



Strategic Policy and Resources Committee

Quarterly Finance Report

Report Period: Quarter 4, 2013/14

Dashboard

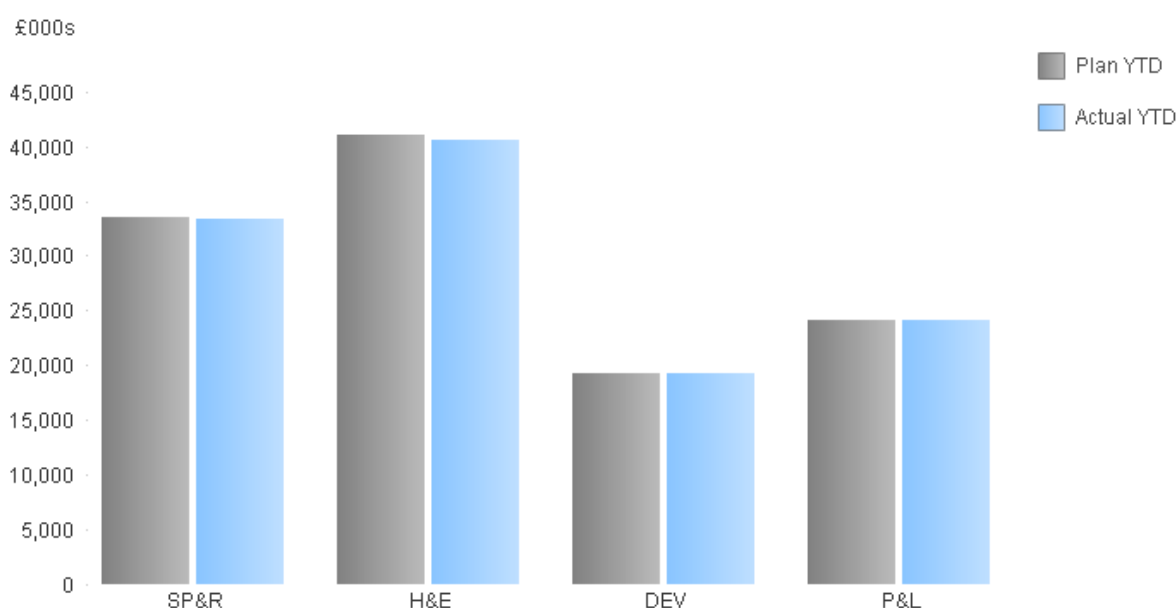
| Revenue Section | | | | Page |
|---|-----------------------|---------------|-----|------|
| | Year-end Var £000s | Var % | YTD | |
| Strategic Policy & Resources Committee | (77) | (0.2)% | | 3 |
| Health Environmental Services Committee | (495) | (1.2)% | | |
| Development Committee | (91) | (0.5)% | | |
| Parks & Leisure Committee | 11 | 0.0% | | |
| | (652) | | | |
| Capital Adjustment | 286 | | | |
| Committee Total | (366) | (0.3)% | | |
| Capital Financing | 0 | | | 4 |
| Rate Income Variance | (1,677) | | | 6 |

| Investment Programme Section | | | | | | Page |
|------------------------------|----------------------|--------------------|--|-------------------------------|--------------------|------|
| | 3 Year Plan £000s | Committed £000s | | Balance Remaining £000s | Delivered £000s | |
| 3 Year Capital Programme | 75,000 | 39,689 | | 35,311 | 12,289 | |
| Belfast Investment | 20,000 | 0 | | 20,000 | 0 | |
| Local Investment | 5,000 | 4,837 | | 163 | 702 | |
| | 100,000 | 44,526 | | 55,474 | 12,991 | |
| Levered Monies | 50,000 | 69,850 | | (19,850) | 49,849 | |
| Total | 150,000 | 114,376 | | 35,624 | 62,840 | |
| | | | | | | |
| | Annual Plan £000s | Actual Ytd £000s | | Var £000s | | |
| Capital Programme | 13,724 | 6,564 | | (7,161) | | |
| Non-Recurring Projects | 957 | 1,151 | | 194 | | |

Key Performance Indicators (KPI)

| KPI | Actual | Target | | Page | KPI | Actual | Target | | Page |
|----------------------------------|--------|--------|--|------|-------------------------------|--------|--------|--|------|
| Debtors collected within 30 Days | 58.8% | 60.0% | | 14 | Compliant Purchases | 81.6% | 90.0% | | 17 |
| Debt under 90 Days | 62.7% | 65.0% | | 15 | Timeliness Of Goods On System | 70.6% | 75.0% | | 18 |
| Creditors Paid within 28 Days | 85.8% | 85.0% | | 16 | | | | | |

Committee Net Revenue Expenditure: Year End Position



Departmental Year end Outturn

The year end position for net Departmental expenditure is an underspend of £366k (0.3%).

Departments continue to manage budgets and deliver services despite the on-going financial challenges faced by many services. All Departments have managed their 2013/14 budgets within the agreed financial limits approved by Committee.

The Strategic Policy and Resources Committee was £77k underspent. This is largely due to employee underspends in Finance and Resources as a result of staff transition.

The Health Department is reporting a year end underspend of £495k. Additional income of £397k was received in Building Control for work relating to Building Notices, Regularisation Certificates, Entertainment Licences and Property Certificates. Savings of £88k in the Environmental Health Service due to unfilled posts and savings in training and advertising also contributed to the year end underspend.

