



Strategic Policy and Resources Committee

Quarterly Finance Report

Report Period: Quarter 1 2011/12

Dashboard: Quarter 1, 2011/12

Strategic Element: Financial Planning	Variance £,000 (under)/ Over Q1	Indicator % Q1					Page no
Year to date variance							3
BCC	(1,482)	(4.9%)				A	
• Strategic Policy & Resource	(292)	(3.5%)				A	
• Health & Environ. Committee	(864)	(8.0%)				R	
• Parks & Leisure Committee	(191)	(3.6%)				A	
• Development Committee	(134)	(2.3%)				G	
Forecasted variance							4
BCC	(210)	(0.2%)				G	
• Strategic Policy & Resources	422	1.4%				A	
• Health & Environ. Committee	(732)	(1.7%)				G	
• Parks & Leisure Committee	200	0.9%				G	
• Development Committee	(100)	(0.5%)				G	
Capital Programme							5
Forecasted Capital variance	(4,215)	(33.4%)				R	
Reserves							6
Reserves variance	(178)	N/A					
Strategic Element: Better Services	Days Qtr1						
% of creditors paid in 30 days (average)	67.4%					A	7
% Debt recovered in 30 days (average)	75.1%					G	9
% Debt under 90 days old	48.6%					G	10

Notes:

1. Negative variances represent an under spend

2. Movement on last quarter:  Better Worse Unchanged

3. Tolerance R/A/G guide for % variances:



Executive Summary

Year To Date Variance

The Council has a departmental net expenditure budget of £30.31m for the quarter ended 30 June 2011. The variance for the period is an under-spend of £1.48m.

The key elements of this year-to-date under-spend are:

1. Unplanned income, mainly received by Building Control - £300,000.
2. Outstanding payments in Health and Environmental Services - £350,000.
3. Reduced waste disposal and haulage costs - £150,000.
4. Increased income in Parks and Leisure Services - £310,000.
5. Outstanding grant payments in Economic Initiatives - £200,000.

Council-wide expenditure on direct employees costs is aligned very closely to budget with an under-spend of £64,000 or 0.31% for the quarter.

Forecast Variance

Forecast outturn of the various departments is a net under-spend of £210,000. There are significant savings (£732,000) forecast in Health and Environmental Services due to a reduction in landfill tonnages which are mostly offset by losses in ISB income, electricity generation, Leisure Centres, Malone House and Belfast Castle.

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.

Reserves

The general reserves of the Council have an opening balance of £10.43m. The forecast position at the year end is £10.60m. This is after taking account of a forecast clawback by Land and Property Services of £161,000. This position will be closely monitored throughout the year by Financial Services.

