



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Revenue Estimates 2008/09 Half Year Update
Date:	21 November 2008
Reporting Officer:	Trevor Salmon, Director of Corporate Services
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Purpose

Financial reporting is one of the key elements of the Council's strategic financial management framework. This report enables Members to consider the financial position of the organisation at the half year and the predicted year end outturn.

Relevant Background Information

Members are reminded that the agreed net expenditure for 2008/09 is £117,946,200 which is based on a 4.83% increase in the district rate.

Key Issues

The Council's position at the end of September is that actual expenditure exceeds budgeted expenditure by £149,135 (0.25%). It is forecast that at the year end the Council will be over budget by £850,000 (0.72%). Members should note that because of the volatile economic conditions impacting on both income and expenditure that this forecast may change over the coming months. The position will be tracked on a continuous basis and any material changes will be reported to Members.

There are a number of key drivers for the forecast overspend and these are explained below.

Loss of External Income

Three services have incurred significant loss in income which is a direct result of the current economic climate. These losses are:

- BIS - £250,000
- ISB - £315,000
- Building Control - £290,000.

Utility Costs

Inflationary pressures on utility costs have resulted in this budget heading being overspent by £480,000.

Unbudgeted Expenditure

The budgets are put together five or six months in advance of the year to which the budget relates. It is therefore expected that decisions may be made which will result in new expenditure for which there is no budget. For example, in the current year Members have made decisions in respect of Grove, Beechmount and the Ulster Wildlife

Trust which will require the Parks and Leisure Department to find an additional £540,000.

Investment Income

Interest on investments is forecast to be at least £200,000 less than budget. This is due to the level of reserves being reduced as result of the £4.1m clawback in the rates and falling interest rates.

Action Plan

There is an obvious need to address the potential overspend position. The Chief Officers' Management Team met on 10 November to discuss the position and have recommended the following course of action:

- Each department will review its spending requirements to the year end and identify potential reductions in expenditure.
- Specific budget headings will be reviewed corporately in order to identify potential expenditure reductions. This will include expenditure on agency workers and overtime.

It is recommended that a detailed report is presented to the Strategic Policy and Resources Committee in December which will propose specific actions to be taken to address the predicted overspend.

Recommendations

Members are asked to note the contents of the report and agree to receive a report in December which will recommend specific actions to be taken to address the potential year end overspend.