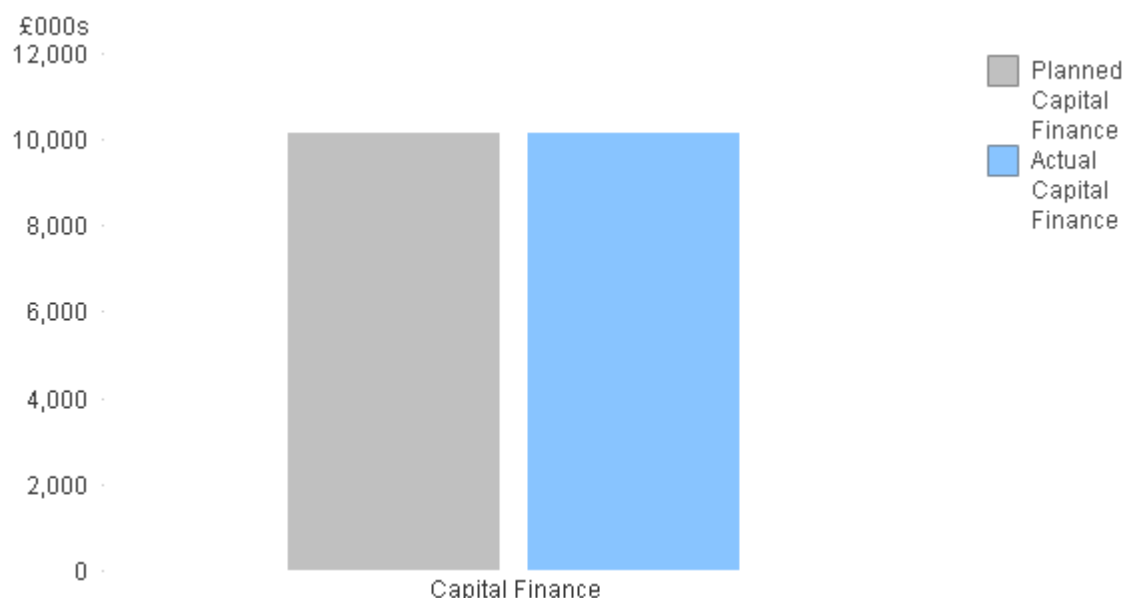
Development Department have a year end underspend of £91k. This relates primarily to decreased spend in supplies and services with Community Services as a result of additional in-year match funding received.

The Parks and Leisure Department has a year end overspend of £11k. Additional unplanned income of £135k has been generated through the delivery of grant funded environmental improvement projects including tree planting at Cambrai Street and landscaping at Canmore Street, crematorium services and events. Promotional activities have succeeded in drawing in an additional £107k into Leisure Services. This additional income has helped offset compensation claim costs which were £275k over budget.

The outturn figure includes £286k of expenditure which was previously classified as capital.

Central Finance: Capital Finance at Year End

The Capital Finances are the monies required to support the capital expenditure in the current year and previous years.



The Capital Financing Budget for 2013/14 has been set at £10.14m to meet the financing cost of the Council's Capital Programme.

The capital financing budget was fully utilised during the year, with the monies being used to finance five main areas of expenditure, namely:-

- Recurring financing costs of existing loans
- Financing costs of committed schemes
- Financing costs of uncommitted schemes
- Feasibility work
- Non recurring schemes

Forecast

The Capital Financing for the next three years to 2016/17 has been allocated as follows:

| | 2014/15 | 2015/16 | 2016/17 |
|--------------------------------|-------------------|-------------------|--------------------|
| <u>Loan Repayments</u> | | | |
| Existing Loan Repayments | £1,957,127 | £4,837,625 | £8,784,321 |
| New loans: Committed Schemes | £2,830,967 | £3,786,317 | £4,223,335 |
| New Loans: Uncommitted Schemes | £49,531 | £160,379 | £95,664 |
| Total Loan Repayments | £4,837,625 | £8,784,321 | £13,103,320 |

| | 2014/15 | 2015/16 | 2016/17 |
|-----------------------------------|-------------------|-------------------|-------------------|
| Revenue Funding | | | |
| Committed Schemes | £4,815,981 | £3,862,943 | £2,150,000 |
| Uncommitted Schemes | £0 | £0 | £0 |
| Non Recurring Maintenance | £1,389,000 | £250,000 | £250,000 |
| Feasibility | £250,000 | £250,000 | £250,000 |
| Total Revenue Funding | £6,454,981 | £4,362,943 | £2,650,000 |
| Less Capital Financing Budget | £13,370,000 | £15,370,000 | £17,370,000 |
| Available Financing Budget | £2,077,394 | £2,222,736 | £1,616,680 |

It should be noted that this does not include financing for the following potential future costs:

- Emerging Projects and a number of non committed schemes
- The source of the final phase of financing for the capital investment in the Leisure Estate source has still to be identified
- Any new capital schemes or non-recurring maintenance or other re-instatement costs arising from the condition surveys on assets transferring from Lisburn/Castlereagh/North Down areas.
- The impact of the transfer of regeneration powers and its impact on capital expenditure by the Council

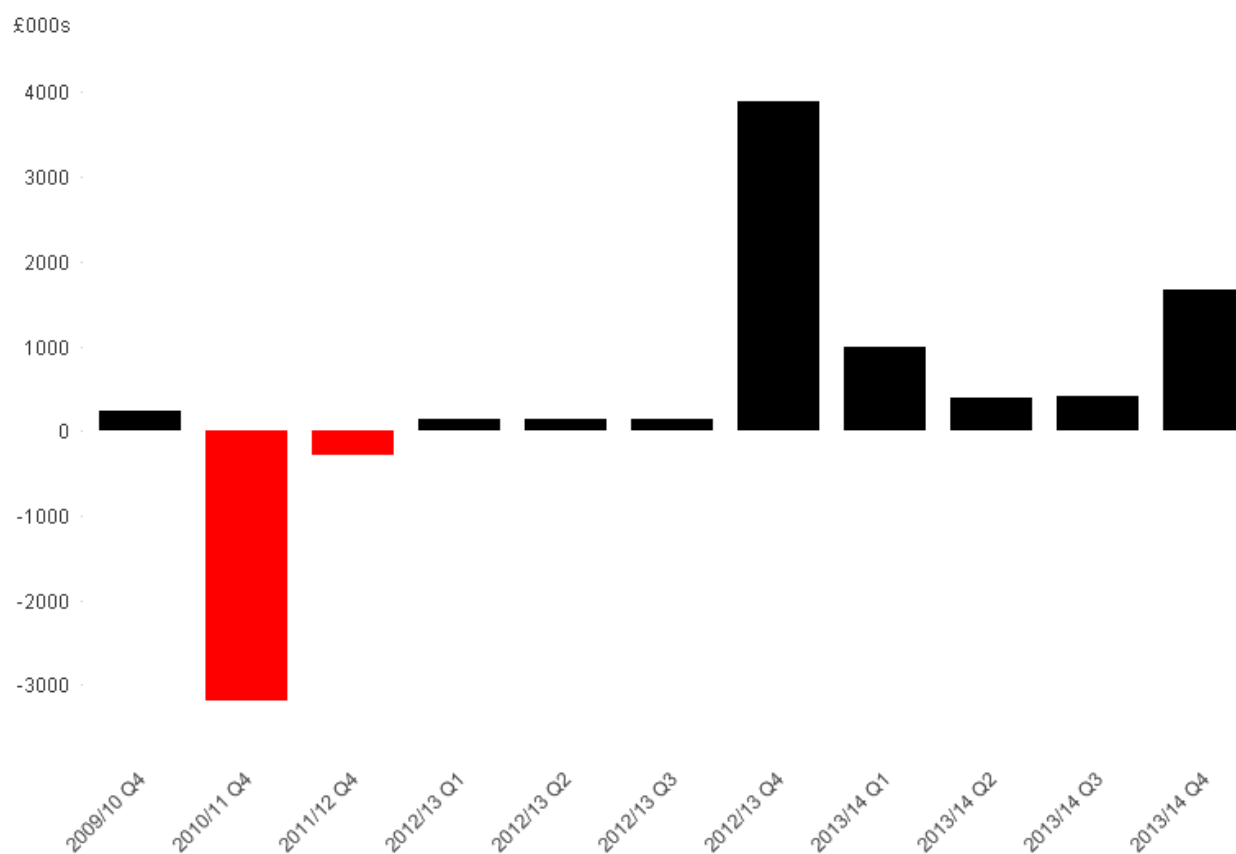
Required Financing for the Capital Investment in the Leisure Estate LTP