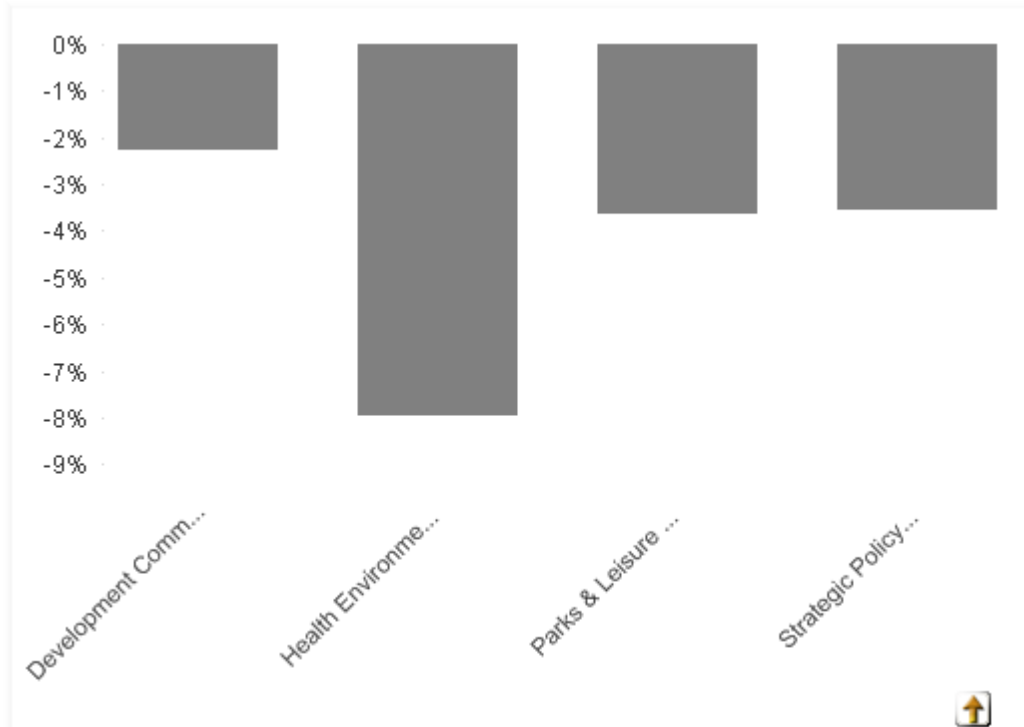
Better Services: Creditors and Debtors

The average number of invoices paid within 30 days is 67%. This is slightly up from Quarter 4 2010/11 and can be attributed to the roll out of the purchase order system in Facilities Management.

The percentage of debt collected within 30 days is 75% which is well within the PI target of 50%. The percentage of debt under 90 days old is 49%, down from 54% in Quarter 4 2010/11. The overall Council debt is £4.1m at 30 June 2011.

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

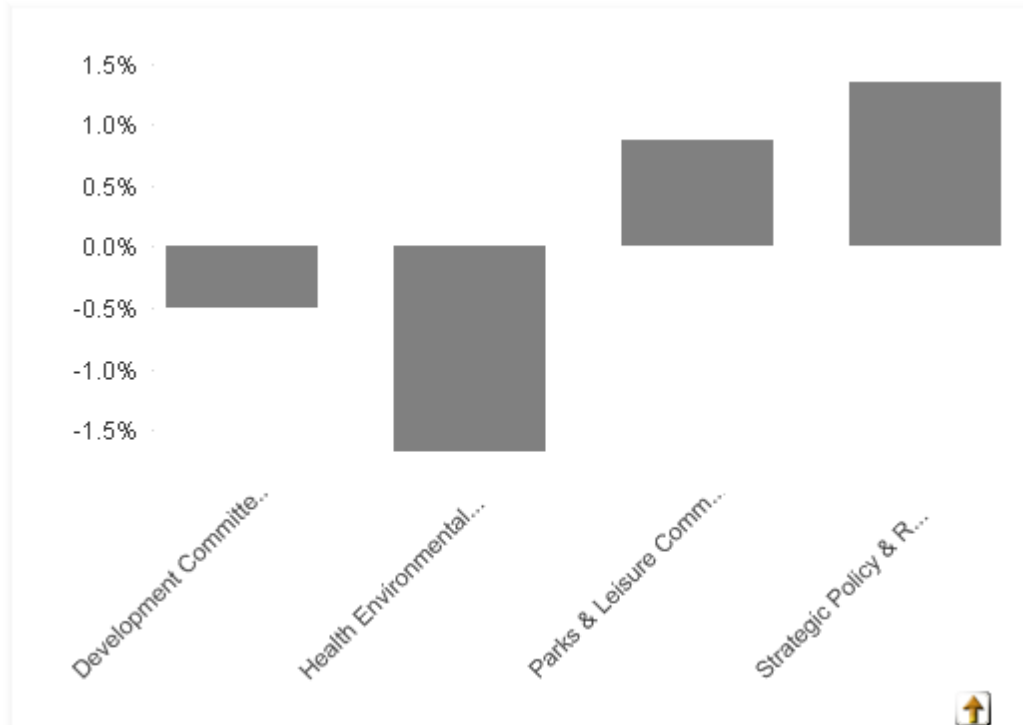
The Council has a departmental budget of £30.31m for the quarter. Net expenditure for the quarter was £28.83m giving a net under-spend of £1,482,000 or 4.89% for the period. The main reasons for this variance are: The key elements of this year-to-date under-spend are:

- Unplanned income, mainly received by Building Control - £300,000.
- Outstanding payments in Health and Environmental Services - £350,000.
- Reduced waste disposal and haulage costs - £150,000.
- Increased income in Parks and Leisure Services - £310,000.
- Outstanding grant payments in Economic Initiatives - £200,000.

