

Strategic Policy and Resources Committee

Quarterly Finance Report

Report Period: Quarter 1, 2014/15

Dashboard

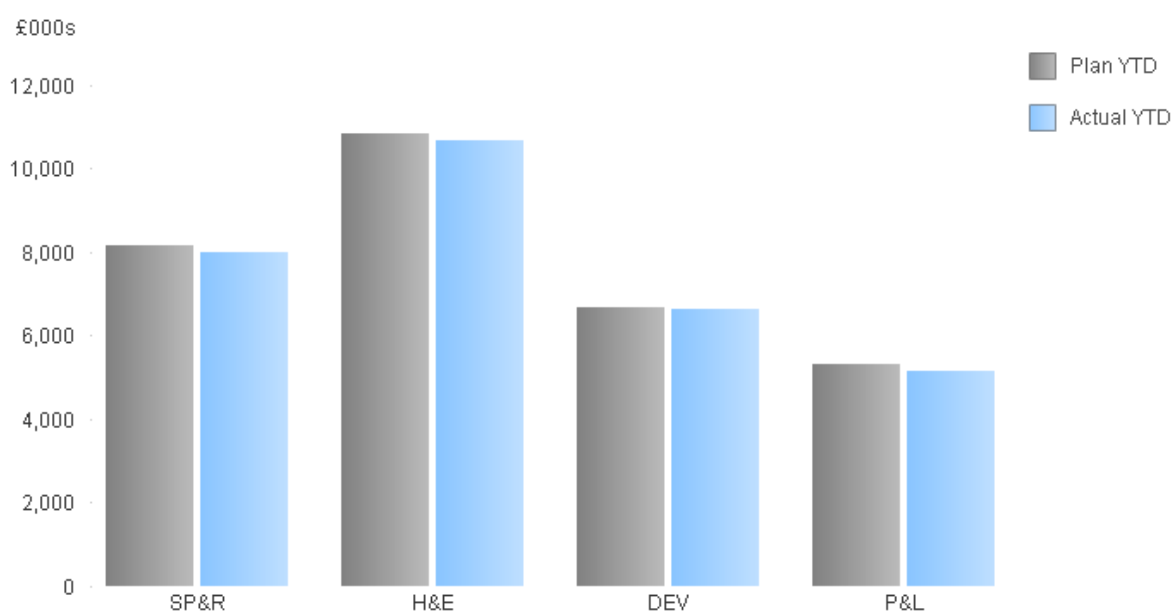
Revenue Section							Page
	YTD	YTD Var £000s	Var %	Forecast	Forecast Var £000s	Var %	
Strategic Policy & Resources Committee		(137)	(1.7)%		(660)	(1.9)%	3&4
Health Environmental Services Committee		(144)	(1.3)%		(119)	(0.3)%	
Development Committee		(9)	(0.1)%		5	0.0%	
Parks & Leisure Committee		(172)	(3.2)%		(50)	(0.2)%	
Committee Total		(462)	(1.5)%		(824)	(0.7)%	
Capital Financing					0		5
Rate Income Variance					(2,268)		6

Investment Programme Section							Page
	3 Year Plan £000s	Committed £000s		Balance Remaining £000s	Delivered £000s		
3 Year Capital Programme	75,000	30,503		44,497	13,035		8
Belfast Investment	20,000	0		20,000	0		9
Local Investment	5,000	4,751		249	936		
	100,000	35,254		64,746	13,971		
Levered Monies	50,000	69,415		(19,415)	50,290		10
Total	150,000	104,669		45,331	64,261		
	Annual Plan £000s	Actual Ytd £000s		Forecast for YE £000s	Forecast Var £000s		
Capital Programme	32,233	898		24,288	(7,945)		12
Non-Recurring Projects	1,352	33		1,385	33		14

Key Performance Indicators (KPI)

KPI	Actual	Target		Page	KPI	Actual	Target		Page
Debtors collected within 30 Days	46.7%	60.0%		15	Compliant Purchases	81.6%	90.0%		18
Debt under 90 Days	63.6%	65.0%		16	Timeliness Of Goods On System	70.6%	75.0%		19
Creditors Paid within 28 Days	90.6%	85.0%		17					

Committee Net Revenue Expenditure: Year to Date Position



The Quarter one position for net Departmental expenditure is an underspend of £462k or (1.5%) of the Council's net Departmental budget.