In June 2013, the Strategic Policy and Resources Committee agreed the following financing strategy for the capital investment in the Leisure Estate. The financing is based on a 25 year loan profile with the total financing cost to the Council being £8.93m per annum.

| Options | Year | Finance £m | Expenditure £m |
|-------------------------|-------------|-----------------------|---------------------------|
| Belfast Investment Fund | 2014 | 3.23 | 38.00 |
| Efficiency Savings | 2016 | 2.00 | 23.50 |
| Local Government Reform | 2015 | 2.00 | 23.50 |
| Balance | 2018 | 1.70 | 20.00 |
| Total | | 8.93 | 105.00 |

The capital financing requirement balance of £1.7m is included in the Council's Medium Term Financial Plan to allow officers the opportunity to explore potential funding options.

District Rate Year End Outturn

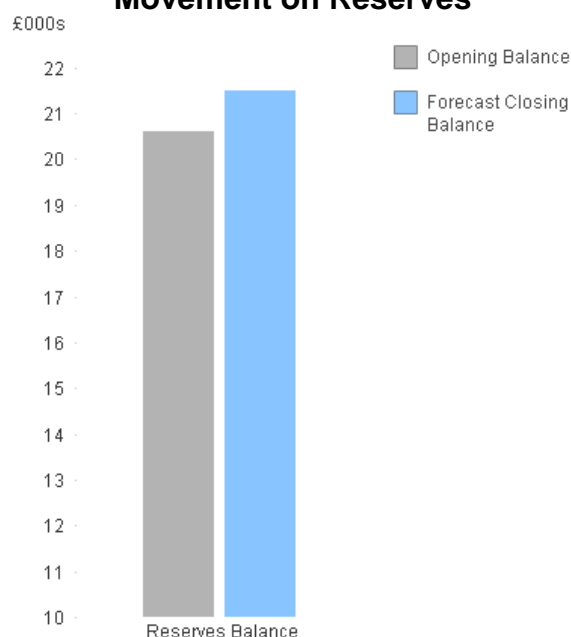


The District Rate income is a favourable settlement of £1.677m. Council officers continue to meet with LPS to ensure that the information supplied has considered issues such as outstanding and backdated appeals, vacancy inspections and the impact of businesses going into administration.

The main reason for the positive settlement was a slight growth in the domestic rate base and the positive outcome of the vacant property rating inspections led by the Building Control Service. Non domestic rates income remained static as the additional income from the vacant property inspections helped offset the slight decline in the non-domestic rate base of the City.

Finance officers have been working with LPS and the Institute of Revenues Rating and Valuation (IRRV) to validate the rate base for the new council area. This will be a key element of the district rate setting process for 2015/16.

Movement on Reserves



The Council's total reserves balance at 31/03/2013 was £20.6m. This included allocations of £5.3m in respect of specified reserves and £2m to assist in the funding of Local Government Reform, leaving a general reserves balance of £13.3m.

Members will be aware that the Strategic Policy and Resources Committee of 23rd August 2013 agreed to allocate £1.15m from reserves to develop the Leisure Transformation Programme, leaving a general reserves balance of £12.2m.

Significant contributions to reserves include the Departmental forecast underspend of £366k and a favourable settlement from LPS of £1.677m.

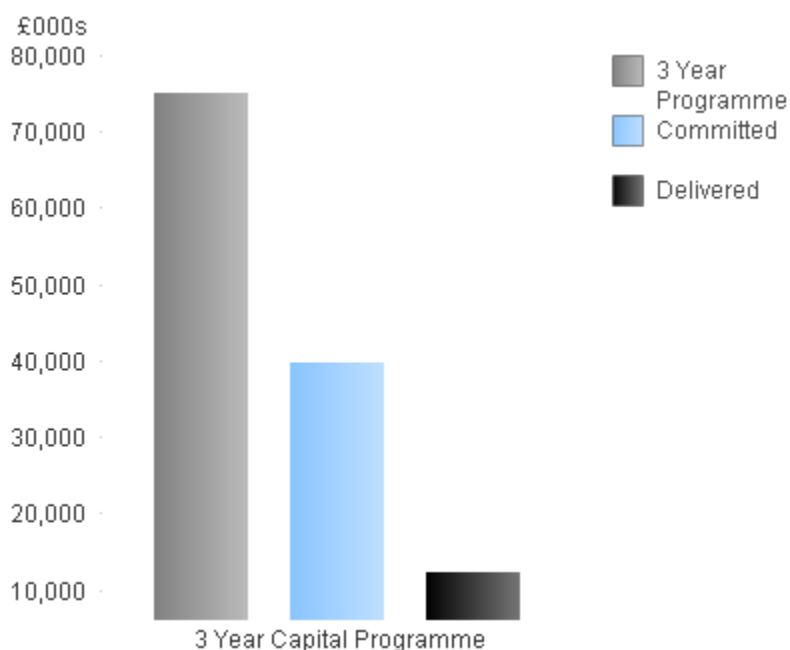
Expenditure of £1.2m was incurred in progressing projects funded by Specified Reserves previously approved by Members including the Tall Ships, Area Pilots, Recycling, Events and the Advice Centre.