Council-wide expenditure on direct employees costs is aligned very closely to budget with an under-spend of £64,000 or 0.31% for the quarter.

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

Departmental expenditure is forecast to be a net under-spend of £210,000 or 0.16% 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.

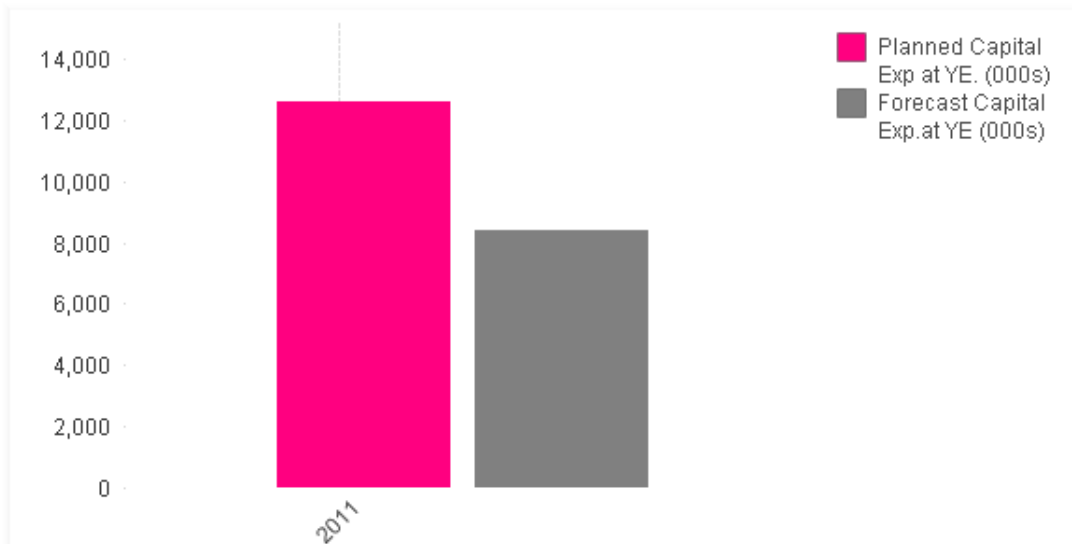
The forecast year end outturn for the various departments of an under-spend totalling £210,000 reflects the anticipated reduction in income levels for ISB, North Foreshore electricity generation, Leisure Centres, Malone House and Belfast Castle. These losses will be offset by savings in Health and Environmental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

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

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.

Local Investment Fund

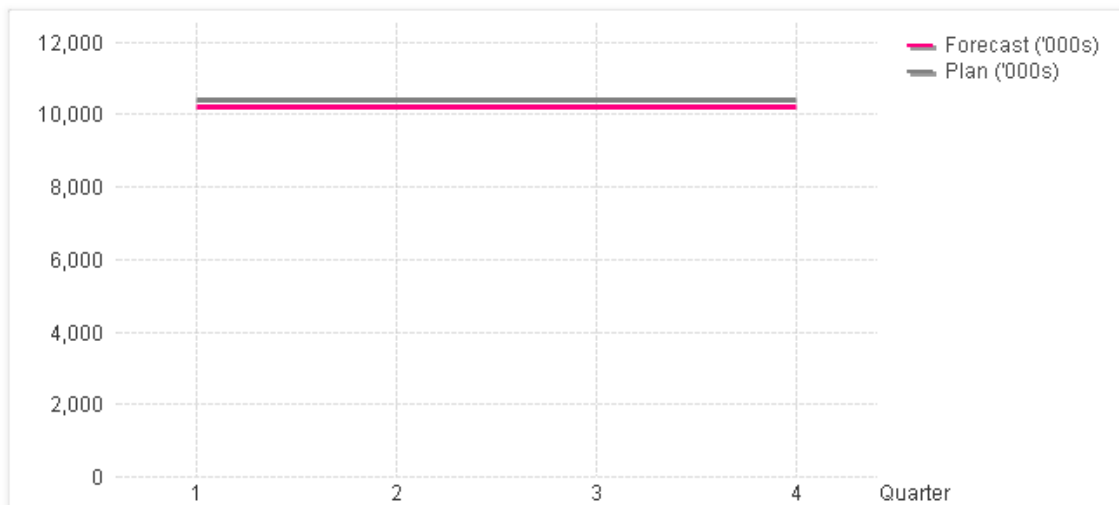
The council has already agreed to allocate £2.5m to the fund. A policy framework to support the allocation of money within the fund is currently being developed and this will be brought to the second Strategic Policy and Resources Committee meeting in September for approval by Members.

