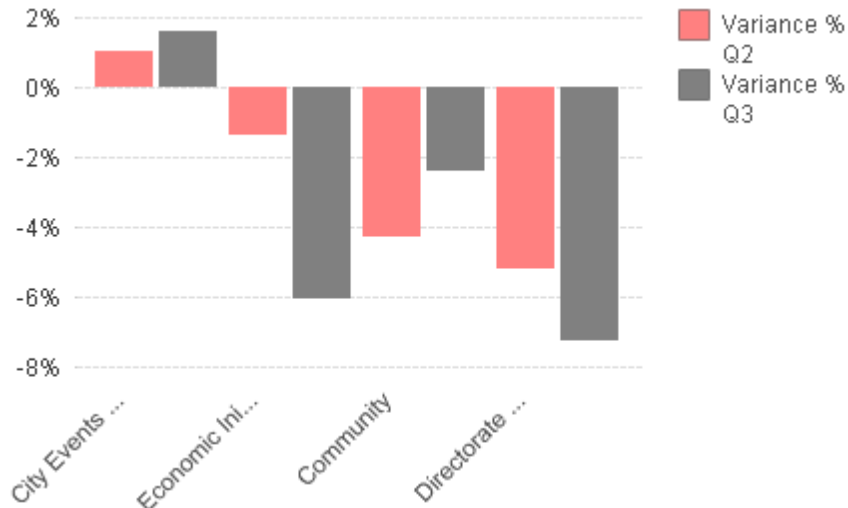
In addition to specific actions referred to above, the department will continue to monitor actual / budgeted expenditure variances during quarter 4, especially those areas highlighted during the quarter 3 budget review process.

Forecasted % Variance

The forecast year end position for the department is estimated to be £980,000 which is 5% below budget. The services which are forecast to be above the 3% target are Community Services with a 6% underspend (£350,000), Economic Initiatives with a 4% underspend (£250,000) and Directorate with a 9% underspend (£380,000). It was agreed at the Development Committee in September 2010 that the potential use of this forecast under spend is determined by the Strategic Policy and Resources Committee.

Year to Date % variance

This indicator calculates the difference between the budgeted net expenditure and the actual net expenditure as a percentage. It is reported for the year to date.



Commentary and action required

Community Services are currently under spent by £109,000 (2%) at the end of Quarter 3. The under spend is caused by delays in implementing the structural review following the Council's organisational restructuring in April 2007 and relates to a number of vacant posts which in turn has resulted in work programmes not being activated or delayed. This level of under spend does not fully reflect the forecast year end under spend due to the timing of actual grants distribution differing from the budget profile.

City Events and Venues are overspent by £51,000. This is due to payments relating to events being made earlier than the budget profile.

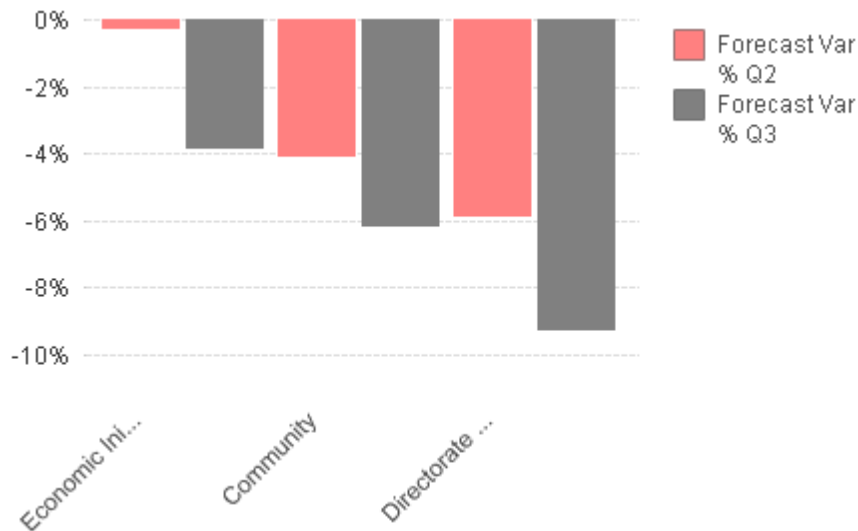
Economic Initiatives are under spent by £314,000. This is mainly due to the vacant posts in the Economic Development unit leading to delays in the progress of projects. There were also under spends in Planning & Transport projects due to delays caused by external factors.