The Specified Reserves balances as at 31st March 2014 are :

| | |
|-------------------------|-------------------|
| Boxing Strategy | £573,885 |
| Tall Ships 2015 /16 | £1,260,000 |
| Area Pilots | £397,651 |
| Giro d'Italia 2014/15 | £400,000 |
| Pipe Band Championships | £190,248 |
| Recycling/Health | £242,357 |
| Renewing the Routes | £645,000 |
| Advice Centre | £267,105 |
| LGR Fund | £2,246,000 |
| Leisure Fund | <u>£1,053,828</u> |
| Total | £7,276,074 |

The movements will increase the reserves balance by £929k and result in a General Reserves balance of £14.267m at the end of the financial year.

3 Year Capital Programme



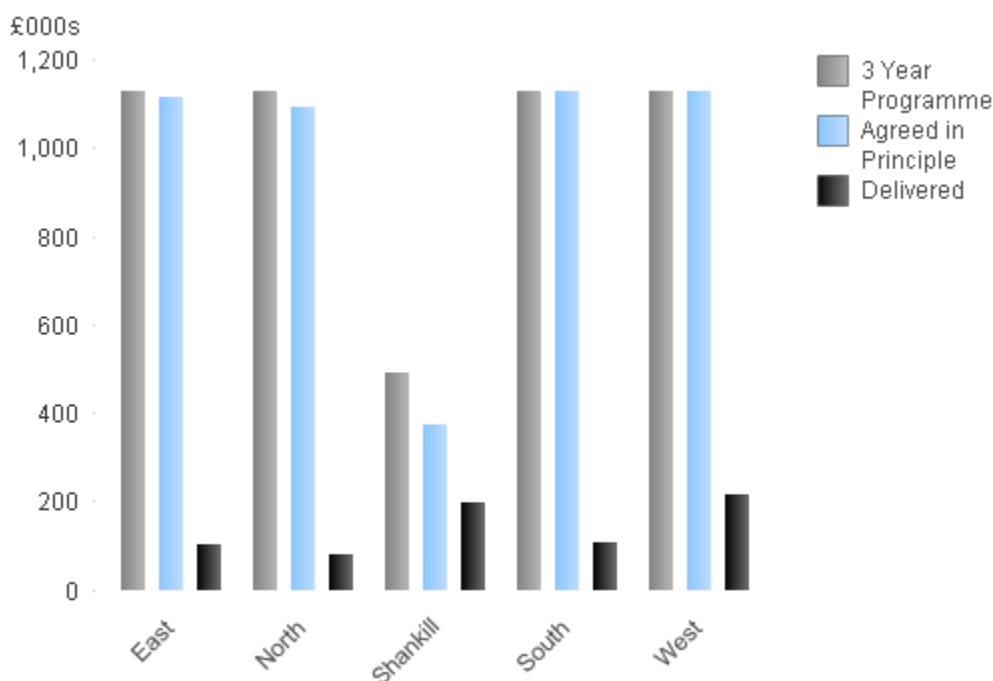
The Council's Investment Programme 2012-2015 outlines plans for net capital investment in Council owned assets of £75m. This level of investment is supported with a capital financing budget of £10.14m.

The revised Capital Programme as at 31 March 2014 outlines a commitment of £39.69m for the period of the Investment Programme 2012-2015.

As per Committee approval, the following projects have moved to Stage 3 Committed:

- MUGA Programme - Phase 1 New Builds
- City Hall Works

Belfast Investment Fund and Local Investment Fund

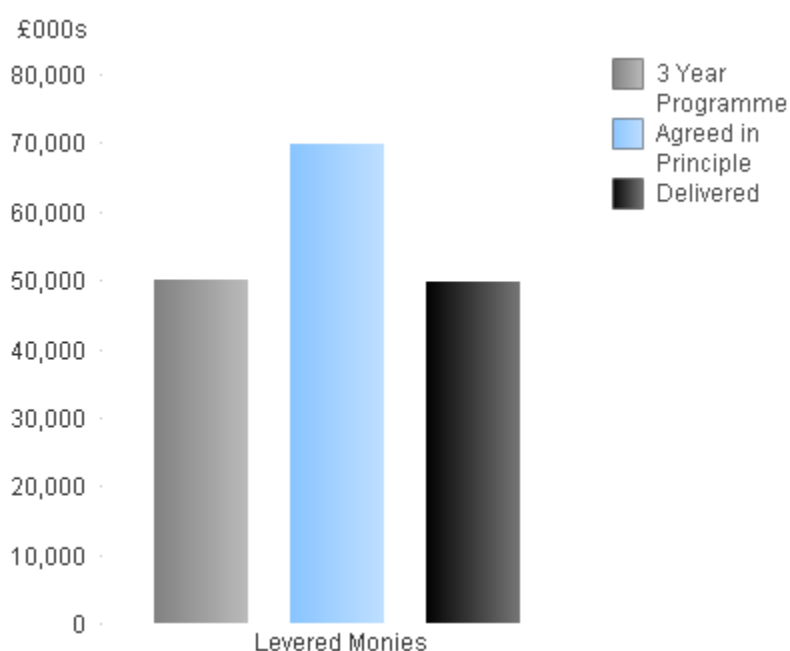


An integral part of the Investment Programme was the establishment of a £5m Local Investment Fund (LIF) which was designed to support the delivery of key local regeneration projects in neighbourhoods and as a means for Members to connect with local communities in their area. This is in preparation for their formal role in community planning under the Reform of Local Government.