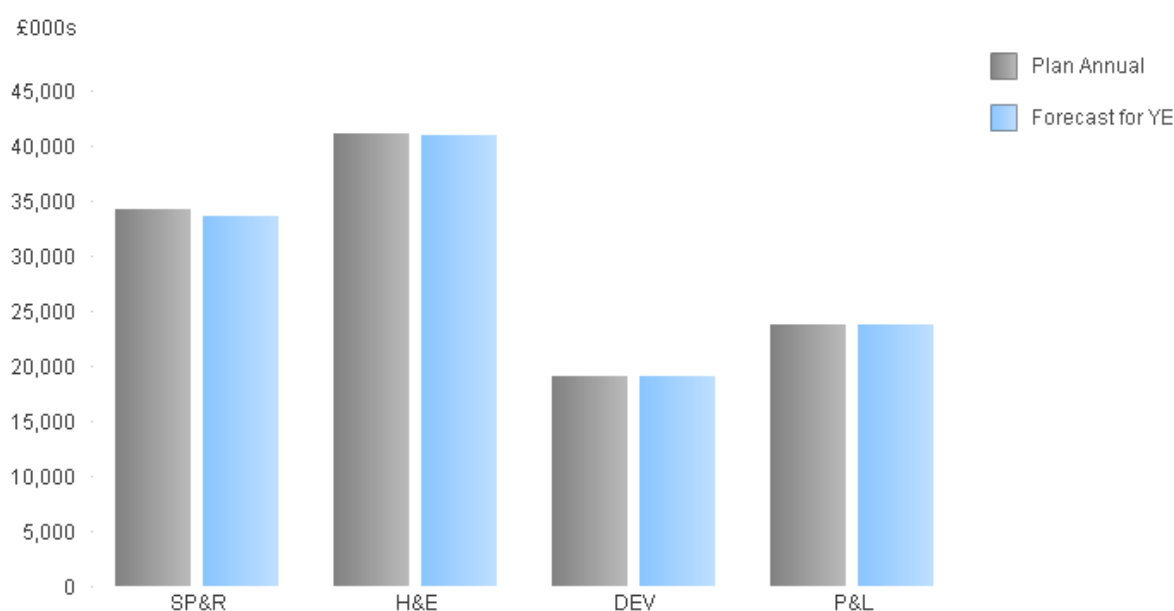
The **Strategic Policy and Resources Committee** has an underspend of £137k (1.7%) of net budgeted expenditure at the end of Quarter 1. A delay in the planned changes to the NILGOS pension scheme from April 2014 to April 2015 has resulted in an underspend of £155k.

The **Health and Environmental Services Department** is reporting a Quarter 1 underspend of £144k (1.3%) of net budgeted expenditure. This is largely due to the receipt of additional inspection fee income and Building Notice income (£127k) in the **Building Control** service.

The **Development Department** have a Quarter 1 underspend of £9k (0.1%) of net budgeted expenditure. Underspends in utility related expenditure have arisen across the Department. It is anticipated that this budget will be utilised by the year end.

The **Parks and Leisure Department** have a Quarter 1 underspend of £172k (3.2%) of net budgeted expenditure. Supplies and Services are under spent by £223k due to a number of programmes of work currently being developed and scheduled to be completed by the year end. Employee expenditure is under budget by £181k largely due to vacant posts are subject to ongoing recruitment processes or reviews. These underspends have helped offset additional grounds maintenance costs of £203k incurred in carrying out restorative work on pitches after a period of wet weather.

Committee Net Revenue Expenditure: Forecast for Year End



The Quarter one forecast for Departmental net revenue expenditure is an underspend of **£824k** or **0.7%** of the Council's departmental budget.

The main drivers to this forecast position are:

The **Strategic Policy and Resources Committee** is forecasting an underspend of £660k. This is largely due to budgetary provision (£500k) for anticipated pension changes which are now not effective until April 2015. A further underspend of £100k is forecast due to vacant posts.

The **Health and Environmental Services Department** is forecasting an underspend of £119k. Additional income in the Building Control service £263k along with employee underspends in the Cleansing Unit (£72k) will help offset anticipated additional costs of £202k in the Waste Management Unit. These additional costs are as a result of unforeseen changes in the assumptions made at the time of preparing the 2014/15 estimates (e.g. increased contract prices) and additional expenditure on security at public conveniences in the city centre.