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 Balance

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



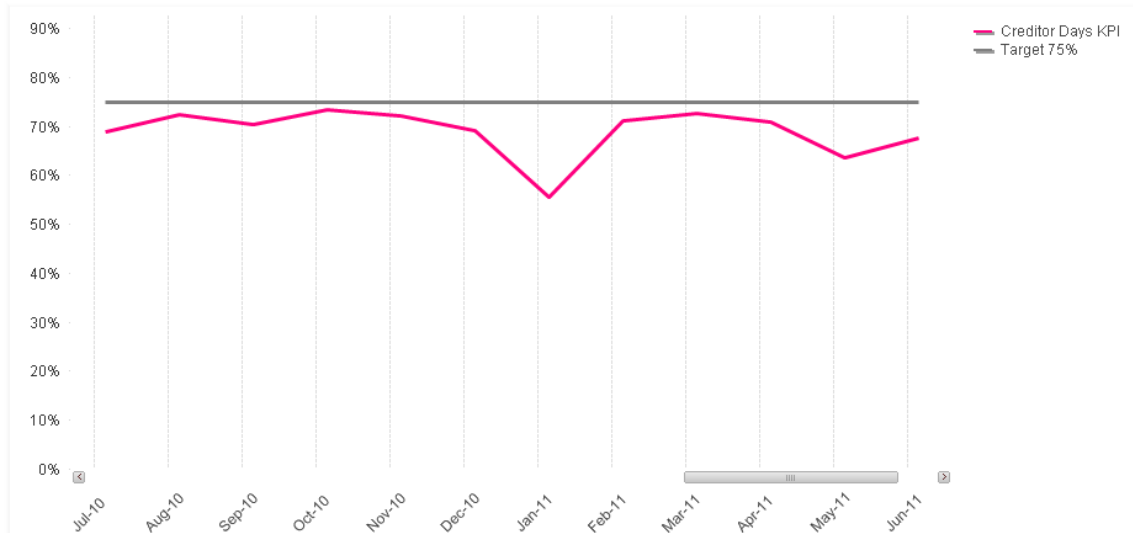
Commentary and action required

The un-audited final accounts recorded a reserve balance of £10.43m at 31 March 2011. This is in line with the reserve level agreed at Strategic Policy and Resources Committee on 11 December 2009. Members will recall that £2.50m was transferred from general reserves to the capital fund at the end of 2010/11.

The forecast position at the year end is a balance of £10.60m. This is after taking account of a forecast clawback by Land and Property Services of £161,000. This position will be closely monitored throughout the year by Financial Services.

% 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

The average percentage of invoices paid within 30 days has risen to 67% in Quarter 1 compared to 66% in Quarter 4 2010/11. This is below the target level of 75%.

