



**Belfast City Council**

<b>Report to:</b>	Strategic Policy and Resources Committee
<b>Subject:</b>	Financial Reporting – Quarter 4 2012/13
<b>Date:</b>	21 June 2013
<b>Reporting Officer:</b>	Ronan Cregan, Director of Finance and Resources
<b>Contact Officer:</b>	Mark McBride, Head of Finance and Performance

<b>1.0</b>	<b>Relevant Background Information</b>
1.1	The Strategic Policy and Resources Committee agreed on 18 June 2010 that: <ul style="list-style-type: none"> <li>• The Council would produce financial reporting packs for the Strategic Policy and Resources Committee and each Standing Committee on a quarterly basis</li> <li>• The Budget and Transformation Panel would also receive monthly financial updates if there were any significant issues to report.</li> </ul>
1.2	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. The reporting of procurement compliance to members was introduced as part of the quarterly financial reporting from quarter 1 2012/13.
1.3	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.
1.4	Central Finance and departmental management teams have worked together to develop the information within the reporting packs.

<b>2.0</b>	<b>Key Issues</b>
2.1	<b>Financial Outturn 2012/13</b> The year end financial position for the Council is <b>an under-spend of £864k (0.7%)</b> , which is well within the acceptable variance limit of 3%.

2.2	As in Quarter 3, the key elements of the under-spend relate to savings in employee costs through unfilled posts and restructuring, significant reductions in landfill costs through reduced tonnages and gate fee costs and the deferred introduction of the alternate weekly waste collection service to the inner city. Increased utility costs, above the budgeted levels were incurred, particularly in the Parks and Leisure Department, but this was mainly offset by increased income within Parks and Leisure.
2.3	<b>LPS Rates Finalisation</b> The year end outturn as reported by LPS is a <b>positive settlement to BCC of £3.9m</b> . This compares very favourably to the claw back position which the Council experienced in 2011/12 (£259K) and 2010/11 (£3.41m). The vacant rating exercise, led by the Building Control Service, has made a significant contribution to the positive position and the settlement also indicates slight growth in the rate base despite the difficult economic environment.
2.4	Officers will be working with LPS to analyse the detail of the settlement including the reasons for the slight growth, the recurring impact of the additional income generated through the vacancy inspections and the current position regarding the significant outstanding rating appeals. This analysis will inform the assumptions presented to the Strategic Policy and Resources Committee in August 2013 regarding the stability of the rate base and the impact on the high level guidelines for the 2014/15 revenue estimates.
2.5	<b>Capital Financing</b> The capital financing budget was fully utilised during the year resulting in all capital expenditure incurred being fully financed
2.6	<b>Reserves Position</b> The Belfast Voluntary Transition Committee on the 7 June 2013, recommended that the SP&R Committee approve the establishment of a local reform budget of £2m to support delivery of local government reform (Appendix 2). If this proposal is agreed by the Committee then, <b>the General Reserves at the end of 2012/13 will sit at £13.3m as compared to the balance of £11.39m at the end of 2011/12.</b>
2.7	The Strategic Policy and Resources Committee previously agreed that an acceptable level of general reserves is £10.0m. It is worth noting the significant improvement in the reserves base of the council since the end of 2009/10 when the level of general reserves stood at only £4.6m which was well below this acceptable level. At this stage it is proposed that general reserves remain at £13.3m to cover the financial risks associated with the uncertainty around the future rate base in the context of local government reform and potential one-off resources required to support the delivery of the leisure transformation programme.
2.8	<b>Investment Programme</b> Committed expenditure approved by the Strategic Policy and Resources Committee for the 3 year Capital Programme stands at £28.3m, leaving £46.7m of schemes within the 3 year programme at the uncommitted or emerging project stage. A separate report, which will be considered at this meeting, provides an update on the physical progress of projects within the Capital Programme.
2.9	Committed expenditure on LIF projects at the year-end totals £4.6m, leaving a balance of £400k in the local investment fund.

2.10	The amount of levered external funding for the Investment Programme which has been agreed in principal increased to £18.6m at the year-end, with £16.9m of these funds confirmed through letters of offer.
2.11	Actual capital expenditure was £7.9m against the annual budget of £19.4m, while non-recurring expenditure was £0.8m for the year end against a budget of £1.8m.
2.12	<b>Other Financial Indicators</b> The overall Council debt has reduced to £4.2m compared to last year's position of £5.7m. This has reduced to £2.98m by the end of April 2013. Adjusting for the end of year anomaly the percentage of debt under 90 days old is 61.1%, which is an improvement as compared to the position at Quarter 4 2011/12.
2.13	The average number of creditors paid within 28 days for 2012/13 was 80% which represents a significant improvement on the previous year performance of 63% of invoices paid within 30 days. Work continues in this area to meet the Investment Programme commitment of 90% of creditors paid within 28 days by 2014/15.
2.14	<b>Treasury Management</b> The year-end Treasury Management report is included as Appendix 2

<b>3.0</b>	<b>Resource Implications</b>
3.1	The year end outturn was an underspend of £864k (0.7%) and general reserves are £12.11m.

<b>4.0</b>	<b>Equality and Good Relations Implications</b>
	There are no equality and good relations implications associated with the report.

<b>5.0</b>	<b>Recommendations</b>
	<ul style="list-style-type: none"> <li>Members approve the establishment of a local government reform budget of £2m to support the delivery of local government reform, as recommended by the Belfast Voluntary Transition Committee on the 7 June 2013.</li> <li>Members are also asked to note the above report and associated financial reporting pack.</li> </ul>

<b>6.0</b>	<b>Decision Tracking</b>

<b>7.0</b>	<b>Key to Abbreviations</b>
LPS: Land and Property Service	
SAP: Council Computerised system	
CTU: Central Transactions Unit	
PO: Purchase Order	
GRN: Goods Received Note	

<b>8.0</b>	<b>Documents Attached</b>
Appendix 1: Financial Reporting Pack	
Appendix 2: Treasury Management Report	
Appendix 3: Voluntary Transition Committee, Programme and Resourcing, 7 June 2013	