As at 31 March 2014, 43 projects worth £2.85m have been through the Council's rigorous due-diligence process. Funding worth £702k has been paid out to 18 groups across the Council area, including Ballysillan Community Forum and Divis Joint Development Committee. Due-diligence work is continuing on the other projects which have been approved in principle and officers are working closely with the groups to ensure all necessary information is being forwarded to the Council.

At 31st March 2014 the Belfast Investment Fund stood at £19.2m, with a forecast balance of £22m at the end of 2014/15. This forecast excludes any additional capital receipts which may be processed during 2014/15.

Levered Monies



The Council's Investment Programme 2012-2015 set a target of £50m external funding (levered monies) to support the Council's 3-year Capital Programme and the Belfast Investment Programme.

The 2013/14 Capital Programme includes external funding of £69.85m of which £49.85m has been secured by contractual commitments. A list of all schemes where funding has been agreed in principle and/or has been secured is outlined below:

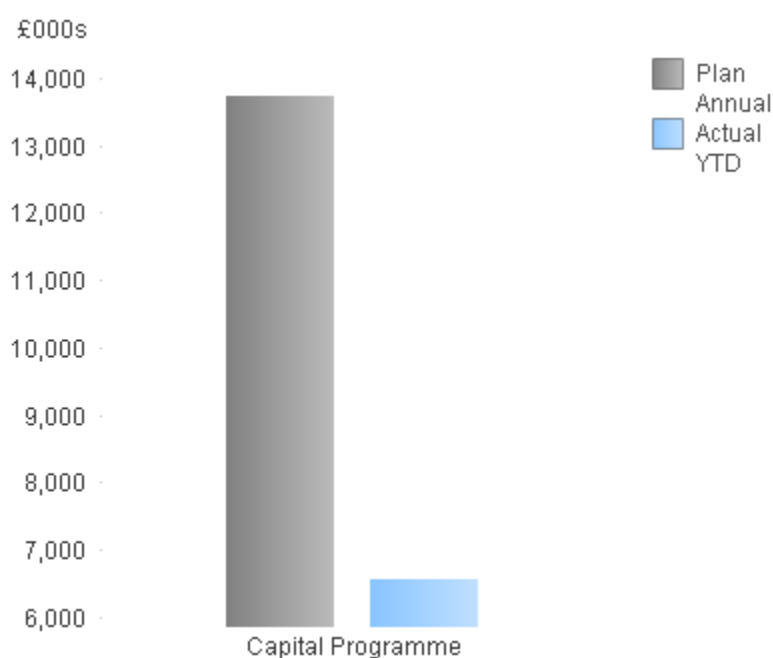
| Scheme / Project | Funding Sought (£) | Letter of Offer Amount (£) | Comment |
|---|---------------------------|-----------------------------------|--|
| Woodvale Park Regeneration | 727,135 | 727,135 | Letter of Offer received from DSD |
| Dunville Park Regeneration | 864,810 | 864,810 | Letter of Offer received from DSD |
| Ardoyne Pitch and Mitch | 189,000 | 189,000 | Letter of Offer received from DSD |
| Marrowbone Pitch | 440,170 | 402,371 | Letter of Offer received from Sport NI and DSD |
| Hammer Pitch | 245,000 | 245,000 | Legal agreement with Sport NI and Shankill United FC |
| Mountain Bike Trail - Barnett's Demesne | 350,000 | 350,000 | Letter of Offer received from Sport NI and DARD |
| Super-Connected Belfast | 13,700,000 | 13,700,000 | Letter of Offer received from DCMS |
| Outdoor gym equipment | 80,000 | 80,000 | Letter of Offer received from PHA |
| Belfast Welcome Centre - Relocation | 747,000 | 747,000 | Letter of Offer received from NITB |

| | | | |
|--|-------------------|-------------------|-------------------------------------|
| Pitches Strategy | 1,000,000 | 1,000,000 | Letter of Offer received from GAA |
| Ballysillan Play Park (BRO) | 236,066 | 236,066 | Letter of Offer received from DSD |
| Public Bike Share Scheme | 698,700 | 698,700 | Letter of Offer received from DRD |
| Belfast Zoo - Adventurers Learning Centre | 215,000 | 215,000 | Letter of Offer received from NITB |
| Tropical Ravine Refurbishment | 2,232,000 | 2,232,000 | Letter of Offer received from HLF |
| Girdwood Hub | 10,000,000 | 9,597,249 | Letter of Offer received from SEUPB |
| Belfast Waterfront Exhibition and Conference Centre | 19,000,000 | 18,564,400 | Letter of Offer received from NITB |
| North Foreshore - Green Economy Business Park Infrastructure | 6,000,000 | 0 | Schemes at risk |
| Innovation Centre | 6,825,000 | 0 | Schemes at risk |
| Creative Hub | 3,700,000 | 0 | Schemes at risk |
| Olympia Regeneration | 2,600,000 | 0 | Schemes at risk |
| Total | 69,849,881 | 49,848,731 | |

Note:

£25.74m funding has been agreed in principle for the Connswater Community Greenway project. This has been delivered through Letters of Offer received from the BIG Lottery Fund and DSD.

Capital Programme



In the twelve months to 31 March 2014 the Council has incurred net expenditure of £6.56m. An additional £5.22m of levered monies was also spent on capital schemes during the year bringing the gross capital expenditure to £11.78m for 2013/14.

