






Strategic Policy and Resources Committee

Quarterly Finance Report

Report Period: Quarter 1 2010/11

Dashboard: Quarter 1, 2010/11

Strategic Element: Financial Planning		£,000 (under)/ over	Indicator %	Page no
Year to date variance				
BCC		(1,123)	(4%)	 3
• Strategic Policy and Resources		(285)	(4%)	
• Health & Environmental Committee		(421)	(4%)	
• Parks & Leisure Committee		183	4%	
• Development Committee		(290)	(5%)	
Forecasted variance				
BCC		(2,877)	(3%)	 4
• Strategic Policy and Resources		(1,309)	(4%)	
• Health & Environmental Committee		(171)	(0%)	
• Parks & Leisure Committee		259	1%	
• Development Committee		(535)	(3%)	
Capital Programme				
Forecasted Capital variance		0	0%	 5
Reserves				
Reserves variance		(3,011)	(67%)	6
Strategic Element: Better Services		Days	Days	
		Q4 09/10	Q1 10/11	
% of creditors paid in 30 days (average)		63	65	 7
% Debt recovered in 30 days (average)		23	36	 8
% Debt under 90 days old		57	47	 9
Note: Negative variances represent an under spend				

Executive Summary

Year to Date variance

The Council revenue position at quarter 1 is an under spend of £1,123k (4%). The under spend is a combination of the following factors:

- The corporate priorities budget with the Strategic Policy and Resources Committee is under spent due mainly to a contingency for fuel prices which has not been required to date and the deferred roll out of the inner city food waste collection element of the waste plan, contributing a £250k underspend
- The council had budgeted for a pay rise of 1.5% in 2010/11 and as this has not happened, £310k of the employee budget to date has not been spent.
- All departments with the exception of Parks and Leisure have reported under spends. These are mainly due to the non filling or delays in filling of vacant posts, additional income being received and the delay in initiating a number of work programmes.
- The reported over spend in Parks and Leisure is mostly due to employee costs and the continued need to use overtime and agency to protect service delivery. This issue is being addressed by the Director concerned through the operational reviews currently underway in both Parks and Leisure.

Forecasted variance

The forecast outturn for the year end is for an under spend of £2.9m. The factors which Members need to consider are as follows:

- The 2010/11 budget allowed for a 1.5% increase in pay. It is anticipated that this will no longer be required and will make available £1.1m for other uses.
- The corporate priorities budget is forecast to be under spent by £1.6m made up mainly of:
 - The £1m contingency for fuel prices and the roll out of the inner city food collection service which are not likely to be required in the 2010/11 year.
 - Electricity generation is forecast to yield an additional £325k due to favourable prices.
- At a departmental level, all departments are forecast to return an outturn within the acceptable limits.

The cover report to the Committee will make recommendations in relation to the potential use of the under spend.

Capital Programme

The capital programme is within budget at the end of the first quarter. The programme is forecast to remain within budget at the year end.

Reserves

Exclusive of in year savings, reserves are forecast to be £9m which is in line with the reserves strategy agreed by Council in February 2010.