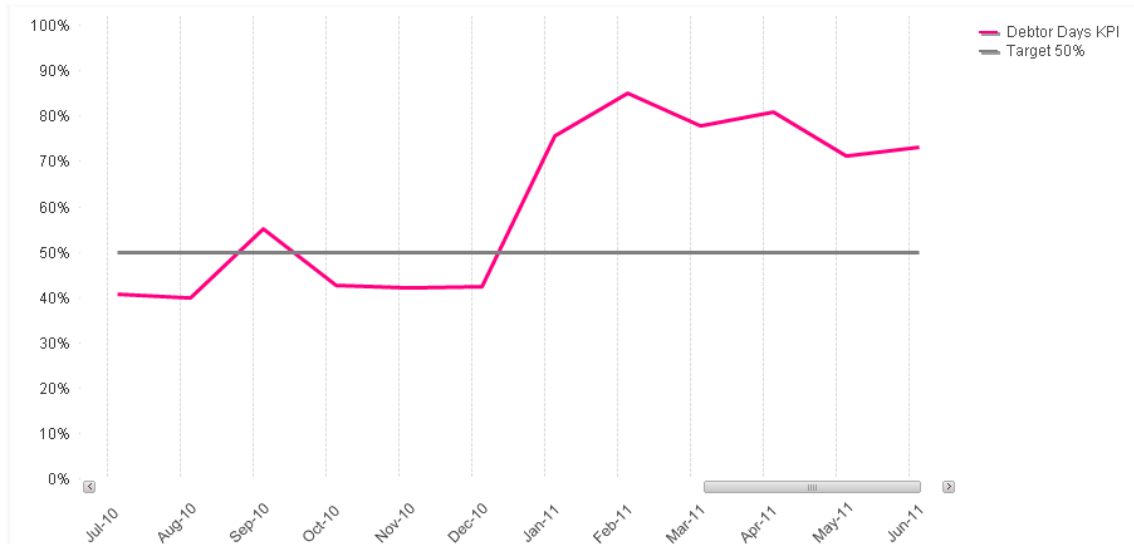
The slight improvement in performance can be attributed to the roll out of SRM (Purchase Order System) within Facilities Management. However, the impact of a vacant post within CTU will make it difficult to maintain this level of performance in Quarter 2.

To maintain and improve this situation we are currently contacting vendors who are submitting statements with overdue accounts and working closely with them to resolve issues and provide support for going forward.

CTU are also meeting departments to address Purchase Order Non Compliance issues and how they impact on our service delivery and PI to ensure that we all have a better understanding of the end to end process.

% 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

Debt collected within 30 days is 75% for the quarter and continues to remain above the PI target set at 50%.

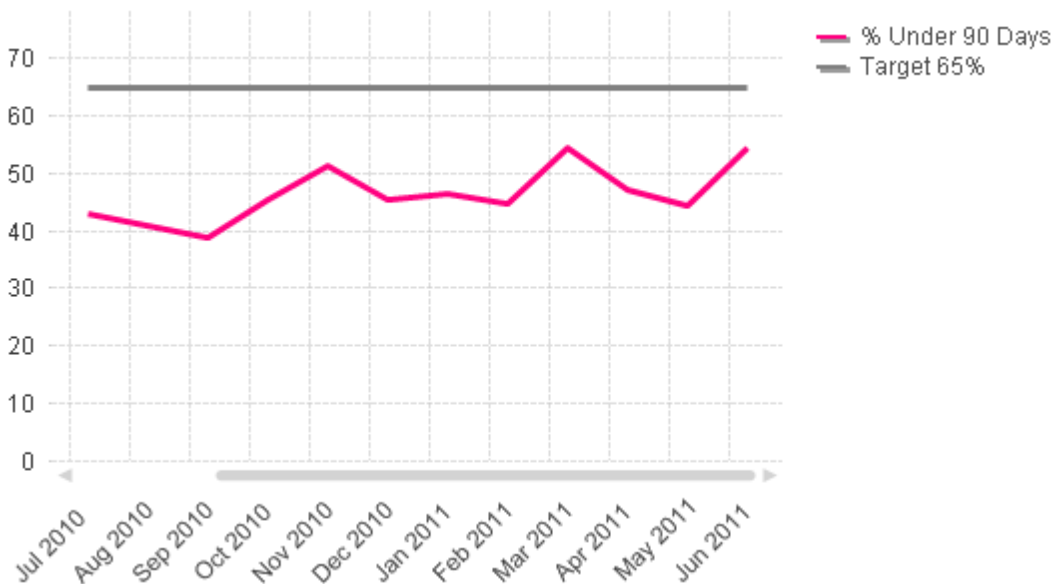
Customers who deal with the Council on a daily basis are paying on a timely basis to ensure business continuity is maintained without any interruption to their service.