Expenditure for the year 2013/14 on Stage 3: Legacy projects, Stage 3: Committed projects and Stage 2 is outlined below:

Stage 3: Legacy Projects

The Council has incurred £466k expenditure on projects which were at finalisation stage before the commencement of the Investment Programme. The main areas of expenditure are:

- Grove Wellbeing Centre - £266k
- City Hall - Major Works - £63k
- Broadway Roundabout Sculpture - £52k
- Zoo Mountain Tea House - £25k

Stage 3: Committed Projects

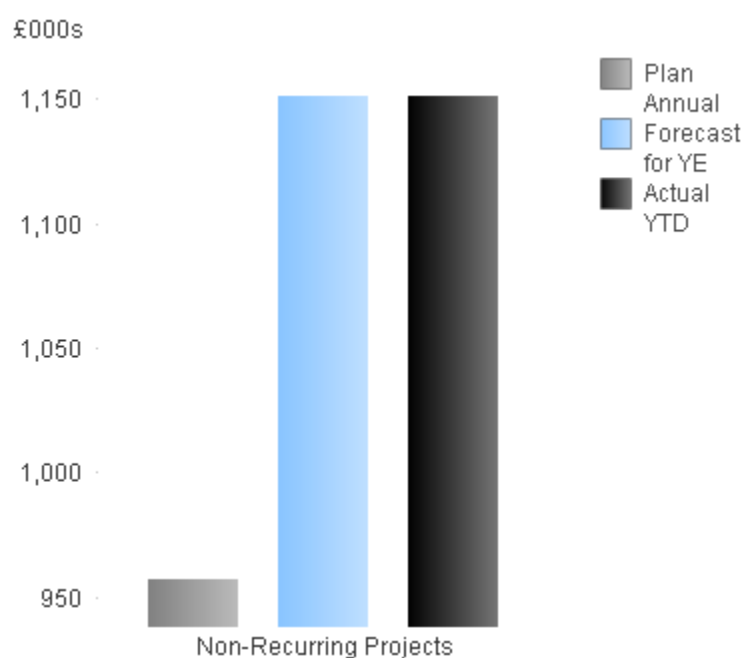
The Council has incurred £6.09m expenditure on the remaining committed projects. The main areas of expenditure are:

- Belfast Welcome Centre - Relocation - £961k
- Belfast Waterfront Exhibition and Conference Centre - £886k
- Woodvale Park Regeneration - £462k
- Pitches Strategy - £462k
- Dunville Park Regeneration - £445k

Stage 2 Projects

The Council has incurred £8k expenditure on uncommitted projects to 31 March 2014. These schemes will only move to tender stage upon approval from the Strategic Policy & Resources Committee and Council.

Non-Recurring Projects



A planned programme of works amounting to £957k had been agreed for 2013/14.

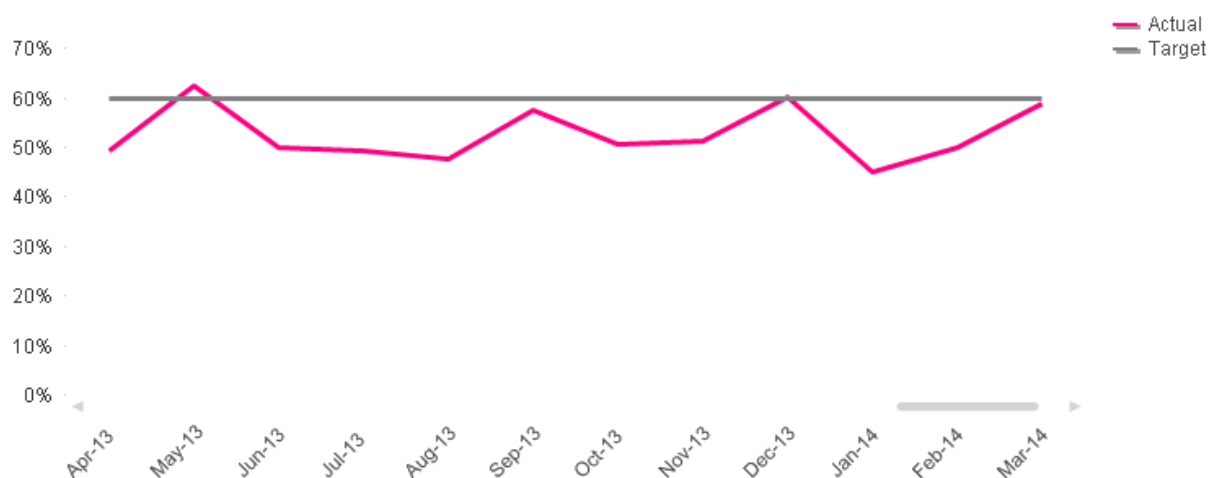
The Council has incurred £1.15m of expenditure on non-recurring projects for the year ending 31 March 2014. This overspend relates to work carried over from the 2012/13 programme.

The main areas of expenditure were:

| Location | Work needed | £ |
|--|-------------------------------|---------|
| Shankill Leisure Centre | Floor replacement | 148,101 |
| Avoniel Leisure Centre (2012/13 programme) | Pool refurbishment | 122,059 |
| Ormeau Park | Replacement railings | 92,864 |
| Ballysillan Leisure Centre | Floor replacement | 81,787 |
| Willowbank | MUGA refurbishment | 66,500 |
| Belfast Castle | Conversion of Heritage Centre | 58,683 |
| Ballymacarrett Recreation Centre | Roof replacement | 56,101 |
| Clara Street | MUGA refurbishment | 55,955 |
| Mary Peters Track | Improvements to access road | 54,054 |
| Avoniel Leisure Centre | New floodlighting | 44,274 |
| City Hall | LED lighting | 42,512 |
| Ozone/Tennis Centre | Roof replacement | 39,342 |
| New Lodge | MUGA refurbishment | 38,000 |

Key Performance Indicators (KPIs): Debtors KPI 1

The Percentage of Debtor invoices collected within 30 days:



