

Development Committee

Quarterly Finance Report

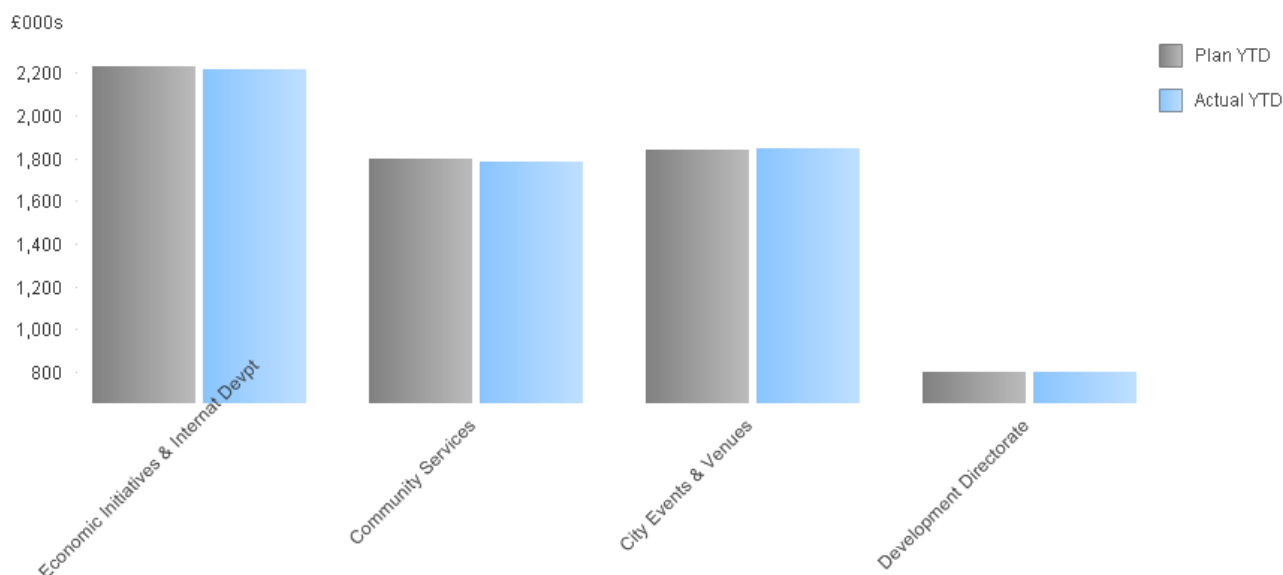
Report Period: Quarter 1, 2014/15

## Dashboard

Revenue Section							Page
Service	YTD	YTD Var £000s	Var %	Forecast	Forecast Var £000s	Var %	3&5
Development Directorate		6	0.8%		15	0.4%	
Community Services		(16)	(0.9)%		20	0.4%	
City Events & Venues		9	0.5%		0	0.0%	
Economic Initiatives & Internat Devpt		(7)	(0.3)%		(30)	(0.5)%	
<b>Committee Total</b>		<b>(9)</b>	<b>(0.1)%</b>		<b>5</b>	<b>0.0%</b>	

Key Performance Indicators (KPI)				Page
KPI	Actual	Target		
Compliant Purchases	80.0%	90.0%		6
Timeliness Of Goods On System	75.1%	75.0%		7

## Committee Net Revenue Expenditure: Year to Date Position



### *Commentary and action required:*

The **Development Department** is under spent by £8,888, or 0.1% of its net budgeted expenditure of just over £6.6 million, at the end of quarter one.

Community Services are under spent by £16,302 (0.9%); Economic Initiatives and International Development are under spent by £7,271 (0.3%) whilst City Events and Venues are over spent by £8,631 (0.5%), and Directorate is over budget by £6,054 (0.8%).

There are four main areas which give rise to the current overall £9k (0.1%) under spend within the Department at the end of quarter one:

1. Gross Income was £1,513k, which was £38k (2.5%) less than budgeted income of £1,551k. This variance relates to £25k of less grant funding received in quarter one in EIID than anticipated and £14k less than planned income received within City Events & Venues.
2. Employee costs of £2,450k were £5k (0.2%) more than the budgeted figure of £2,445k.
3. Supplies and Services expenditure of £1,749k was £5k (0.3%) below the budget of £1,754k. This was mainly due to under spends on equipment, tools and materials and licence fees.
4. Premises costs of £1,173k were £47k (3.9%) less than the budgeted figure of £1,220k reflecting decreased utility, security and insurance costs. These are profiling issues and will self correct within the financial year.

**Economic Initiatives and International Development** is under spent by £7,271 at the end of Quarter One.

(Budgeted expenditure: £2,227,308; Actual expenditure: £2,220,037).

