



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Budget and Transformation Panel Minutes (incorporating indicative rate target and efficiency target for 2011/12)
Date:	21 May 2010
Reporting Officer:	Julie Thompson, Director of Finance and Resources
Contact Officer:	Ronan Cregan, Head of Finance and Performance

Relevant Background Information

These are the minutes of Meeting No.11 of the Budget and Transformation Panel, held on Friday 14 May 2010.

Present:

Cllr T Hartley	SF (Chair)
Cllr M Browne	SF
Cllr P Convery	SDLP
Cllr M Jones	ALL
Cllr R Newton	DUP
P McNaney	Chief Executive
J Thompson	Director of Finance and Resources
G Millar	Director of Property and Projects
R Cregan	Head of Finance and Performance

Key Issues

1. Indicative Rate Target for 2011/12

The Chief Executive discussed with Members the challenging financial environment anticipated for the public sector over the next few years, for both capital and revenue expenditure.

As agreed at the Strategic Policy and Resources Committee in March 2010, work has been ongoing to develop an indicative rate target for 2011/12 and an efficiency target which would be discussed at the Strategic Policy and Resources Committee in May 2010. This is an additional step put into the rates setting process which will give a

context and framework for officers as they approach the more detailed rates setting work in the late summer/autumn.

The Director of Finance and Resources presented a paper to Members of the Budget and Transformation Panel on the indicative rates target for 2011/12 (see Appendix 1). Having considered the financial implications for the Council at a very high level, it was recommended that an indicative rate target for 2011/12 be established at 2.5%.

Members recognised that this was an initial target that was subject to review as more detailed work progressed. Further choices and recommendations would be presented to Members but they advised that this should be viewed as an upper target at this stage and officers should seek to identify a lower rates uplift, if at all possible. The need for prudence was emphasised with control and challenge of costs, along with the identification of options for investment in the city. The role of Land and Property Services in maximising rates income was also discussed. It was agreed that the Budget and Transformation Panel would recommend an indicative rates target of 2.5% for 2011/12 to the Strategic Policy and Resources Committee.

2. Use of VAT Reclaim Monies (2009/10)

On the back of a court case which challenged the VAT charged for sporting, leisure and cultural services, the council has been able to secure a VAT refund. Given the difficulties of predicting the success of our claim, we have recently received some £1.3m of extra income which has not yet been accounted for, on top of the £1.56m income already included in the Council's forecast projections for 2009/10. This £1.3m is one off income that needs to be accounted for in 2009/10, with the draft accounts planned to be presented to the Audit Panel on 7 June.

The reserves position is in line with the current reserves strategy and therefore it is proposed that the £1.3m is not put into reserves. The City Investment Strategy (CIS) is the other non-recurrent balance in the council's books. The Chief Local Government Auditor raised concerns in the 2008/09 Management Letter regarding the financing of this fund. There is sufficient financing to cover the current commitments in the CIS but it is likely that new schemes will be added and the current economic recession is also likely to impact on the planned disposal receipts of the Council which help to fund the CIS. It is therefore recommended that the additional £1.3m is used to bolster the City Investment Strategy and that further information on proposals for the use of the City Investment Strategy will be presented to Members in June (see 4 below).

3. Indicative Efficiency Target for 2011/12

As agreed at the Strategic Policy and Resources Committee in March 2010, further details of the proposed council efficiency programme would be provided in May. The Director of Finance and Resources presented a paper to Members of the Budget and Transformation Panel on the indicative efficiency target for 2011/12 (see Appendix 2).

This identified an indicative target of some £1.7m and some proposals as to how this target would be achieved within the already agreed efficiency workstreams. The report also discussed the development of a programme which will enable the delivery of further efficiencies post 2011/12.

Members discussed the report and recognised that this was an improved and earlier planning process compared to previous years. They agreed that more work needed to be carried out over the summer on the individual workstreams and that the final target and efficiency proposals would be agreed as part of the rates setting process in the

autumn. It was agreed that the Budget and Transformation Panel would recommend an indicative efficiency target of £1.7m for 2011/12 to the Strategic Policy and Resources Committee and a range of other more detailed actions as set out in the recommendations below.

4. Capital Programme

The Director of Property and Projects discussed with Members the need to identify and agree a prioritised capital programme for 2010/11 – 2014/15. This programme would need to be aligned with future financing requirements, given that the majority of capital projects were now funded by loan. There was also a need to improve the management and maintenance of assets and ensure that resources were aligned to overall agreed council priorities. It was agreed that, given the importance of this issue, that the Strategic Policy and Resources Committee should be set aside on 4 June to discuss the asset management plan, the capital programme and the City Investment Strategy.

5. Financial Performance Reporting

It was agreed at the Strategic Policy and Resources Committee in April that work would be ongoing with Members on the development of new financial performance reports, in order to propose recommendations for the way ahead to the Strategic Policy and Resources Committee in June. The Budget and Transformation Panel discussed some initial proposals for financial performance reports and agreed that Party Group briefings should be arranged for late May/early June to discuss the proposed reports and their content and frequency.

6. Timetable for developing the new Corporate Plan

Members discussed an outline timetable for the development of the new Corporate Plan which would involve a range of engagements with party groups, the SP&R committee and Members workshops. This process needs to be substantively concluded by late summer so that the financial and business planning cycles can be aligned for the rates setting process during the autumn.

Resource Implications

Indicative rate target of 2.5% and indicative efficiency target of £1.7m for 2011/12.

Recommendations

The Budget and Transformation Panel recommends to the Strategic Policy and Resources Committee that:

- (a) an indicative rates target of 2.5% be set for 2011/12 with officers to complete more detailed work and come back to Members with further choices and recommendations;
- (b) £1.3m of additional funding from a VAT refund to be put into the City Investment Strategy for 2009/10;
- (c) an indicative efficiency target of £1.7m be set for 2011/12 with more detailed

- work completed over the summer and the final target agreed in the autumn;
- (d) the Director of Property and Projects brings back a report on a review of the Facilities Management Service and the Procurement Unit and that the current system of internal charges for support services for facilities management and ISB be removed so that improved standards and better VFM can be attained;
 - (e) a suite of VFM indicators are developed for all services to help benchmarking of costs;
 - (f) the Head of Human Resources/Head of Finance and Performance bring back a report on the people aspects of the efficiency programme;
 - (g) the Strategic Policy and Resources Committee on 4 June is set aside to discuss various aspects of the capital programme; and
 - (h) that Party Group briefings will be arranged for late May/early June on a proposed set of financial reports for the Council to be used from 2010/11

Key to Abbreviations

CIS – City Investment Strategy

Documents Attached

Appendix 1 – Paper for Budget and Transformation Panel on Indicative Rates Target 2011/12 Appendix 2 – Paper for Budget and Transformation Panel on Efficiency Target for 2011/12
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