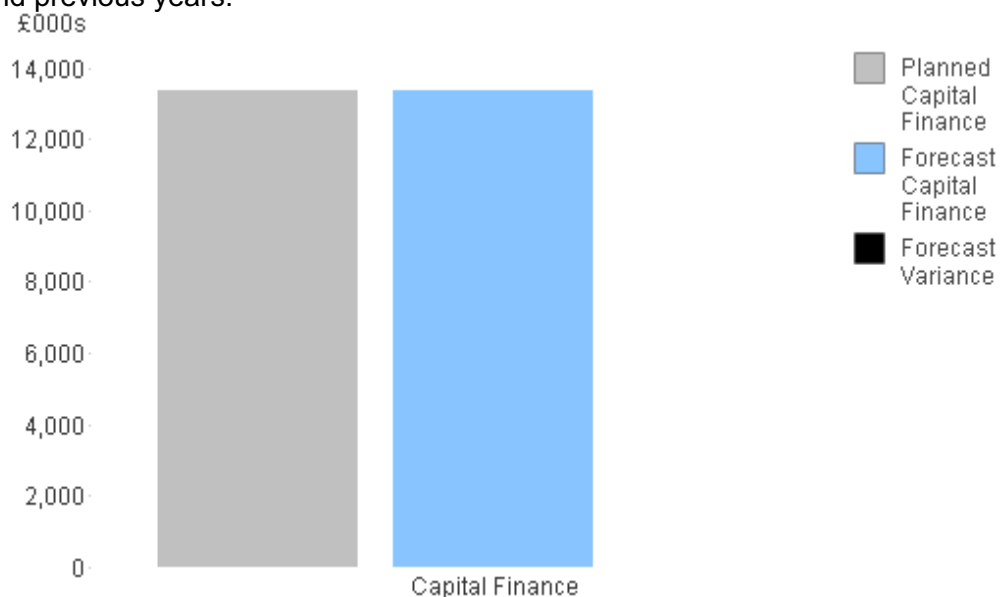
The **Parks and Leisure Services Department** is forecasting an underspend of £50k. Cost pressures due to the anticipated under recovery of Leisure Centre income (£30k) and additional expenditure of £100k on compensation claims will be offset by employee underspends in Directorate Support due to vacant posts and delays in the Anti Social Behaviour and Neighbour Development programmes of work.

The **Development Department** is forecasting an overspend of £5k. Projected additional income in the Economic Initiatives and International Development Unit will offset potential additional employee costs in the Community Services unit.

It should be noted that the forecasted position for the year end is tightly aligned to the budget. Officers will continue to monitor this position closely and will report quarterly to forecast the outturn.

Central Finance: Capital Finance Forecast for Year End

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



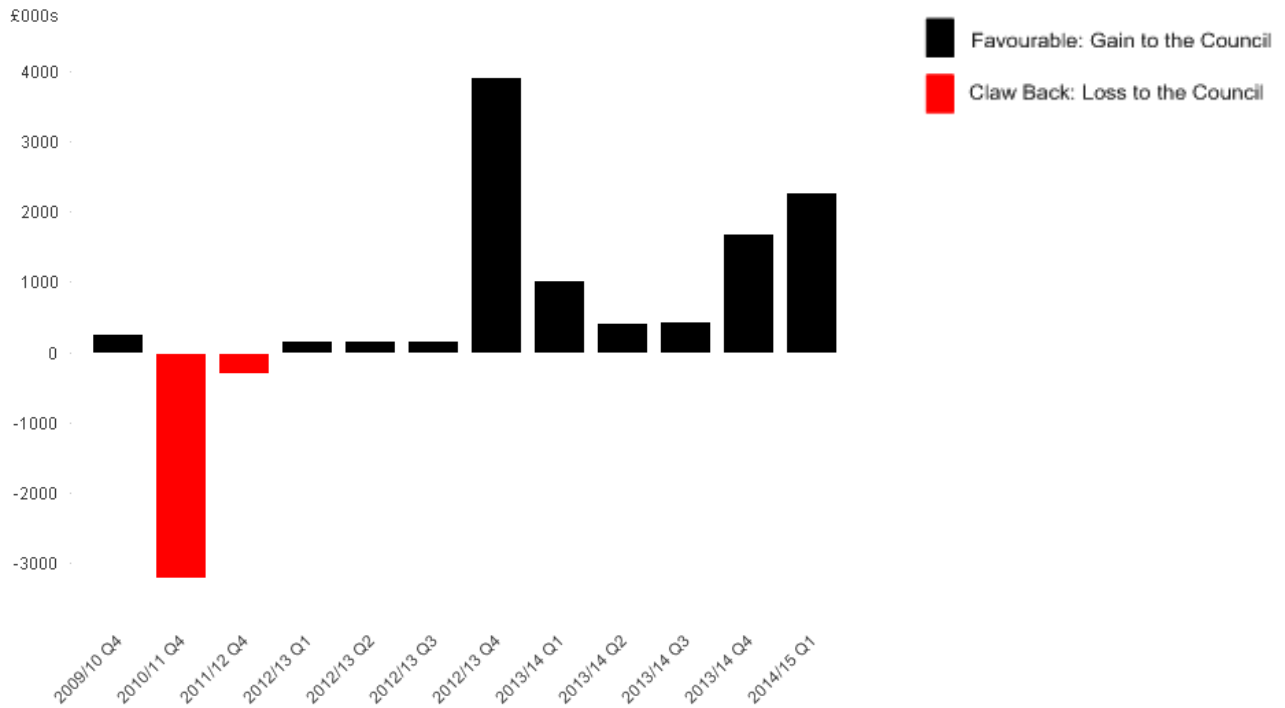
The Capital Financing Budget for 2014/15 has been set at £13.37m to meet the financing cost of the Council's Capital Programme.