The reasons for this variance were under spends in premises costs primarily relating to City Markets incurring lesser utility and security charges than anticipated ; reduced employee costs due to vacant posts within the Economic Development unit and lesser supplies and services costs.

This under spend is offset by a reduction in planned income as a result of having less match funded programmes within the Economic Development unit in quarter one than originally profiled.

**Community Services** is under spent by £16,302 at the end of Quarter One.

(Budgeted expenditure: £1,798,737; Actual expenditure: £1,782,436).

The primary reason for this under spend relates to premises costs due to decreased utility, rental and insurance charges incurred within the first quarter.

**City Events and Venues** is over spent by £8,631 at the end of Quarter One.

(Budgeted expenditure: £1,840,068; Actual expenditure: £1,848,699).

Within this, City Events was over spent due to overtime costs incurred due to the Giro D'Italia programme.

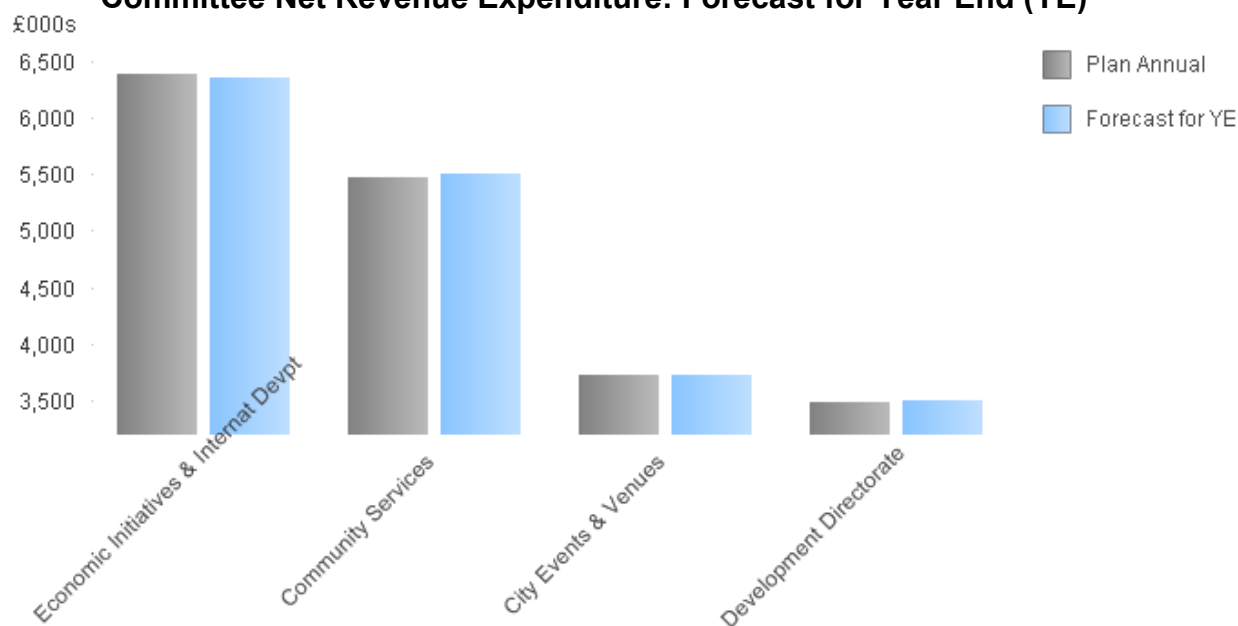
City Venues were over spent in relation to additional supplies and services expenditure incurred.

**Directorate** is over spent by £6,054 at the end of Quarter One.

(Budgeted expenditure: £795,588; Actual expenditure: £801,642).

The over spend within Directorate is attributable to increased spend within supplies and services in relation to the City Development unit.

## Committee Net Revenue Expenditure: Forecast for Year End (YE)



*Commentary and action required:*

### **Forecast for Revenue Expenditure:**

**It is currently forecast that the Development Department will be over spent by £5,000 at the end of the 2014 – 2015 financial year.**

The Economic Initiatives and International Development unit are forecast to be under spent by a total of £30,000. This relates to increased income and decreased employee costs.

The Community Services budget is forecast to have an over spend of £20,000 at the end of the year. This is in relation to higher than planned employee costs.