CTU continue to chase the debt by Sales Office and have built up a good relationship with those customers who are dealt with on a regular basis which is reflected in the debt being paid within the agreed terms.

CTU continue to work closely with departments and customers to ensure debt is collected on a timely basis and to provide the information needed to pay the invoice first time.

% of Debt under 90 days 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

Based on the first quarter figures, debt under 90 days old is 49% of total debt. This is below the PI target of 65%. This compares to 54% in Quarter 4 2010/11. The level of debt fell from £4.9m at 31 March 2010 to £3.9m at 31 March 2011. There has been a slight rise during Quarter 1 to £4.1m due to the large number of rental invoices issued.

With reminder letters being generated on a weekly basis and staff resources focusing heavily on debt recovery this has ensured that debt is collected on a timely basis. Resources within CTU capture debt between the 1st and 2nd reminder letter to ensure we resolve any queries or disputes before the debt moves into the greater than 90 days category.

CTU recently took a report to CMT detailing the roles and responsibilities on the debt procedure to ensure that the end to end processes are clearly defined, debt recovery action is prompt and effective and that the proper process is applied when debts are considered for write off.

Appendix A – Supplementary Information

Belfast City Council – Movement on Reserves

	Variance YTD £'000	% Variance	Plan 11/12 £'000	Forecast for Y/E at P3 £'000	Forecast Variance £'000	% Variance
Total Departmental	(1,482)	(4.9%)	117,445	117,235	(210)	(0.2%)
City Investment Fund			3,000	3,000		0.0%
Capital Financing			10,146	10,146		0.0%
Rates & General Grant						
General Grant			(4,159)	(4,159)		0.0%
Rates Income			(126,432)	(126,271)	161	(0.1%)
Specified Reserves				230	230	
Movements related to Prior Years				(359)	(359)	
Movement on Reserves	(1,481)	(4.9%)		(178)	(178)	N/A

Analysis of Reserves Balance	£ 000's
Closing Bal from final accounts @ 31.03.2011	10,426
Add Forecast Movement for 11/12	178
Forecast Reserves @ 31.03.12	10,605

Belfast City Council - Departmental Analysis & Forecast

	Plan YTD £'000	Actual YTD £'000	Variance YTD £'000	% Variance	Plan 11/12 £'000	Forecast for Y/E at P3 £'000	Forecast Variance £'000	% Variance
Strategic Policy & Resources	8,278	7,986	(292)	(3.5%)	31,149	31,571	422	1.4%
Health & Environmental	10,869	10,005	(864)	(8.0%)	43,457	42,725	(732)	(1.7%)
Parks & Leisure	5,255	5,064	(191)	(3.6%)	22,955	23,155	200	0.9%
Development	5,906	5,772	(134)	(2.3%)	19,884	19,784	(100)	(0.5%)
Total Departmental	30,308	28,827	(1,482)	(4.9%)	117,445	117,235	(210)	(0.2%)