The forecast for this budget, as reported previously, is to breakeven, 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

District Rate Forecast Variance for Year End

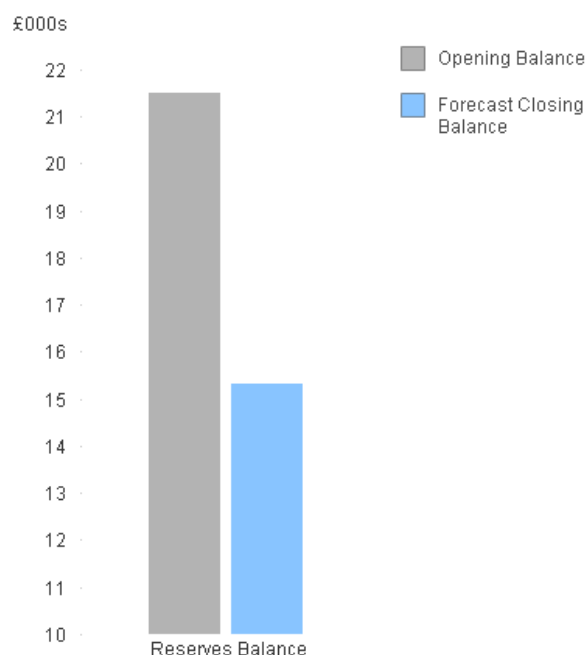
The chart below shows the rate income as received from Land and Property Services (LPS) in previous years and also the forecast for the current year; this forecast is updated each quarter in the current year.



The District Rate year end outturn, as forecast by LPS at Quarter 1, is a favourable outturn of £2.3m.

Members will be aware that officers work closely with LPS to monitor performance. Officers will be meeting with LPS to review income and losses. In particular, significant drivers to the year end forecast such as outstanding appeals and non-domestic vacant rating will be scrutinised.

Movement on Reserves



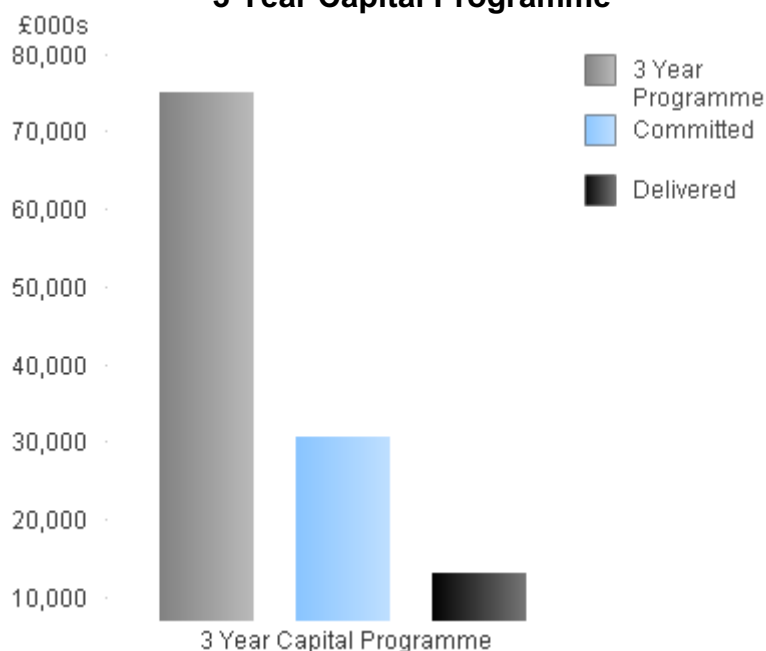
The Council's total reserves balance at 31/03/2014 was £21.5m. This included specified balances of £7.3m.

Specified Reserves balances at the end of Quarter 1 are

Boxing Strategy	£532,827
Tall Ships 2015 /16	£1,220,000
Area Pilots	£387,654
Pipe Band Championships	£190,248
Recycling/Health	£170,768
Renewing the Routes	£645,000
Advice Centre	£267,105
LGR Fund	£2,033,194
Leisure Fund	<u>£930,523</u>
Total	£6,377,320

At Quarter 1 LPS are forecasting a favourable rate settlement of £2.3m. A Departmental net revenue underspend of £824k is forecast for the year end. The application of specified reserves and the funding of Leisure voluntary redundancy and pension costs together with the above movements will result in a forecast reserves balance of £15.3m at the year end.