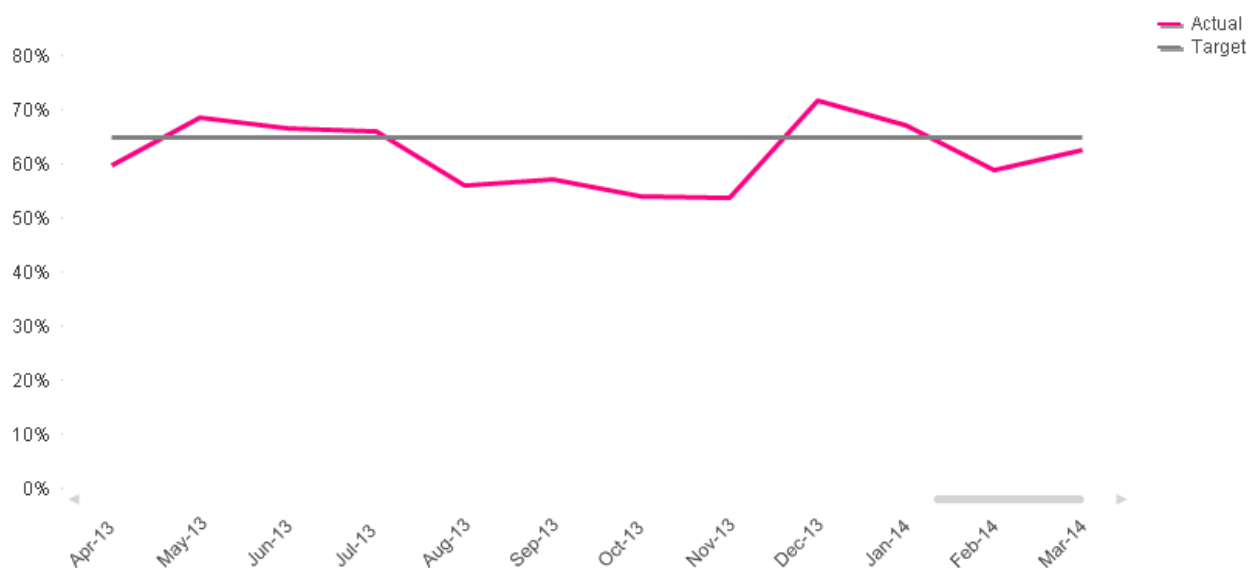
The percentage of customer invoices paid within 30 days at the end of quarter 4 is 58.8% compared to a target of 60%.

The Central Transactions Unit has continued to pro-actively pursue customers whose exceed their payment terms.

Resources will now be targeted during the 2014/15 year to improve the performance in this area prior to Local Government Reform in April 2015.

Key Performance Indicators (KPIs): Debtors KPI 2

The Percentage of money (debt) owed to the council which is less than 90 days old:



The percentage of debt owed to the council which is less than 90 days old at the end of quarter 4 is 62.7% compared to a target of 65%.

The overall level of debt has reduced again from £4,209,742 at 31st March 2013 to £3,729,160 at 31st March 2014

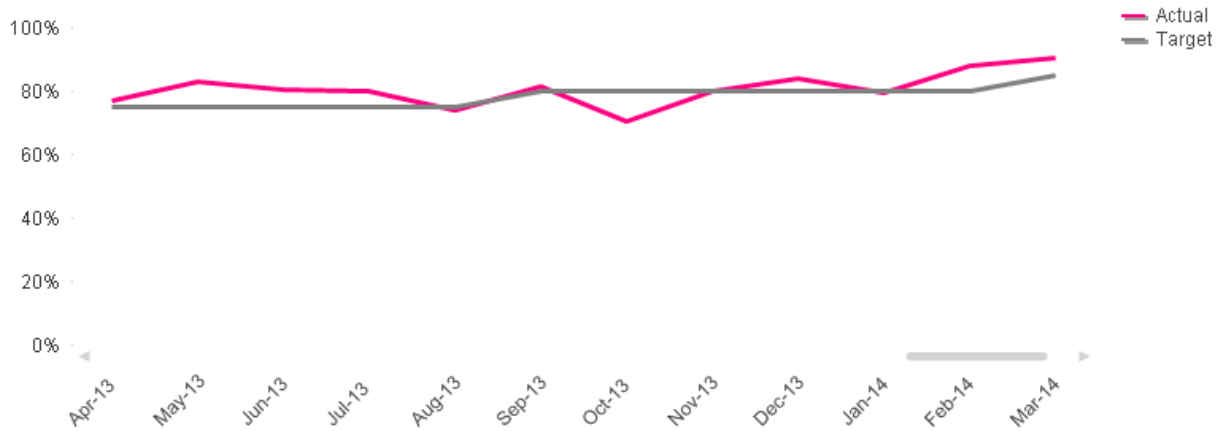
Customer debts continue to be referred to Legal Services and the Small Claims Court where appropriate to ensure debt is recovered.

With payment plans having been put in place with customers for older debt this inherently means it takes longer for debt over 90 days to reduce. Customer statements are issued on a monthly basis to identify and remind customers of outstanding debt.

Resources will now be targeted during the 2014/15 year to improve the performance in this area prior to Local Government Reform in April 2015.

Key Performance Indicators (KPIs): Creditors KPI

The Percentage of Creditors paid within 28 days



As part of the Investment Programme it was agreed that by the end of 2014/15 90% of creditors would be paid within 28 days. In order to achieve this, targets were set for the intervening years, with a target of 75% by 31 March 2013 and 85% by March 2014.

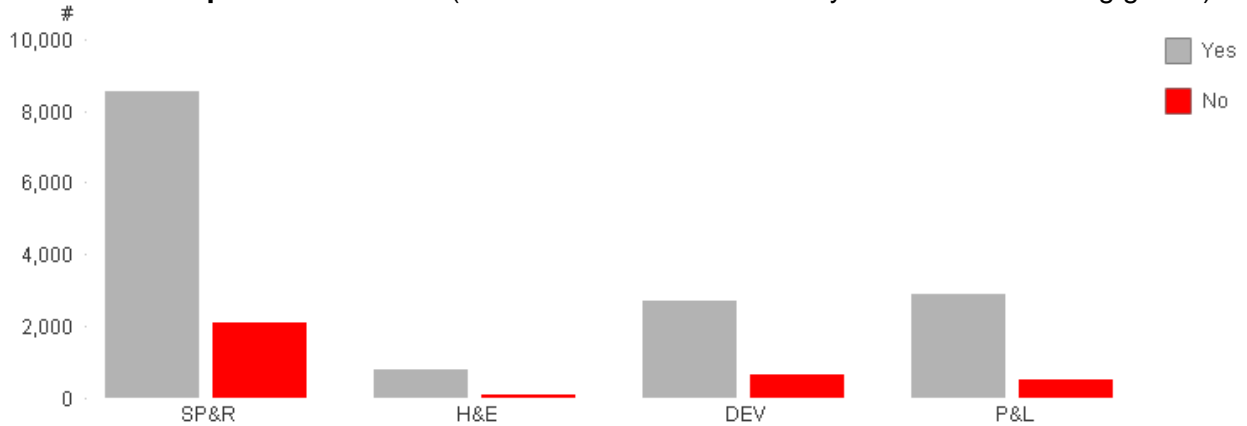
At quarter 3 the average percentage of creditors paid within 28 days was 78%, this has increased to 85.8% at the end of quarter 4.