Note: Negative variances represent an under spend

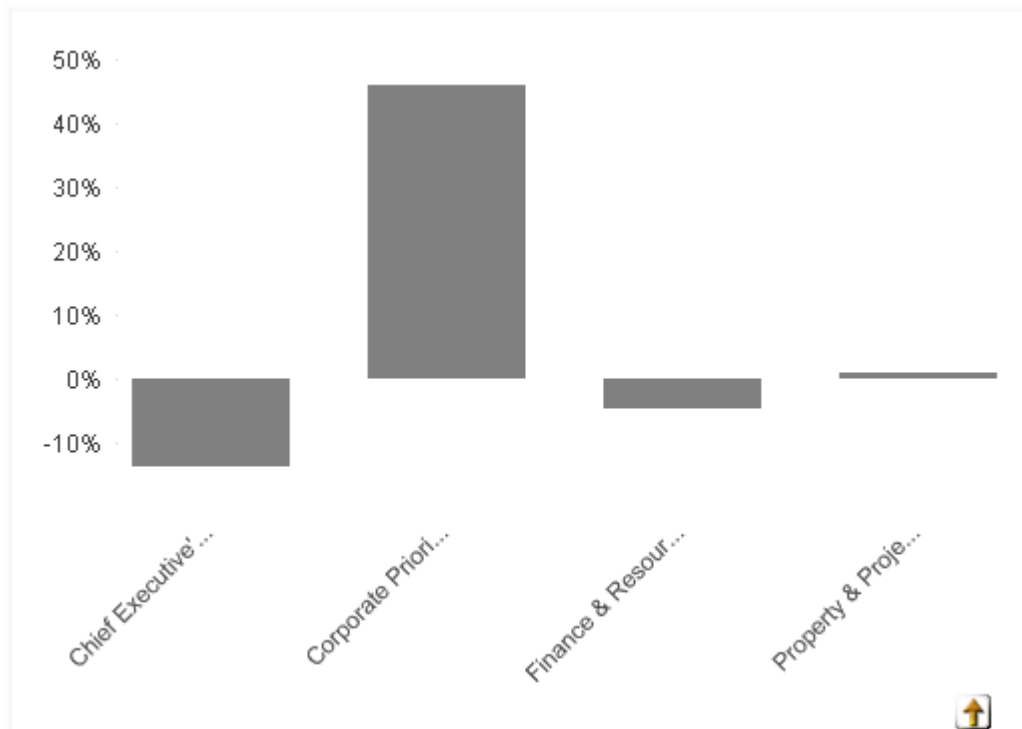
**Appendix B – Strategic Policy and Resources
Committee detail**

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 and Resources Committee's budget for the quarter is £8,278,000. The Committee is under-spent by £292,000, or 3.53% of its net budgeted expenditure.

The Chief Executive's Department has a net under-spend of £240,000 or 13.76% of its net budgeted expenditure. This is principally due to unexpected timing differences between the profiled budget and accrued income of £82,000 relating to on-going projects in Good Relations. This situation will self-correct in Period 4 and no action is currently necessary. There is also an under-spend of £85,000 in the Business Support Unit due to vacant posts and increased marriage licensing income of £20,000 in Births, Deaths and Marriages.

The Finance and Resources Department has a net under-spend of £155,000 or 4.69% of its net budgeted expenditure. This is principally due to staff vacancies in Finance and Performance and an under-spend in pensions of £35,000.

Property and Projects has a net over-spend of £29,000 or 0.94% of its net

budgeted expenditure. This is principally due to a net under-spend in externally contracted maintenance works in Estates Management of £98,000 and a net over-spend in Property Maintenance of £160,000.