3 Year Capital Programme



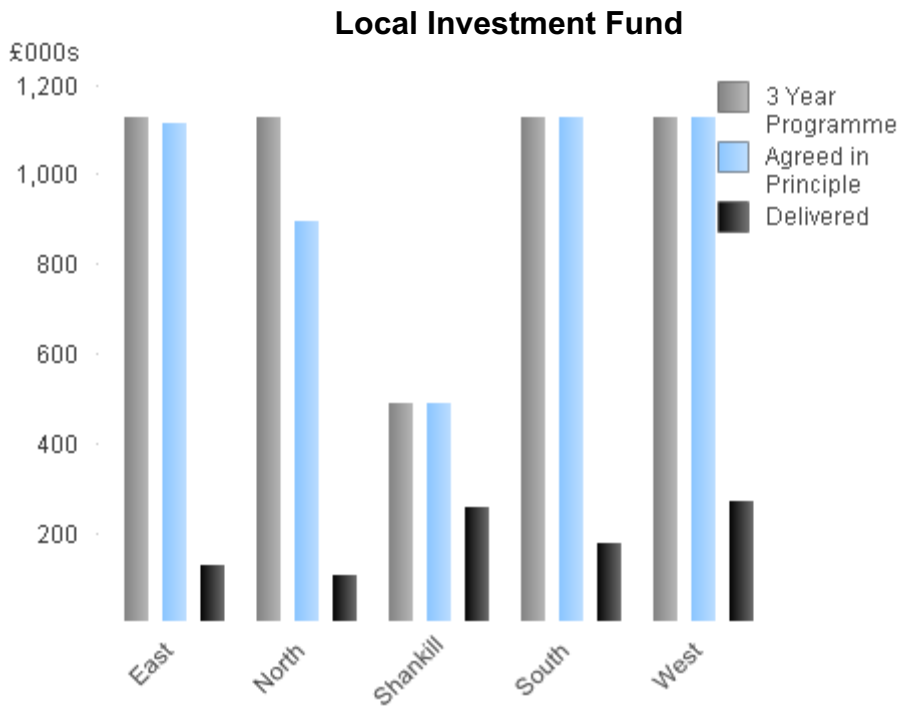
The Council's Investment Programme 2012-2015 outlines plans for net capital investment in Council owned assets of £75m. This level of investment is supported with a capital financing budget of £10.14m.

The revised Capital Programme as at 30 June 2014 outlines a commitment of £30.50m for the period of the Investment Programme 2012-2015.

As per Committee approval on 19 June 2014 the following project has moved to Stage 3 Committed:

- Boxer Statues

A full update on the Investment Programme is also on the agenda for the SP&R Committee on 22 August which should be read in conjunction with this report.

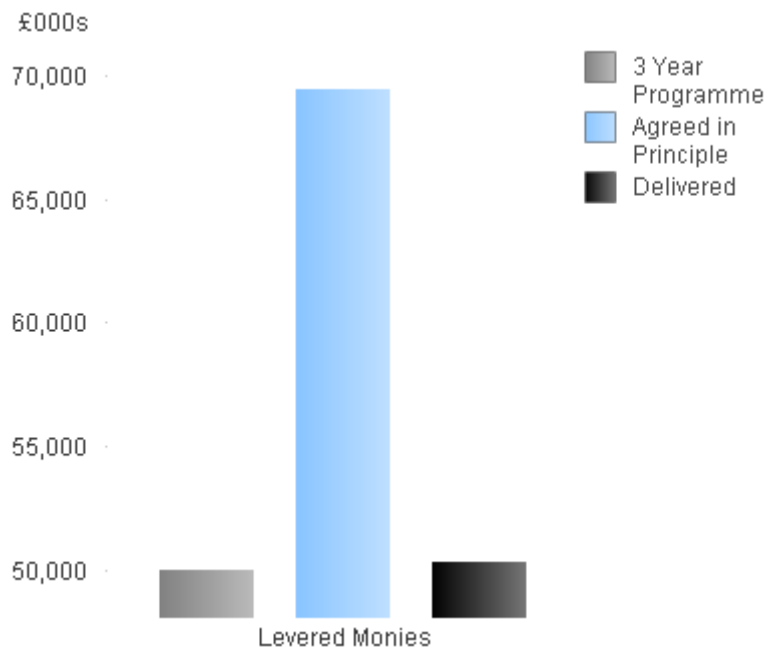


An integral part of the Investment Programme was the establishment of a £5m Local Investment Fund (LIF) which was designed to support the delivery of key local regeneration projects in neighbourhoods and as a means for Members to connect with local communities in their area. This is in preparation for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

As at 30 June 2014, 50 projects worth £3.45m have been through the Council's rigorous due-diligence process. Funding worth £936k has been paid out to 22 groups across the Council area, including St Malachy's Youth Centre and Rosemount House.

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.

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.

