



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Financial Reporting – Quarter 4 2012
Date:	22 June 2012
Reporting Officer:	Ronan Cregan, Director of Finance and Resources
Contact Officer:	Mark McBride, Head of Finance and Performance

	Relevant Background Information
	<p>The Strategic Policy and Resources Committee agreed on 18 June 2010 that:</p> <ul style="list-style-type: none">• 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. <p>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 outturn for the year, implications for reserves, payment of creditors and recovery of debt.</p> <p>The style and layout of the financial reporting pack reflects the discussion and feedback arising from the Members' financial training at the end of September 2010.</p> <p>Central Finance and departmental management teams have worked together to develop the information within the reporting packs.</p>

	Key Issues
	<p>Financial Outturn 2011/12 The year end financial position for the Council is an under-spend of £1.87m. As in Quarter 3, the key elements of the under-spend relate to savings in</p>

	<p>employee costs through unfilled posts and restructuring, significant reductions in landfill costs through reduced tonnages and gate fee costs. These reduced costs/savings were somewhat offset by the tri-annual review of the Gas Pension Fund which indicated a shortfall of £829,000. The year end position also reflects the claw back by LPS of £259,000.</p> <p>As reported to Committee in Quarter 3 slippage in the Capital Programme has resulted in an under-spend in the capital financing budget. This under-spend has, as approved by Committee, been applied to redeem existing loans in order to support the sustainability of the Investment Programme. Consequently the capital financing budget is balanced for the year.</p> <p>Members should note that efficiency savings of £2.38m and budget reductions of £1.70m in landfill dispersal costs have been included in the 2012/13 estimates and this will assist in addressing many of the areas where under-spends have occurred this year.</p> <p>The financial reporting pack contains more details on both the overall Council position and the financial performance in each of the Committees.</p> <p>Reserves Position</p> <p>General reserves at the end of 2011/12 sit at £11.36m after accounting for specified reserves of £2.55m and transferring £2.50m to the capital fund to be used for local investment projects. This compares favourably with the position at the start of the year when the balance sat at £10.43m. The Strategic Policy and Resources Committee has previously agreed that an acceptable level of general reserves is £10.0m. At this stage it is proposed that general reserves remain at £11.36m. This will provide additional protection against any further reductions in the rate base and economic conditions generally.</p> <p>Other Financial Indicators</p> <p>The average number of creditors paid within 30 days is 63%, down from 66% at the end of 2010/11. A working group has been established and will commence a programme of work in June in order to meet the new target identified in the Investment Package of 90% paid within 28 days by 2014/15.</p> <p>The overall Council debt has risen to £5.70m compared to last year's position of £3.96m. The increase in debt has arisen due to the fact that in the last week of the financial year £2.1m of invoices were raised compared to £739,000 for the same period last year. By the beginning of May 2012 the level of debt has realigned itself to £3.71m. Adjusting for the end of year anomaly the average percentage of debt under 90 days old is 51%, which is down from 54% from Quarter 4 2010/11.</p>

	<p>Recommendations</p>
	<ul style="list-style-type: none"> • Members are asked to note the above report and associated financial reporting pack. • Members are asked to approve the transfer of £2.5m to the Local Investment Fund (LIF) to bring the balance of the fund to the agreed level of £5m.

	Decision Tracking
N/A	

	Key to Abbreviations
LPS	– Land and Property Services
SAP	– Council Computerised Financial Systems
NIHE	– Northern Ireland Housing Executive
CTU	– Central Transactions Unit
PO	– Purchase Order
GRN	– Goods Received Note
ISB	– Information Services Belfast

	Documents Attached
Appendix 1: Financial Reporting Pack	