



Belfast City Council

Report to:	Parks and Leisure Committee
Subject:	Financial Reporting – Quarter 1 2010/11
Date:	16 September 2010
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Relevant Background Information

It was agreed at the Strategic Policy and Resources Committee on 18 June 2010 that financial reporting packs would be produced for the Strategic Policy and Resources Committee and each Standing Committee on a quarterly basis and following discussion, that the first reports for the quarter ended June 2010 would be available for Committees in September. Monthly financial updates were also agreed to be provided to the Budget and Transformation Panel, if there were any significant issues to report.

The reporting pack contains a summary dashboard of the financial indicators and an executive summary explaining the financial performance of Parks and Leisure Committee in the context of the financial performance of the overall Council (Appendix 1). It also provides a more detailed explanation of each of the relevant indicators covering the year to date and forecast financial position.

As was advised in the 18 June 2010 Strategic Policy and Resources Committee report, the reporting pack should be viewed as still under development and the style and information in the reports will continue to evolve, in liaison with Members.

The information within these financial reporting packs has been developed through collaboration between central finance and departmental management teams. The information for Standing Committees has therefore been reviewed and endorsed by central finance. As was outlined in the Strategic Policy and Resources Committee report of 18 June 2010, a number of practical issues have been resolved in the development of the reports. In particular, Members are asked to note the following:

- (i) the original 2010/11 rates setting exercise included a budget for a pay rise of 1.5%. The pay position of the council is determined by national negotiations and currently no pay rise has been offered for 2010/11,

which is causing significant trade union concern. The budget of £1.1m has therefore been removed from departmental budgets, for reporting purposes, so that the true departmental variances can be identified. The current unutilised pay rise budget underspend has been logged centrally;

- (ii) demand led internal charges have also been removed from the budgets and expenditure of service users and applied to the budgets of service providers (eg ISB, facilities management etc) for reporting purposes which keeps the budgetary treatment for 2010/11 in line with that agreed by Members on 18 June 2010 for 2011/12.
- (iii) capital charges are non cash items which have been removed from departmental budgets so that accurate variances can be identified.

Key Issues

Current and Forecast Financial Position 2010/11

The current year to date financial position for Parks and Leisure Committee is an overspend of some £0.2m (4%) with a forecast end of year overspend of some £0.3m (1%). The reasons for this overspend relate to:

1. An overall employee budget overspend at quarter one. The Department has in place protocols for managing overtime and agency spend. Audits are underway on the use of overtime and agency staff and a number of recruitment exercises are also underway which will reduce expenditure in both these areas. Committee will also be aware of the ongoing operational reviews within the Department which have delayed the recruitment of posts on a permanent basis. Recommendations will be provided to committee over the next number of months to finalise the structures. Operational reviews are about to commence in Leisure regarding operational requirements and it is hoped that working practices can be challenged and agreement reached on ways of achieving a more effective service provision within the right structures.
2. Utility costs, specifically in Parks are over budget. Water and sewerage charges at a number of sites are being disputed by the department however some of these costs have already hit the budgets. These additional costs have been included in the final forecast for the department as it is unclear if they will be refunded at this stage. Premises costs will continue to be monitored and CTU are reviewing processes to ensure the appropriate operational manager signs off any charges prior to the bills being processed.

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.

It should be emphasised that it is very early in the financial year and therefore it is difficult to make an accurate forecast of the end of year financial position. There are considerable uncertainties which could impact on the forecast.

Nonetheless, an early forecast is helpful to Members in making financial decisions for the remainder of 2010/11 and in advance of the 2011/12 rates setting exercise.

Training

As was agreed at the Strategic Policy and Resources Committee on 18 June 2010, to provide training in financial management for Members. It is currently planned that this will be provided in liaison with the Improvement and Development Agency (I&DEA) and will take place in three sessions on 27 September. Members have already been advised of this training and attendance is encouraged, wherever possible.

Links to performance management

Members should note that officers are currently working on the development of performance management reporting packs which in time will become available for Members' consideration alongside the financial reporting packs. Further updates will be brought to Members as the work progresses.

Resource Implications

There is a year to date overspend of £0.2m and a forecast overspend of some £0.3m.

Recommendations

Members are recommended to:

1. Note the above report and associated financial reporting pack; and
2. note that financial training is to be provided to Members on 27 September and attendance, wherever possible, is to be encouraged.

Decision Tracking

N/A

Key to Abbreviations

CTU: Central Transactions Unit

Documents Attached

Appendix 1: Financial Reporting Pack