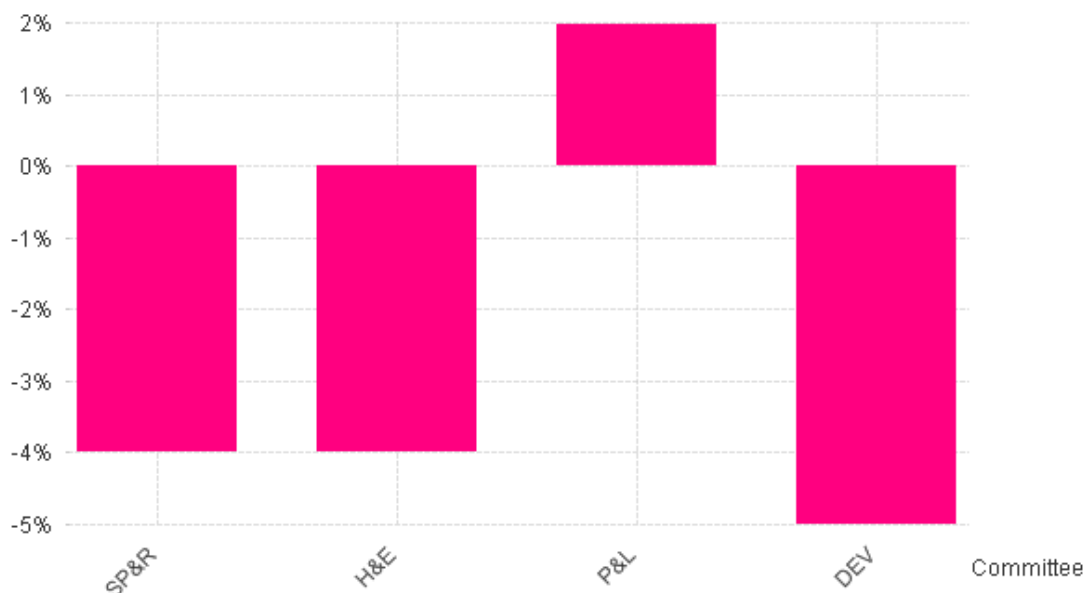
Better Services: Creditors and Debtors

The council continues to improve on the number of creditors paid within 30 days. Further action is being taken to meet the target of 75% by the year end.

The overall Council debt has fallen to £3.9m but the percentage of debt collected within 30 days is 36% compared to the target of 50%. A report will be brought to the Strategic Policy and Resources Committee in October outlining how the debt position will be improved.

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.



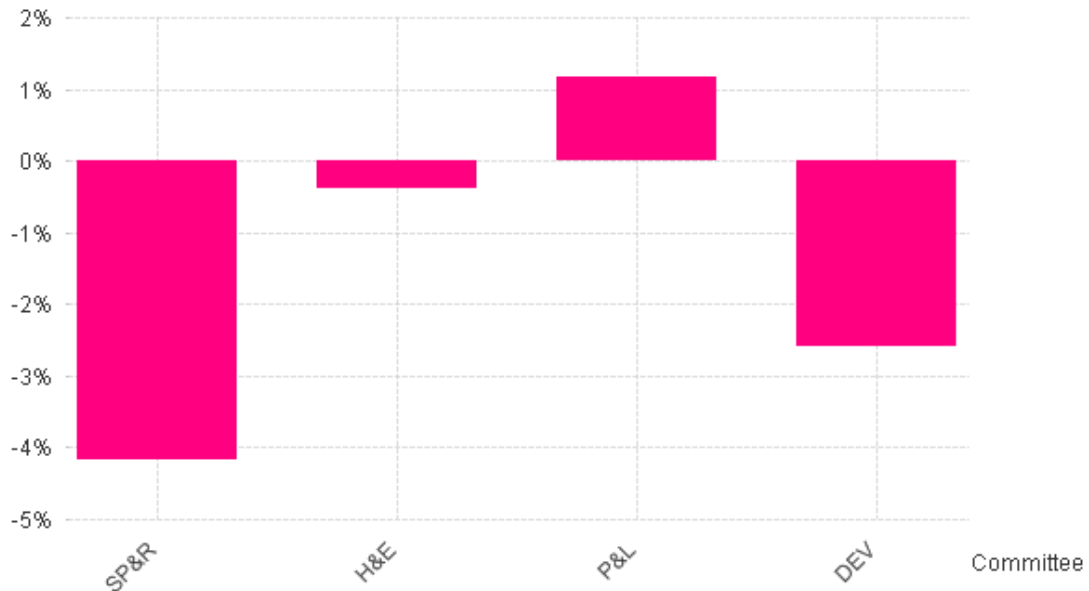
Commentary and action required

The Council has an under spend of £1,123k (4%) at quarter 1. The main reasons for the variance are :

- The deferred roll out of the inner city food collection element of the waste management plan means that forecast 2010/11 expenditure is no longer required. In addition, the contingency budget for potential fuel price pressures, held centrally, has not been needed to date. Together these give rise to a £250k under spend at the end of quarter 1.
- Electricity generation income from the North Foreshore is higher than anticipated leading to additional income of £87k.
- Pay is under spent by £310k given there has been no pay rise in 2010/11.
- Vacant post costs of £70k due to delays in structural reviews
- Delays in projects and programmes resulting in £140k under spends
- Building Control additional income of £36k and reduced spend of £53k
- Environmental Health in year staff turnover savings of £50k
- Parks and Leisure employee budget is over spent by 9%.

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

The Council is forecasting an under spend of £2.9m (3%) at the year end.

