



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Financial Reporting – Quarter 3 2010/11
Date:	18 February 2011
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Relevant background information

The Strategic Policy and Resources Committee agreed at on 18 June 2010 that:

- the council would produce financial reporting packs for the Strategic Policy and Resources Committee and each Standing Committee on a quarterly basis
- the Budget and Transformation Panel would also receive monthly financial updates 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 (Appendix 1). It also provides a more detailed explanation of each of the relevant indicators covering the year to date and forecast financial position, progress in year on the capital programme, implications for reserves, payments to creditors and recovery of debt.

The style and layout reflect much of the discussion and feedback arising from the members' financial training at the end of September 2010. As we previously advised the committee, we will continue to develop the style and contents of the reports in liaison with members.

Central finance and departmental management teams have worked together to develop the information within the financial reporting packs.

Key Issues

Current and Forecast Financial Position 2010/11 and Implications for Reserves

The current year to date financial position for the council is an under spend of some £0.7m (0.8%) with a forecast end of year under spend of some £0.6m (0.5%).

As in quarter 2, the key elements of the under spend relate to the current unutilised pay rise budget, additional electricity generation income, fuel costs being lower than anticipated, the deferred roll out of food collection as part of waste management and

delays in the filling of vacant posts.

In addition, the forecast also reflects:

- the utilisation of £0.7m of the 2010/11 under-spend, £0.5m less than was agreed at Strategic Policy and Resources Committee on 19th November 2010, due to fewer voluntary redundancies than had been anticipated; and
- increased savings in committees compared to the previous quarter's forecast.

This year to date and forecast position reflects the recent notification from LPS of an estimated claw back amounting to £3.5m for 2010/11 (compared to £600k at quarter 2). LPS are trying to take actions to reduce this estimated clawback, (potentially by up to £0.5m) but there are many factors which could impact on the final position which will be declared in September.

At the Budget and Transformation Panel meeting on 8 February 2011, Members recommended that the claw back should be covered from this year's under spend, assuming there were sufficient resources available. This recommendation was made on the basis that deferring payment in the context of a volatile rate base may compound the council's financial position in future years.

Members should note that the key drivers of the under spend have been addressed as part of the rate setting process for 2011/12. For example, the estimates for 2011/12 only cater for a pay rise for those staff who earn less than £21,000 per annum.

The district reserves of the council were planned to be some £9.1m by 31 March 2011, being the opening reserves of £4.6m at 1 April 2010 and the £4.5m contribution from the rates to reserves, agreed as part of the 2010/11 rates setting exercise. The current forecast under spend of £0.6m would lead to reserves of some £9.7m by 31 March 2011. In addition, there are also £231k of specified reserves which will be utilised in 2011/12.

The financial reporting pack contains more detail on both the overall council position and the financial performance in each of the Committees.

Other Financial Indicators

The financial reporting pack includes information on a number of other financial indicators - progress in year on the capital programme, payments to creditors and recovery of debt.

Of these indicators, recovery of debt is currently red and cause for concern. Work is ongoing in relation to implementing the recommendations made in the report to committee on 22 October 2010, and in particular from mid-January we have introduced additional measures to pro-actively manage debt.

Recommendations

Members are recommended to note the above report and associated financial reporting pack.

Decision Tracking

N/A

Key to Abbreviations

LPS - Land and Property Services

Documents Attached

Appendix 1: Financial Reporting Pack