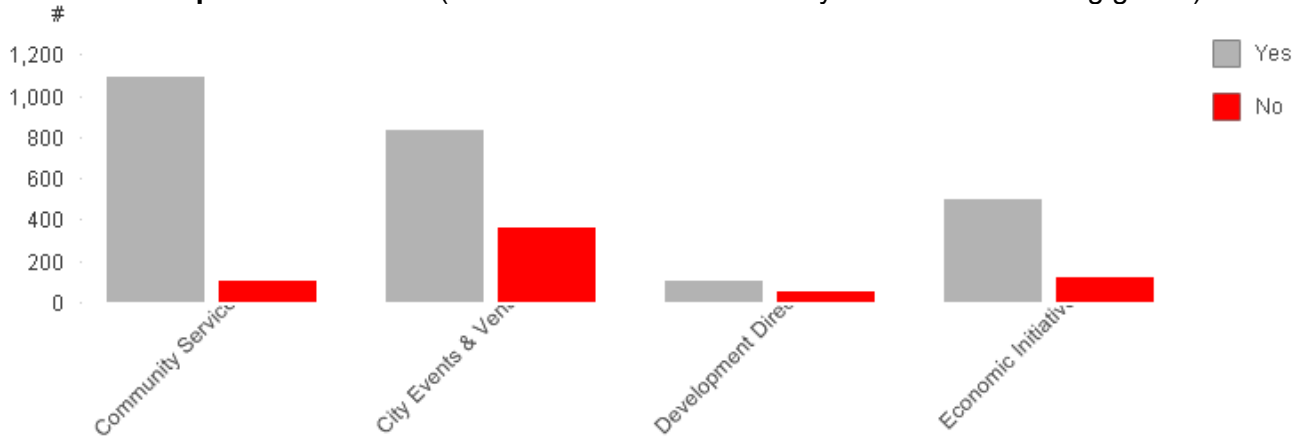
The City Events and Venues unit are forecast to be on budget at the end of the financial year.

Directorate are forecast to be over budget by £15,000 at the end of the year. This is in relation to increased supplies and services expenditure.

## Key Performance Indicators (KPIs): Procurement Compliance

Procurement Compliance refers to the purchases that are made in compliance with the standard procure to pay process in BCC. These processes help ensure that our creditors are paid in a timely fashion and our accounts are accurate and up to date. The following indicators are intended to give a flavour of how well we are doing at adhering to the processes.

### Indicator 1: Compliant Purchases (Purchase order created on system before ordering goods)



The impact of ordering goods without a purchase order being created on the system are that a) the authorisation for purchasing goods has not gone through the proper channels, b) incomplete records are available and decisions are being made based on information that is not correct and c) suppliers whose invoices do not have purchase orders take longer to pay and this contravenes an objective of the investment programme, negatively affecting supplier relationships with BCC.

#### Commentary and action required:

	Yes	No	Total	% Compliant
	<b>2,534</b>	<b>635</b>	<b>3169</b>	<b>80.0%</b>
Community Services	1,096	105	1201	91.3%
City Events & Venues	837	361	1198	69.9%
Development Directorate	106	51	157	67.5%
Economic Initiatives & In...	495	118	613	80.8%

The Development Department is currently 80.0% compliant in terms of the Purchase Order being raised before the supplier invoice date. The Development Department is exactly in line with the Council average compliance rate.

Departmental compliance is affected by the continuous reliance on manual requisitions and processes, collections and delivery of manual requisitions from remote locations, increased processing time as a result of "sourcing" which elongates the approval process and the recent implementation of the SRM system to specific services.

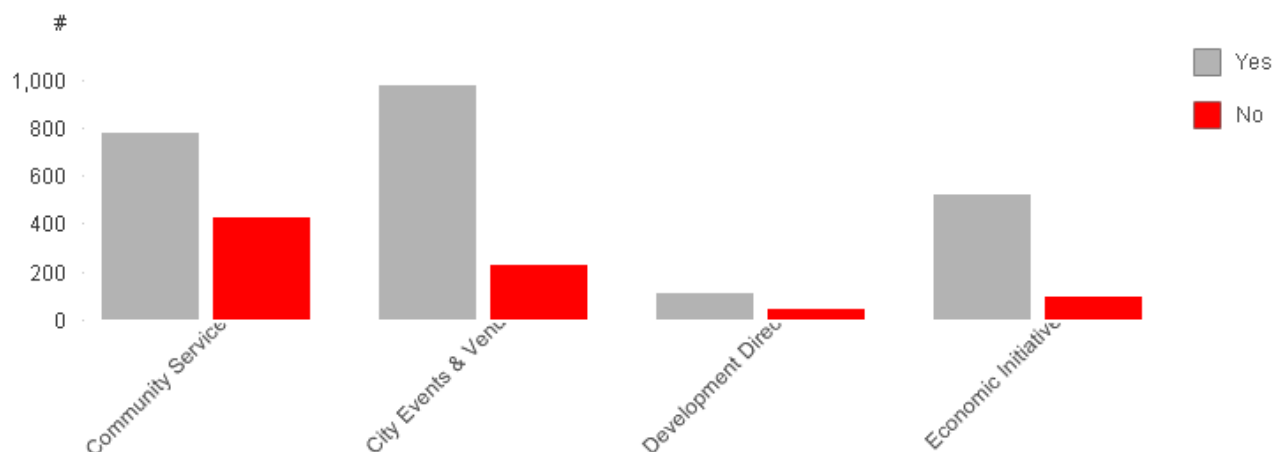
The Department is currently working to implement and roll out the SRM system to all services within the department. The Department is also fully participative in systems improvement via the SAP Improvement Group, the identification of hot spots and the provision of training for staff.