The main reasons for this forecast under spend are :

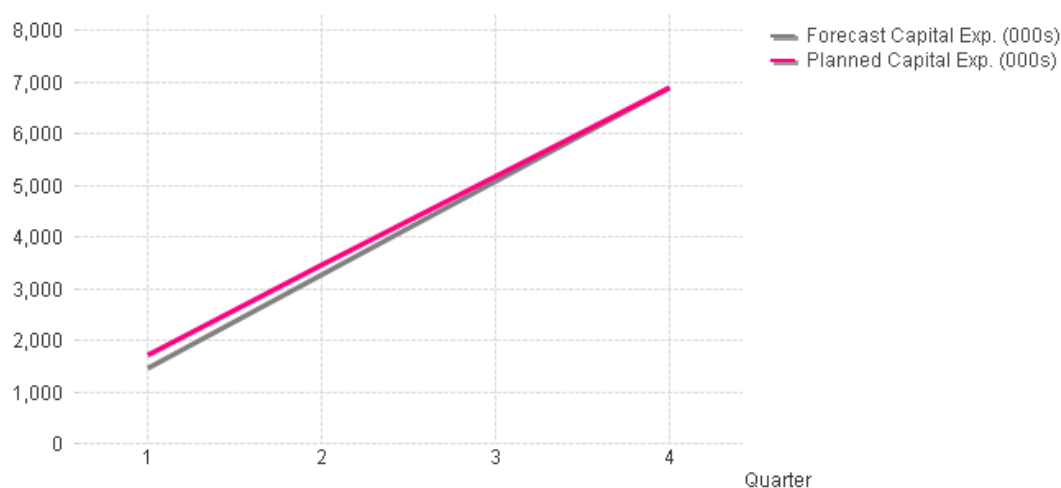
- Electricity generation is forecasting to raise additional income of £0.3m by the year end.
- Food waste collection proposals and fuel contingencies are forecast to be under spent by £1m at the year end.
- £1.1m of the budgeted pay rise is not anticipated to be required in 2010/11

Departments are all expected to make returns at the year end within acceptable limits.

Capital Programme

This indicator shows the planned capital expenditure against the planned forecasted expenditure for the current year.

The planned capital expenditure is taken from the agreed capital programme which provides for new buildings, vehicles and large investments in IT amongst others.



Commentary and action required

There are approximately 80 committed capital projects on the Council's Capital Programme in various stages of development, from inception to completion/final account. These projects vary in size and value from major Building Projects such as the Grove Wellbeing Centre (£23m), Vehicle Replacement programme (£1.5m) to replacement IT Systems and others of less than £100k. There are also a large number of proposals which have been submitted for inclusion but which have not yet been prioritised and approved by the Members to proceed.

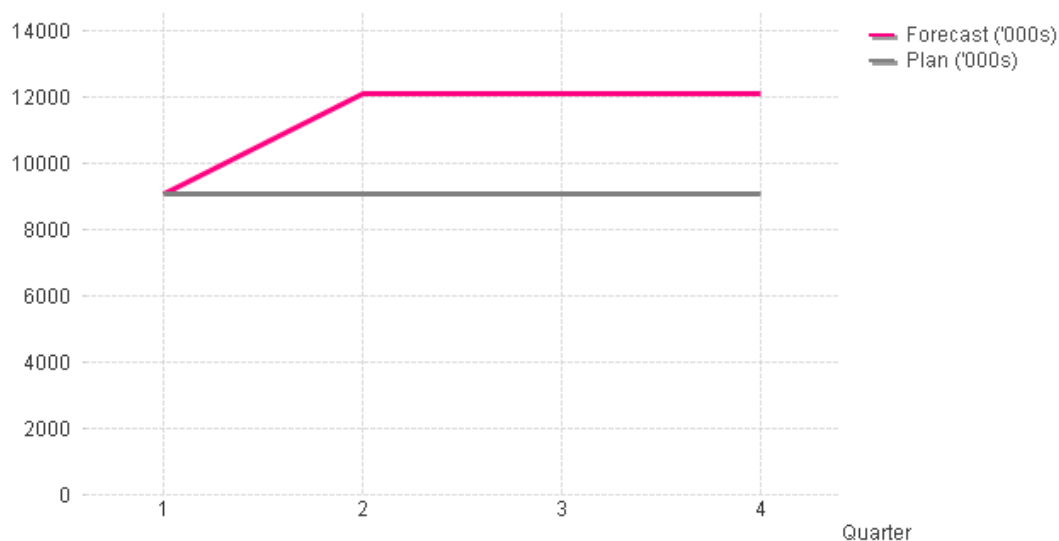
In the current financial year the Council has budgeted to spend approx £7m to deliver the current committed projects.