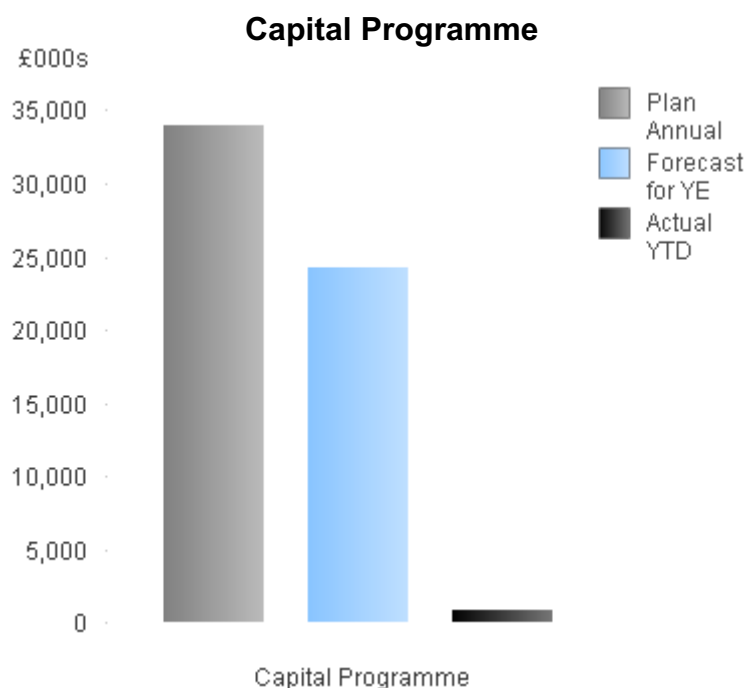
The 2014/15 Capital Programme includes external funding of £69.41m of which £50.29m has been secured by contractual commitments. A list of all schemes where funding has been agreed in principle and/or has been secured is outlined below:

<i>Scheme / Project</i>	<i>Agreed in Principle (£)</i>	<i>Letter of Offer Amount (£)</i>	<i>Comment</i>
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	402,371	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	1,140,003	1,140,003	Additional funding 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	9,597,249	9,597,249	Letter of Offer received from SEUPB
Belfast Waterfront Exhibition and Conference Centre	18,564,400	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	69,415,034	50,290,034	

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.



The Strategic Policy & Resources Committee, 21 February 2014, agreed a programme of net expenditure for 2014/15 of £32.23m. This includes expenditure on committed projects, £28.49m and uncommitted projects, £3.74m.

In the three months to 30 June 2014 the Council has incurred net expenditure of £898k. Forecast outturn for the year is £24.29m, which is £7.95m less than previously anticipated.

Expenditure for the year to date and forecast outturn on Stage 3: Legacy projects, Stage 3: Committed projects and Stage 2 is outlined below:

Stage 3: Legacy Projects

The Council has incurred £180k expenditure on projects which were at finalisation stage before the commencement of the Investment Programme. The main areas of expenditure are:

- Waterfront Hall - £126k
- Ulster Hall Refurbishment - £49k

Forecast outturn for all legacy projects is £519k for the year ending 31 March 2015.

Stage 3: Committed Projects

The Council has incurred £698k expenditure on the remaining committed projects. The main areas of expenditure are:

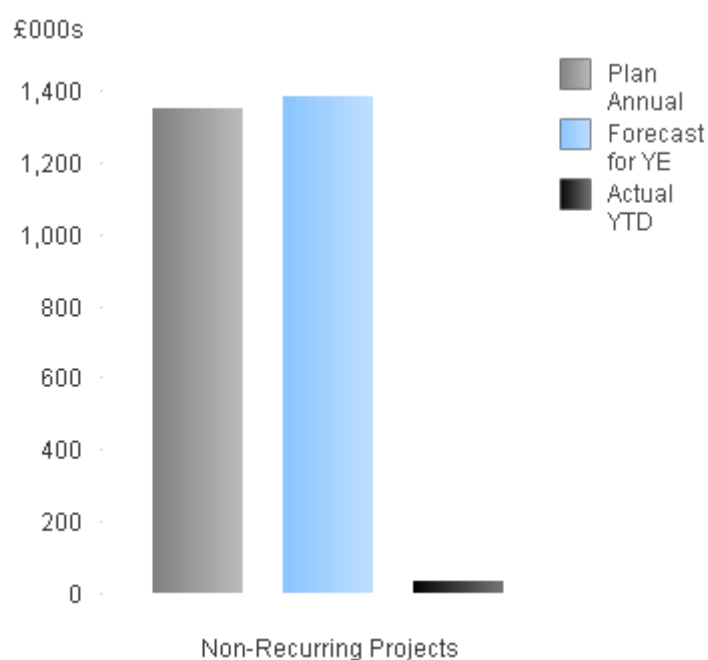
- LTP - Olympia Regeneration - £240k
- Alleygates - Phase 3 - £191k
- Super-connected Belfast - £151k

Forecast expenditure for Stage 3 (excluding legacy) committed projects for the year ending 31 March 2015 is £20.76m. It should be noted that £4.46m of this forecast relates to Tier 0 schemes progressing at risk. These are schemes still awaiting letters of offer from funders, but need to be progressed to tender preparation stage in order to meet tight funding deadlines, or schemes with outstanding issues to be resolved.

Stage 2 Projects

The Council has incurred £19k expenditure on uncommitted projects to 30 June 2014. There is a programme of expenditure of £3.01m for these projects until 31 March 2015. However, 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 £1.35m had been agreed for 2014/15.