An improvement programme has been developed and is currently being implemented to ensure the target of 90% is met by the end of 2014/15.

Key Performance Indicators (KPIs): Procurement Compliance

Procurement Compliance refers to the purchases that are made in compliance with the standard procure to pay process in BCC. These processes help ensure that our creditors are paid in a timely fashion and our accounts are accurate and up to date. The following indicators are intended to give a flavour of how well we are doing at adhering to the processes.

Indicator 1: Compliant Purchases (Purchase order created on system before ordering goods)



The impact of ordering goods without a purchase order being created on the system are that a) the authorisation for purchasing goods has not gone through the proper channels, b) incomplete records are available and decisions are being made based on information that is not correct and c) suppliers whose invoices do not have purchase orders take longer to pay and this contravenes an objective of the investment programme, negatively affecting supplier relationships with BCC.

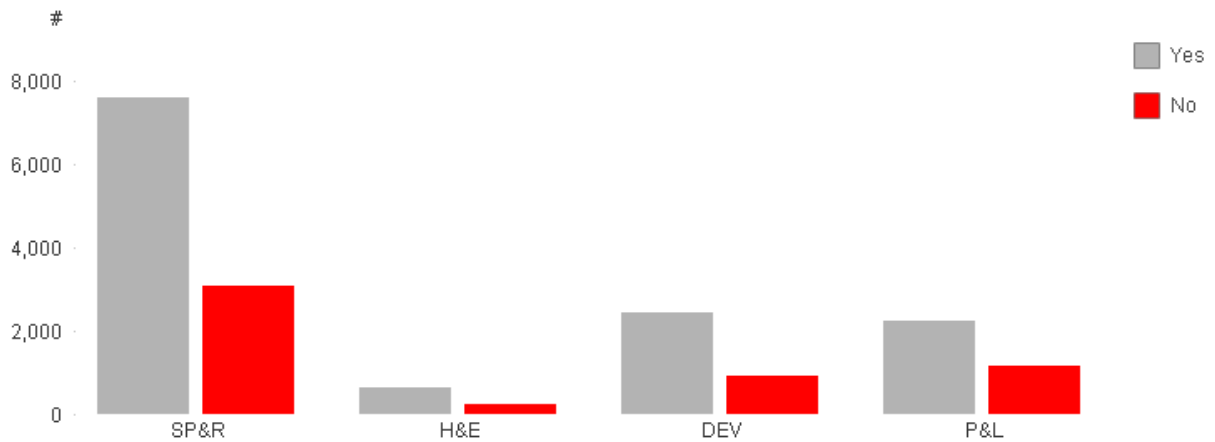
This indicator shows how often goods or services are ordered with a valid purchase order being created prior to the order being placed.

Members have set a target of 90% for the Council. The table below shows how Standing Committees have performed. Overall the level of compliance is 81.6%. All departments are monitoring performance to identify where there is non-compliance. This together with the roll out of SRM (computerised purchase ordering) across departments will ensure continued improvement in this indicator.

| | % Compliant |
|---|-------------|
| Belfast City Council | 81.6 |
| Strategic Policy & Resources Committee | 80.3 |
| Health & Environmental Services Committee | 89.8 |
| Development Committee | 80.4 |
| Parks and Leisure Committee | 84.7 |

Key Performance Indicators (KPIs): Procurement Compliance

Indicator 2: Timeliness of Goods on System (Goods received and marked received on system)



The impact of not marking goods as received onto the system is that a) BCC records of goods on site are not up to date and b) there is a risk that a department might overspend its budget as goods have been received but are not showing against the budget and c) it can take longer to pay the suppliers invoices and this contravenes an objective of the investment programme, negatively affecting supplier relationships with BCC

This indicator shows when goods or services are received into the Council whether they have been marked on the system as received (compliant) or whether the officer has waited for the invoice before marking the goods or service as received (non-compliant).

Members have set a target of 75.0% compliance. The table below shows how Standing Committees have performed. Overall the level of compliance is 70.6%. Directors are monitoring performance with monthly reports discussed at Departmental Management Teams and specific actions are being taken to address the operational difficulties of ensuring goods or services are confirmed as received. This together with the roll out of SRM across Departments should ensure significant improvement in this indicator.

| | % Compliant |
|---|--------------------|
| Belfast City Council | 70.6 |
| Strategic Policy & Resources Committee | 71.3 |
| Health & Environmental Services Committee | 72.4 |
| Development Committee | 72.3 |
| Parks and Leisure Committee | 66.2 |

Appendix A: Supplementary Information

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Belfast City Council – Committee Summary

| Committee | Plan YTD £000s | Actuals YTD £000s | Variance YTD £000s | % Variance |
|--|----------------|-------------------|--------------------|------------|
| Strategic Policy & Resources Committee | 33,465 | 33,389 | (77) | (0.2)% |
| Health Environmental Services Committee | 41,112 | 40,617 | (495) | (1.2)% |
| Development Committee | 19,325 | 19,234 | (91) | (0.5)% |
| Parks & Leisure Committee | 24,147 | 24,158 | 11 | 0.0% |
| | 118,050 | 117,398 | (652) | (0.6)% |
| Capital Adjustment | | | 286 | |
| Committee Total | | | -366 | |
| Capital Financing | | | 0 | |
| Other Adjustments | | | -50 | |
| Movement in Specified Reserves | | | 1,164 | |
| Rates Income | | | -1,677 | |
| Movement on Reserves for current year | | | -929 | |

Analysis of Forecast Reserves Balance

| | |
|---|-----------------------------|
| Opening Balance Reserves | 20,614 |
| Movement in Reserves | 929 |
| Total Reserves | <u>21,543</u> |
| Specified Reserves Balance | <u>7,276</u> |
| Closing Balance General Reserves | <u><u>14,267</u></u> |