Whilst some projects may not proceed as anticipated due to various technical issues and queries such as planning etc., the available budget will be redirected to ensure that other commitments progress more rapidly. This then allows the necessary funds to be available in the future to accommodate those projects which have been delayed.

It is therefore forecast that whilst in the first quarter the capital budget is slightly underspent (£250k) that the full budget will be required to meet the Council's current commitments over the full financial year

Reserves Balance

This indicator shows the forecasted reserves balance against the planned reserves balance, from the rate setting exercise.



Commentary and action required

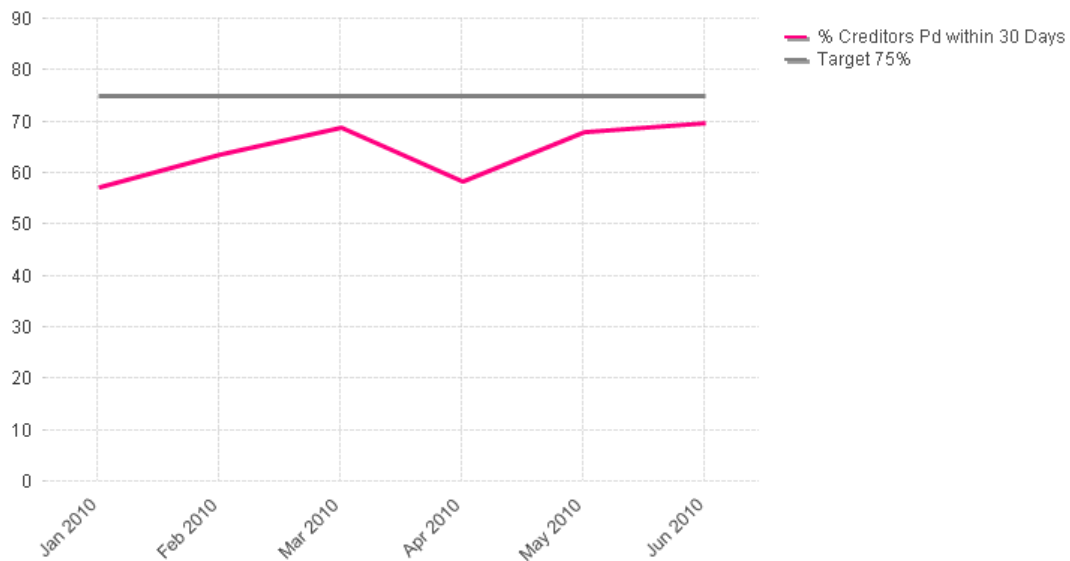
As agreed by Council in February 2010 the rate for 2010/11 included £4.5m as a contribution to reserves.

The final accounts for 2009/10 record a reserve balance of £4.6m at 31 March 2010. Exclusive of the in year financial forecast, reserves would therefore be planned to be some £9.1m at 31 March 2011.

Forecast departmental expenditure for 2010/11 is an under spend of £2.9m. If this under spend were to be applied to reserves, the forecast balance at the end of 2010/11 would be £12.1m. Recommendations on the approach to the use of the underspend are included in the covering Strategic Policy and Resources Committee report.

% of Creditors paid within 30 days

This indicator measures the percentage of supplier (creditor) invoices that have been paid within the 30 day limit.



