



## Belfast City Council

<b>Report to:</b>	Strategic Policy and Resources Committee
<b>Subject:</b>	<b>Financial Reporting – Quarter 1 2011/12</b>
<b>Date:</b>	19 August 2011
<b>Reporting Officer:</b>	Ronan Cregan, Director of Finance and Resources
<b>Contact Officer:</b>	Ronan Cregan, Director of Finance and Resources

### 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 2011/12

The financial position for the council at the end of Quarter 1 is a net departmental under spend of £1.48m (4.89%). The forecast year end position is an under spend of £210,000.

The key elements of the Quarter 1 net under spend relate to increased levels of income received in Building Control and Parks and Leisure Services combined with

reduced waste disposal and haulage costs in Health and Environmental Services.

The forecast year end outturn for the various departments of an under-spend totalling £210,000 reflects the anticipated reduction in income levels for ISB, North Foreshore electricity generation, Leisure Centres, Malone House and Belfast Castle. These losses will be offset by savings in Health and Environmental Services due to a reduction in landfill tonnages.

Land and Property Services forecast a shortfall in rate income of £161,000 which will leave the council with a forecast balanced budget position at the year end.

It should be emphasised that it is very early in the financial year and therefore it is difficult to make an accurate forecast of the end of year financial position. There are considerable uncertainties which could impact on the forecast, for example, the level of rates income received or any changes to the pay rise assumptions. Nonetheless, an early forecast is helpful to Members in making financial decisions for the remainder of 2011/12 and in advance of the 2012/13 rates setting exercise.

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

### **Capital Programme**

The rates for 2011/12 allowed for £10.2m of capital financing to pay for schemes within the Capital Programme. Slippage in a number of schemes and in-year savings of £900,000 in fleet provision may result in finance becoming available in-year for re-allocation on a non-recurrent basis. It is recommended that a report is brought to the second SP&R committee meeting in September for Members to consider options on the potential uses of non-recurrent finance which becomes available in this area including for example, planned maintenance work and smaller scale capital schemes.

### **Local Investment Fund**

The council has already agreed to allocate £2.5m to the fund. A policy framework to support the allocation of money within the fund is currently being developed and this will be brought to the second Strategic Policy and Resources Committee meeting in September for approval by Members.

### **City Investment Strategy**

The City Investment Strategy has an opening balance for 2011/12 of £12.9m and a forecast closing balance of £6.7m. Members should note that any income from land and property sales during the year will be allocated to supplement the fund.

### **Reserves Position**

The council's general reserves at the end of 2010/11 were £10.43m. The forecast position at the year end is £10.60m. This is after taking account of the forecast clawback by Land and Property Services of £161,000.

### **Better Services: Creditors and Debtors**

The average number of creditors paid within 30 days is 67%, up slightly from Quarter 4 last year (66%). This can be attributed to the roll out of the purchase order system in Facilities Management. The Central Transactions Unit have initiated closer working relationships with departments in order to bring the actual performance closer to the target of 75%.

The overall Council debt is £4.1m with the percentage of debt collected within 30 days now standing at 75% which is well within the target of 50%. The percentage of

debt under 90 days old has decreased to 49%, down from 54% in Quarter 4 last year. This is outside the target of 65%.

Work continues on implementing the recommendations made in the report to committee on 22 October 2010 and this is reflected in the overall debt performance.

### **Recommendations**

1. Members are recommended to note the above report and associated financial reporting pack.
2. That a report is brought to the second SP&R committee meeting in September for Members to consider options on the potential uses of non-recurrent finance which becomes available in this area including for example, planned maintenance work and smaller scale capital schemes

### **Decision Tracking**

N/A

### **Key to Abbreviations**

N/A

### **Documents Attached**

Appendix 1: Financial Reporting Pack