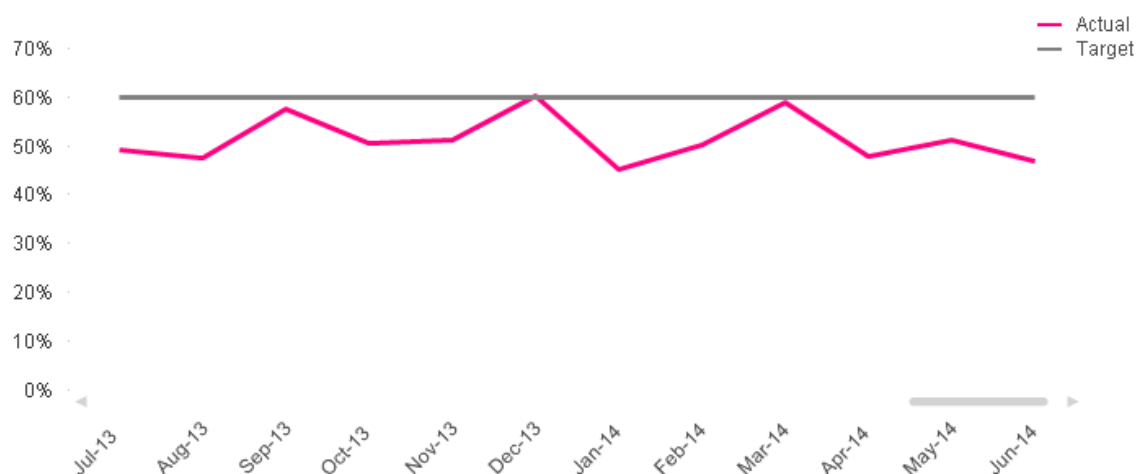
The Council has incurred £33k of expenditure on non-recurring projects as at 30 June 2014. The forecast expenditure for 2014/15 is £1.38m.

The main areas of forecasted expenditure are:

Location	Work needed	£
Belfast Zoo	Replacement of HV Installation	350,000
Various Leisure Centres	Replacement of Boilers	165,000
Various Playgrounds	Playground Refurbishment	130,000
Various Pitches	Pitch Drainage	125,000
Ozone/Tennis Centre	Replacement of Tennis Court Surfaces	120,000
Ormeau Park	Fence Replacement	92,000

Key Performance Indicators (KPIs): Debtors KPI 1

The Percentage of Debtor invoices collected within 30 days:



The percentage of customer invoices being paid within 30 days at the end of quarter 1 is 46.7%. The quarter 1 figure for 2013/14 was 50.4%

The overall level of debt has reduced from £3,726,160 at the year end to £3,550,926 at the end of quarter 1.

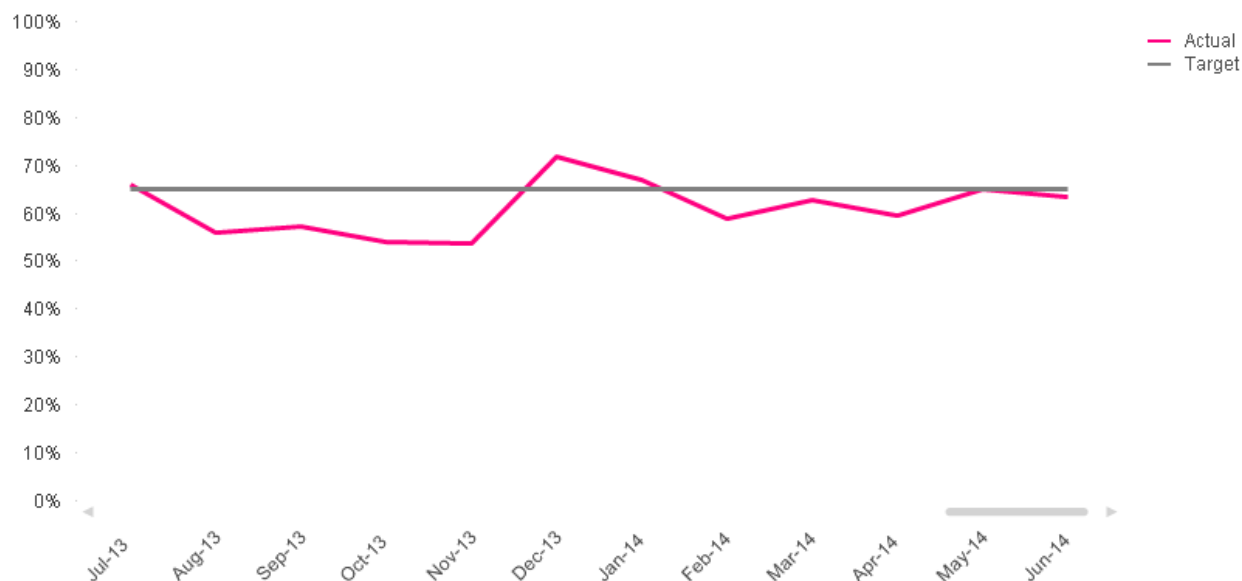
Whilst the Central Transactions Unit has continued to pro-actively pursue customers who exceed their payment terms this has not lead to the desired improvement in this area.