Commentary and action required

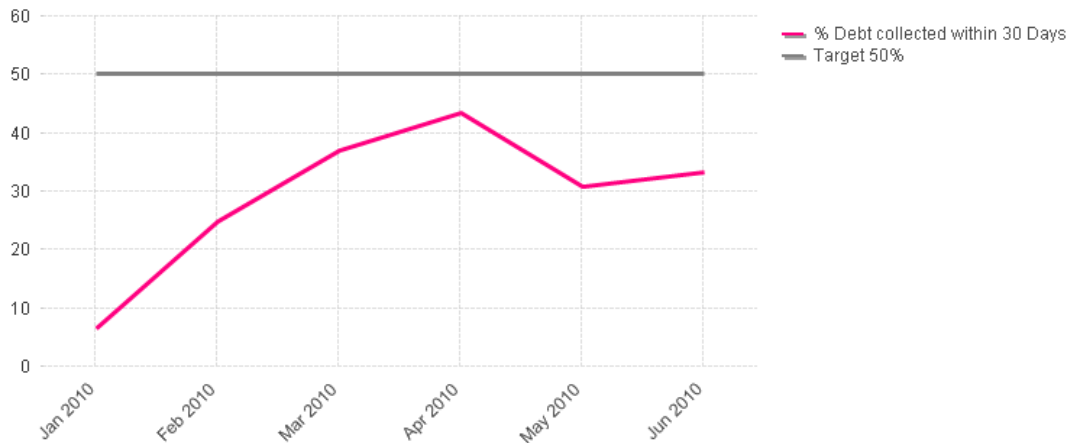
Based on the figures from quarter 4 2009/10 and quarter 1 2010/11, the percentage of invoices paid within 30 days has risen from 63.04% to 65.21%. On an actual monthly basis the figure has continued to increase towards the agreed target of 75%.

From September, suppliers who continue to send in invoices not containing the relevant information will have their invoices returned. This is to encourage suppliers to adhere to the Council's procedures for supplying goods and services, to allow us to process and pay invoices faster and more efficiently and is common procedure in best practice organisations.

The Council's new performance management system CORVU will be used to measure how well departments adhere to procure-to-pay procedures. It is anticipated that this monitoring will assist us to achieve the 75% target.
processing of suppliers invoices

% of Debtors collected within 30 days

This indicator measures the percentage of customer (debtor) invoices that have been collected within a 30 day period.



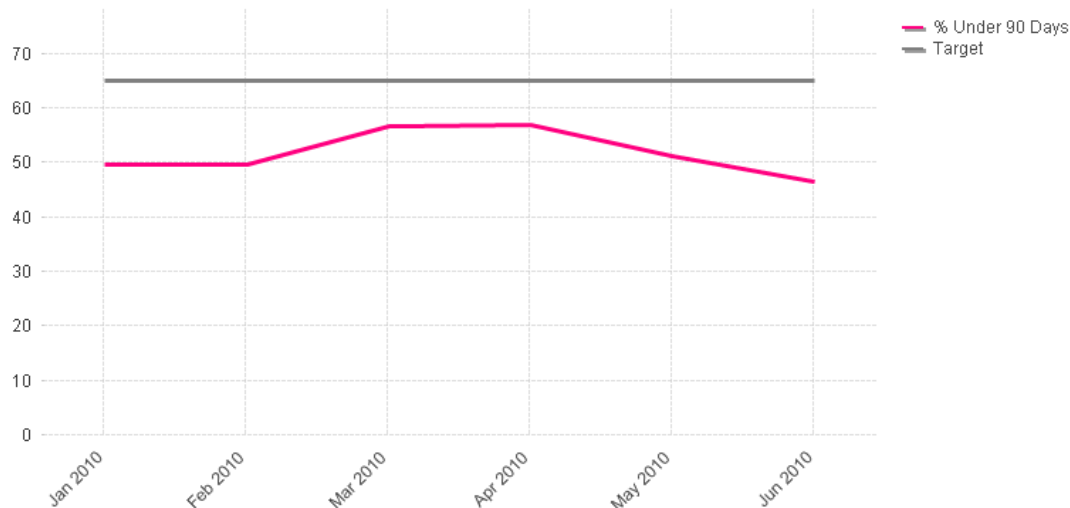
Commentary and action required

Based on quarter 4 2009/10 and the quarter 1 2010/11 figures, the percentage of customer invoices being paid within 30 days has risen from 22.77% to 35.74%. The rise in the figures above is seen as a seasonal trend.

It is recommended that the Head of Finance and Performance should report to Committee in October on the current processes and procedures for billing and collection, and make recommendations for improvement. This should result in the indicator progressing from its current position to the 50% target.

% of Debt under 90days old

This indicator measures the percentage of outstanding money (debt) owed to the council that is less than 90 days old.



Commentary and action required

The figures above indicate that the value of debt under 90 days has decreased from 56.65% in quarter 4 to 46.48% in quarter 1. This can be attributed to the overall amount of Council debt falling to £3.9m and the value of sales invoices falling on a monthly basis.