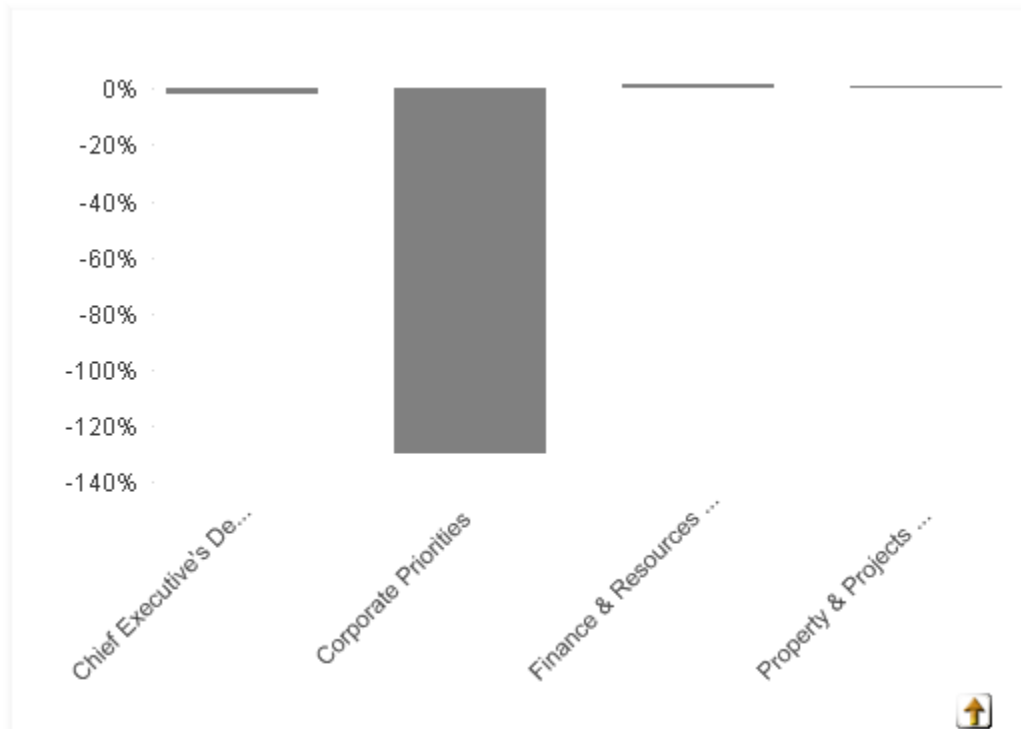
The Corporate Priorities budget has a net over-spend of £74,000 or 45.9% principally due to a loss of income from electricity generation at the North Foreshore.

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 and Resources Committee forecast a net over-spend of £422,000 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 Chief Executive's Department forecasts an under-spend of £95,000 due to employee costs and savings in consultancy costs in Strategic Policy and Planning.

Finance and Resources Department forecast a net over-spend of £255,000. This is due to a forecast under-spend of £223,000 in Finance and Performance due to staff vacancies and a net over-spend in ISB of £481,000. ISB's net over-spend is mainly due to a forecast loss of external income of £230,000, an under provision of £150,000 in the PC replacement budget, and an under provision of £70,000 for the ongoing decant costs of

No 9 Gloucester Street.

Property and Projects forecast a net over-spend of £100,000. This is due to a £200,000 over-spend in Facilities Management partly offset by savings of £30,000 in North Foreshore management costs and in Estates Management of £70,000.

The Corporate Priorities budget is forecast to have a net over-spend of £162,000. This is due to a forecast loss of income of £200,000 from the generation of electricity at the North Foreshore.

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

	Plan YTD £'000	Actual YTD £'000	Variance YTD £'000	% Variance	Plan 11/12 £'000	Forecast for Y/E at P3 £'000	Forecast Variance £'000	% Variance
Strategic Policy & Resources Total	8,278	7,986	(292)	(3.5%)	31,149	31,571	422	1.4%
Chief Executives Department	1,744	1,504	(240)	(13.8%)	5,861	5,766	(95)	(1.6%)
Legal Services	145	145	()	(0.0%)				
Corporate Communications	247	239	(8)	(3.1%)				
Business Support	321	237	(85)	(26.4%)				
Good Relations	446	352	(94)	(21.0%)				
Democratic Services	468	437	(31)	(6.6%)				
Strategic Policy	117	94	(23)	(19.7%)				
Finance and Resources (exc corp Priorities)	3,310	3,155	(155)	(4.7%)	13,139	13,394	255	1.9%
Human Resources	462	441	(22)	(4.7%)				
Finance and Performance	674	572	(102)	(15.2%)				
ISB	1,349	1,375	26	2.0%				
Audit Governance & Risk Services	224	206	(18)	(8.1%)				
Project Corporate Systems	72	69	(4)	(5.2%)				
Pensions	388	353	(35)	(9.0%)				
Directorate	82	95	12	14.7%				
Occupational Health (Was Health & Safety)	59	46	(13)	(21.9%)				
Property and Projects	3,063	3,092	29	0.9%	12,273	12,373	100	0.8%
Facilities Management	3,755	3,896	141	3.7%				
CIT Management	164	163	(1)	(0.6%)				
Projects, Procurement and Estates	(856)	(967)	(111)	12.9%				
Corporate Priorities	161	234	74	45.9%	(124)	37	162	(130.1%)