Directorate is under spent by £188,000 (7%) at the end of Quarter 3. The under spend can be attributed to the following :

- Employee costs mainly in Business Support following organisational restructuring in April 2007 (£103,000);
- A result of implementing in year efficiency plans (£50,000)
- Delays in programmes in SNAP and Policy Units due to external factors (£35,000)

Forecast % variance

This indicator calculates the difference between the planned net expenditure and the forecasted net expenditure as a percentage. It is reported as a forecast for the end of the financial year.



Commentary and action required

It is forecast that the Development Department will be under spent by £980,000 (5%) at year end.

- Community Services by £350,000 (6%) as a result of the vacant posts and the resultant delays and non-activation of work programmes. It was anticipated at period 6 that the vacant posts would be filled earlier in the year and that the under spend would have been much lower, but due to delays the recruitment was completed in period 10. The projects delayed include the Volunteer Strategy, Neighbourhood Assets Plan, the BCC Children & Young People Framework and the Identification of a suitable quality standard for community centres. These projects will go ahead in 2011/12 as the vacant posts are now filled.
- Economic Initiatives are forecast to be under spent by £250,000 (4%) at year end. This reflects the delays in gaining approval for work programmes and external factors in Economic Development and Planning & Transport units. The projects affected within the Economic Development Unit include: sales growth, strategy in business, retail development support, export start and Harte projects. Within the Planning & Transport Unit the following projects were delayed: BMAP, the Sprucefield Enquiry, and the Regional Development Strategy. These were caused by external factors such as delays in Government policy drafts/consultations, which occurred between periods 6 and 9.
- Directorate by £380,000 (6%) which reflects delays in programmes caused by external factors in SNAP and Policy units and a number of efficiency plans implemented in the year across the service. The delays in approval occurred between periods 6 and 9 and therefore were not anticipated at period 6.
- City Events and Venues are forecast to be on budget at year end

The department has reduced net expenditure by 2.1% (£427,000) from 2010/11 to 2011/12 and as a result this forecast under spend will have no impact on the already submitted and agreed departmental revenue estimates.

With regards to specific areas mentioned in the report:

- The SNAP budget has been reduced by £41,000 from 10/11 to 11/12
- The Policy Unit budget has been reduced by £56,000 from 10/11 to 11/12
- The Community Services 11/12 budget estimates already incorporate a £60k reduction in programme costs: (£13k + subsuming increased staff costs of 47k).
- The Economic Development Unit_11/12 budget is reduced by £73,000 on 10/11.
- The Planning & Transport Unit 11/12 budget is reduced by £12,000 on 10/11.
- The Business Support budget has been reduced by £26,000 from 10/11 to 11/12. With a fully populated staff structure and a reinforced PDP process, the current year under spend is not expected to reoccur.

It should be noted, however, that various projects may under spend as a result of external factors that are outside our control.

The department will continue to monitor actual / budgeted income and expenditure variances during quarter 4, especially those areas highlighted during the quarters 1, 2 and 3 budget review process.

Development Committee - Main Items of Expenditure

	Plan YTD £'000	Actual YTD £'000	Variance YTD £'000	% Variance	Plan 10/11 £'000	Forecast for Y/E at P9 £'000	Forecast Variance £'000	% Variance
Development Committee	15,563	15,003	(560)	(3.6%)	20,351	19,371	(980)	(4.8%)
Community Services	4,637	4,527	(109)	(2.4%)	5,642	5,292	(350)	(6.2%)
City Events and Venues	3,226	3,277	51	1.6%	4,182	4,182		0.0%
Waterfront/Ulster Hall	1,775	1,761	(13)	(0.7%)	2,480			
City Events	1,451	1,515	64	4.4%	1,702			
Economic Initiatives Section	5,134	4,820	(314)	(6.1%)	6,458	6,208	(250)	(3.9%)
Tourism Unit	3,520	3,485	(35)	(1.0%)	4,229			
Economic Development	882	689	(193)	(21.9%)	1,195			
Planning and Transport	623	534	(89)	(14.3%)	887			
Planning and Development	109	112	3	3.0%	148			
Directorate	2,566	2,378	(188)	(7.3%)	4,069	3,689	(380)	(9.3%)
City Development	411	399	(12)	(3.0%)	905			
Development Business Support	1,390	1,273	(117)	(8.4%)	1,886			
European Unit	209	199	(10)	(4.9%)	286			
Policy and Research	312	275	(37)	(11.9%)	588			
SNAP	245	233	(11)	(4.5%)	404			