This trend suggests that customers are not paying within their agreed payment terms of 30 days but are waiting until 1st and 2nd Dunning (Reminder) letters are issued, which is approx 44 and 58 days from the date the invoice is raised.

Central Transaction Unit (CTU) will review the way they manage debt collection, which is currently focused on the 90 days+. It is planned to introduce daily reminder letters within the next six months. CTU will also revisit the Dunning (reminder) timeline and review introducing customer statements on a monthly basis to ensure timely collection of debt. These initiatives will lead to an improvement in this PI.

Appendix A – Supplementary Information

Belfast City Council – Movement on Reserves

	Variance YTD £'000	% Variance	Plan 10/11 £'000	Forecast for Y/E at P3 £'000	Forecast Variance £'000	% Variance
Total Departmental	(1,123)	(4%)	114,945	112,068	(2,877)	(3%)
City Investment Fund			3,000	3,000		0%
Capital Financing			7,019	7,019		0%
Rates & General Grant						
General Grant			(4,372)	(4,372)		0%
Rates Income			(125,078)	(125,078)		0%
Specified Reserves				(134)	(134)	
Movement on Reserves			(4,486)	(7,497)	(3,011)	(67%)

Analysis of Reserves Balance	£ 000's
Opening Balance @ 01.04.2010	4,602
Add Forecast Movement for 10/11	7,497
Forecast Reserves @ 31.03.11	12,099

Belfast City Council - Departmental Analysis & Forecast

	Variance YTD £'000	% Variance	Plan 10/11 £'000	Forecast for Y/E at P3 £'000	Forecast Variance £'000	% Variance
Strategic Policy & Resources	(285)	(4%)	31,416	30,107	(1,309)	(4%)
Health & Environmental	(421)	(4%)	39,335	39,164	(171)	(0%)
Parks & Leisure	183	4%	22,328	22,587	259	1%
Development	(290)	(5%)	20,624	20,089	(535)	(3%)
Employee Pay Rise (1.5%)	(310)		1,241	120	(1,121)	(90%)
Total Departmental	(1,123)	(4%)	114,945	112,068	(2,877)	(3%)

Note: Negative variances represent an under spend

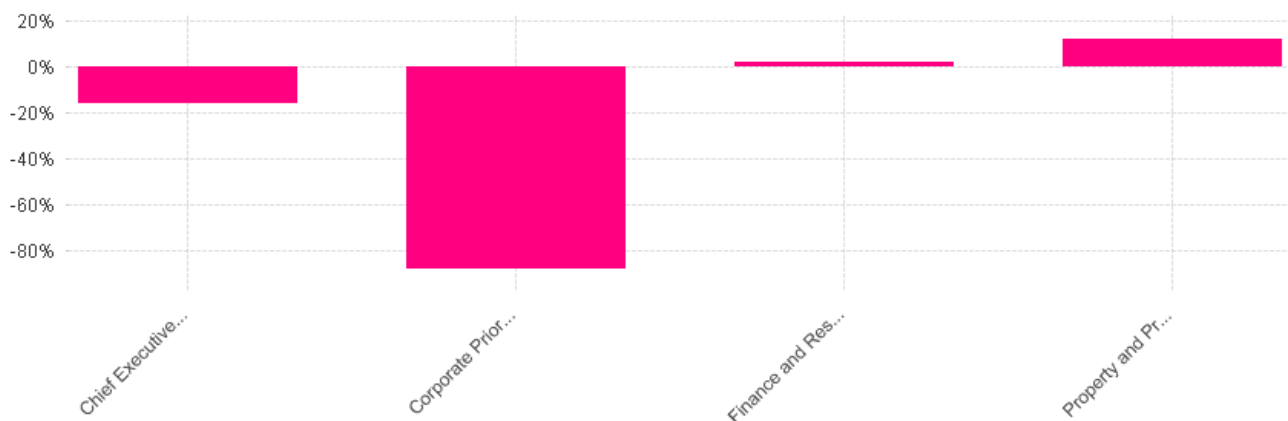
**Appendix B – Strategic Policy and Resources
Committee detail**

Year to Date % variance

Source: SAP

PI definition:

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

The Strategic Policy & Resources Committee has an under spend of £285k (4%) at quarter 1. The major contributor to this under spend is corporate priorities where expenditure is less than expected and income is more than expected. The variations are as follows:

- A budget for the potential roll out of the inner city food collection proposals as part of the waste management plan is no longer required as the roll out has been deferred until 2011/12 for operational reasons.
- A fuel contingency is provided for to manage the risk associated with the volatility of fuel prices. For quarter one, prices have been stable so the contingency budget has not been required.
- Electricity generation income from the North foreshore is higher than anticipated leading to an £87k over recovery at quarter 1.

