



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Financial Reporting – Quarter 4 2010/11
Date:	17 June 2011
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Relevant background information

The Strategic Policy and Resources Committee agreed 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 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 year end financial position for the council is an under spend of £2.6m (2.2%).

As in quarter 3, 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.

The year end position reflects the claw back by LPS of some £3.1m, reduced from the previous forecast in January 2011 of £3.5m.

Members should note that efficiency savings of £2.9m have been included in the 2011/12 estimates and this will assist in addressing many of the areas where under-spends have occurred this year.

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

Reserves Position

At 1 April 2010 the opening reserves were £4.6m and, as agreed as part of the 2010/11 rates setting exercise, Members planned to build the reserves up to £9.1m by 31 March 2011. The **actual reserves position as at 31 March 2011 is £12.5m**. This position is mainly explained by the 2010-11 in-year under spend of £2.6m; additional income from a VAT reclaim and rent reviews relating to previous years; and the rates finalisation adjustments for 2009/10.

The Strategic Policy and Resources Committee has previously been advised that an acceptable level of general reserves for Belfast City Council would be £10m. This means that the council now has £2.5m of funds that can be used for other purposes. The April Strategic Policy and Resources Committee agreed that officers should consider the potential to establish a Capital Fund for investment in local capital projects, perhaps aligned to the Social Investment Fund and other external funding streams. A separate report on this matter is being considered by the Strategic Policy and Resources Committee today.

If Members decide to establish a Capital Fund for investment in local capital projects then the £2.5m surplus reserves could be used to finance this in the first instance, leaving the district reserves of the council at an acceptable level of some £10m.

Other Financial Indicators

The average number of creditors paid within 30 days is 66%, up slightly from last year (63%). We have initiated closer working relationships with departments in order to bring the actual performance closer to the target of 75%.

The overall Council debt has fallen to £3.9m (quarter 3: £4.1m) and the percentage of debtors collected within 30 days has risen to 79% (quarter 3: 43%). The percentage of debt under 90 days old has increased to 54% (quarter 3: 45%), albeit down slightly from on last year (57%).

Work also continues on implementing the recommendations made in the report to committee on 22 October 2010, with a concerted effort in the last quarter of the financial year, and this has been reflected in the overall reduction in 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