The department has recently implemented a new initiative that will monitor, identify and resolve specific instances of non-compliance at Unit level.

Procurement compliance is kept under constant review and is reported on a monthly basis to the Departmental Management Team.

## Key Performance Indicators (KPIs): Procurement Compliance

**Indicator 2: Timeliness of Goods on System** (Goods received and marked received on system within 5 days)



The impact of not marking goods as received onto the system is that a) BCC records of goods on site are not up to date and b) there is a risk that a department might overspend its budget as goods have been received but are not showing against the budget and c) it can take longer to pay the suppliers invoices and this contravenes an objective of the investment programme, negatively affecting supplier relationships with BCC.

*Commentary and action required:*

	Yes	No	Total	% Compliant
	<b>2,380</b>	<b>789</b>	<b>3169</b>	<b>75.1%</b>
Community Services	779	422	1201	64.9%
City Events & Venues	972	226	1198	81.1%
Development Directorate	111	46	157	70.7%
Economic Initiatives & In...	518	95	613	84.5%

The Development Department is currently 75.1% compliant in terms of the goods received note (GRN) being created before the supplier raises the invoice. The Development Department is marginally above the Council average which is 72% compliant.

Departmental compliance is affected by the continued reliance on manual processes and paperwork, collections and delivery of manual goods received notes from remote locations and the recent implementation of the SRM system to specific services.

The Department are currently working to implement and roll out the SRM system to all services within the department, are fully participative in systems improvement via the SAP Improvement Group, the identification of hot spots and the provision of training and re-training of staff.

The department has recently implemented a new initiative that will monitor, identify and resolve specific instances of non-compliance at Unit level.

Procurement compliance is kept under constant review and is reported on a monthly basis to the Departmental Management Team.

## Development Committee

Service	Section	Plan YTD £000s	Actuals YTD £000s	Variance YTD £000s	% Variance	Annual Plan 2014/2015 £000s	Forecast for Y/E at P3 £000s	Forecast Variance £000s	% Variance
<b>Total</b>		<b>6,662</b>	<b>6,653</b>	<b>(9)</b>	<b>(0.1)%</b>	<b>19,077</b>	<b>19,082</b>	<b>5</b>	<b>0.0%</b>
Development Directorate	<b>Total</b>	<b>796</b>	<b>802</b>	<b>6</b>	<b>0.8%</b>	<b>3,481</b>	<b>3,496</b>	<b>15</b>	<b>0.4%</b>
Development Directorate	Business Research & Development	116	121	5	4.6%	538			
Development Directorate	City Development	9	55	47	546.2%	250			
Development Directorate	Development Business Support	447	416	(31)	(6.9)%	1,796			
Development Directorate	Urban Development Unit	224	209	(15)	(6.7)%	897			
Community Services	<b>Total</b>	<b>1,799</b>	<b>1,782</b>	<b>(16)</b>	<b>(0.9)%</b>	<b>5,478</b>	<b>5,498</b>	<b>20</b>	<b>0.4%</b>
Community Services	Community Services	1,799	1,782	(16)	(0.9)%	5,478			
City Events & Venues	<b>Total</b>	<b>1,840</b>	<b>1,849</b>	<b>9</b>	<b>0.5%</b>	<b>3,728</b>	<b>3,728</b>	<b>0</b>	<b>0.0%</b>
City Events & Venues	Events	766	770	4	0.5%	1,454			
City Events & Venues	Waterfront Hall	1,074	1,079	5	0.4%	2,274			
Economic Initiatives & Internat Devpt	<b>Total</b>	<b>2,227</b>	<b>2,220</b>	<b>(7)</b>	<b>(0.3)%</b>	<b>6,389</b>	<b>6,359</b>	<b>(30)</b>	<b>(0.5)%</b>
Economic Initiatives & Internat Devpt	City Markets	54	25	(29)	(53.4)%	(105)			
Economic Initiatives & Internat Devpt	Economic Development Unit	95	137	42	44.2%	1,326			
Economic Initiatives & Internat Devpt	European Unit	88	83	(5)	(5.9)%	391			
Economic Initiatives & Internat Devpt	Tourism Unit	1,990	1,975	(15)	(0.8)%	4,776			