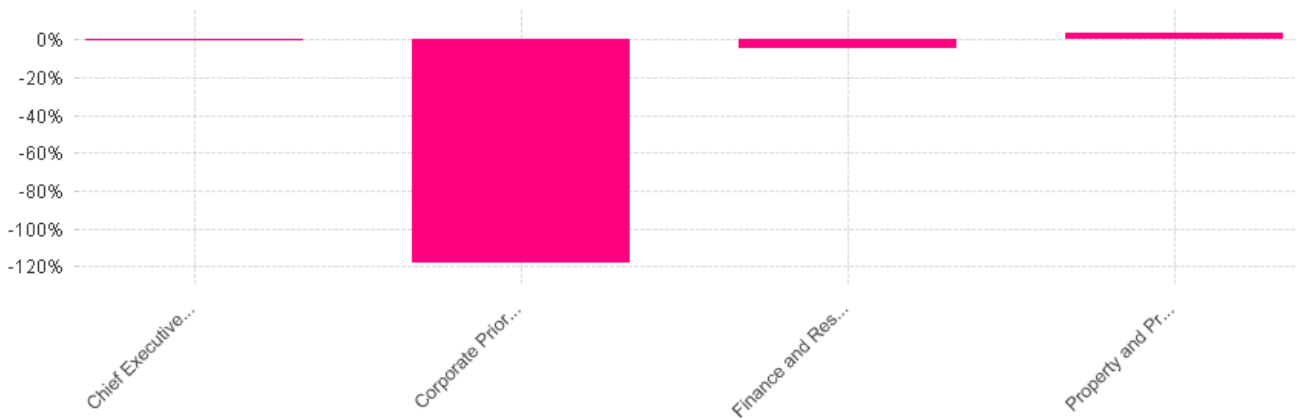
At a departmental level, for quarter one, there are no concerns as the balances across the three departments show a small under spend of £8k.

Forecast % variance

Source: SAP

PI definition:

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

The Strategic Policy & Resources Committee is forecasting an under spend of £1,308k (4%) at the year end.

This is mainly driven by corporate priorities including:

- Electricity generation is forecasting additional income of £325k at the year end based on the current forecast of favourable electricity prices.
- Food waste collection proposals and fuel price contingencies are forecast to be under spent by £1m at the year end.

At a departmental level, the Chief Executive's and Finance and Resources Departments are forecast to have small under spends of £45k (1%) and £123k (4%) respectively. Property and Projects department is forecast to be in an over spend position to the value of £466k (4%). This is mainly due to Facilities Management. The Director and Head of Service concerned had already identified this as an issue and have initiated a review of the service in agreement with the Strategic Policy and Resources Committee.

Strategic Policy and Resources Committee - Section Expenditure Budgetary Analysis & Forecast

	Variance YTD £'000	% Variance	Plan 10/11 £'000	Forecast for Y/E at P3 £'000	Forecast Variance £'000	% Variance
Strategic Policy & Resources Total	(285)	(4%)	31,416	30,107	(1,309)	(4%)
Chief Executives Department	(276)	(16%)	5,231	5,186	(45)	(1%)
Legal Services	32	16%	787			
Corporate Communications	(51)	(18%)	1,069			
Business Support	15	9%	709			
Good Relations	(185)	(38%)	439			
Democratic Services	(88)	(16%)	2,227			
Finance and Resources (exc corp Priorities)	52	2%	11,720	11,597	(123)	(4%)
Human Resources	(29)	(5%)	2,158			
Finance and Performance	4	1%	2,143			
ISB	217	21%	4,162			
Audit Governance & Risk Services	(23)	(14%)	635			
Project Corporate Systems	(16)	(18%)	341			
Pensions	(110)	(23%)	1,900			
Directorate	8	8%	381			
Property and Projects	216	12%	13,104	13,570	466	4%
Facilities Management	120	7%	14,836			
CIT Management	(112)	(26%)	1,797			
Projects, Procurement and Estates	208	(20%)	(3,530)			
Corporate Priorities	(277)	(88%)	1,361	(245)	(1,606)	(118%)