A plan is currently being produced as to how to more effectively collect the debt in preparation for local government reform.

We will continue to work closely with departments and customers to ensure debt is collected on a timely basis and to provide the information needed to enable customers to pay their invoices first time

Key Performance Indicators (KPIs): Debtors KPI 2

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



At the end of quarter 1 the percentage of debt owed to the council which is less than 90 days old was 63.6%. The quarter 4 figure for 2013/14 was 62.7%.

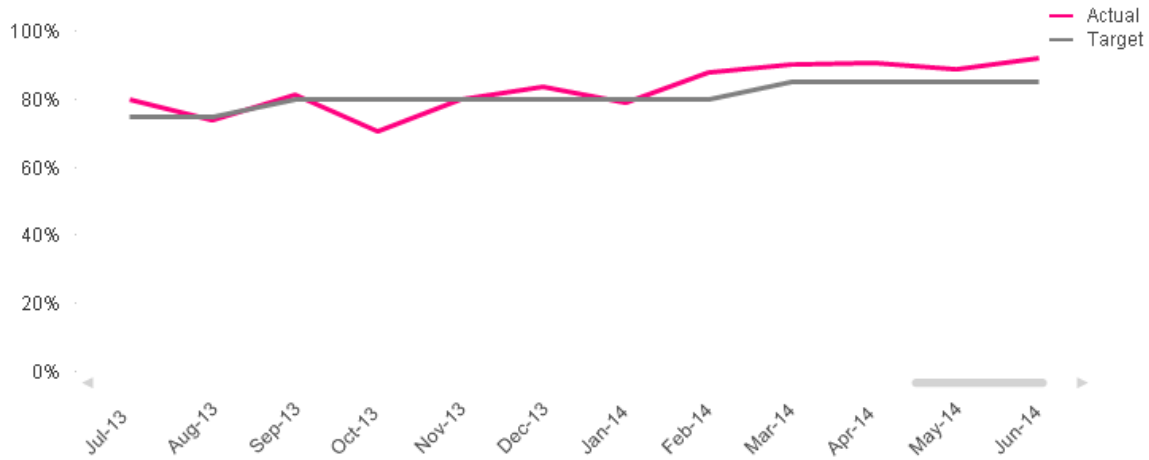
Whilst this is a slight improvement customer debts will continue to be referred to Legal Services and the Small Claims Court where appropriate to ensure debt is recovered.

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.

The Central Transactions Unit continues to liaise with customers and departments on a monthly basis to reduce the overall amount of debt.

Key Performance Indicators (KPIs): Creditors KPI

The Percentage of Creditors paid within 28 days



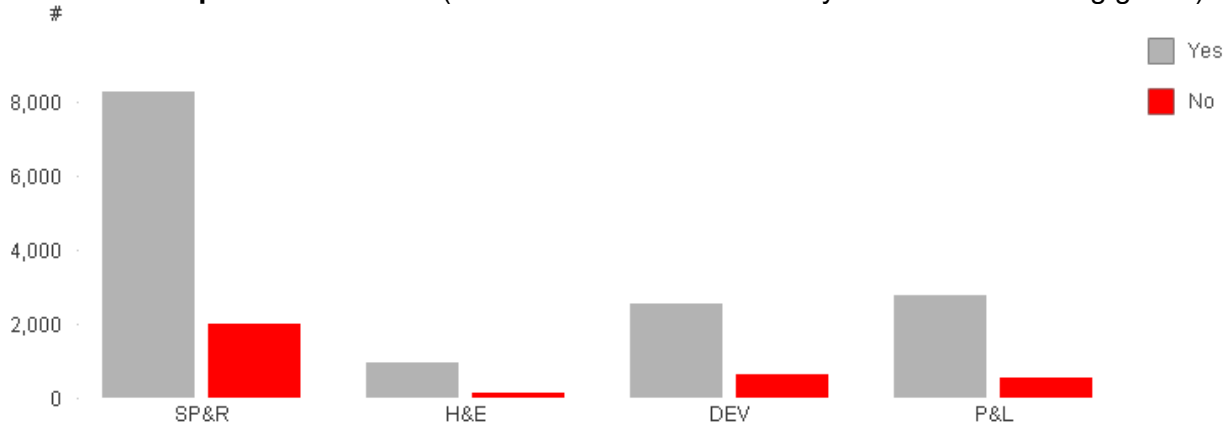
As part of the Investment Programme it was agreed that by the end of 2014/15 90% of creditors would be paid within 28 days. In order to achieve this, targets were set for the intervening years, with a target of 75% by 31 March 2013 and 85% by March 2014.

At the end of quarter 1 the average percentage of creditors paid within 28 days was 90.6%. This means that the target has already been met. However, an improvement programme has been developed and is currently being implemented to ensure the target of 90% is maintained 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.

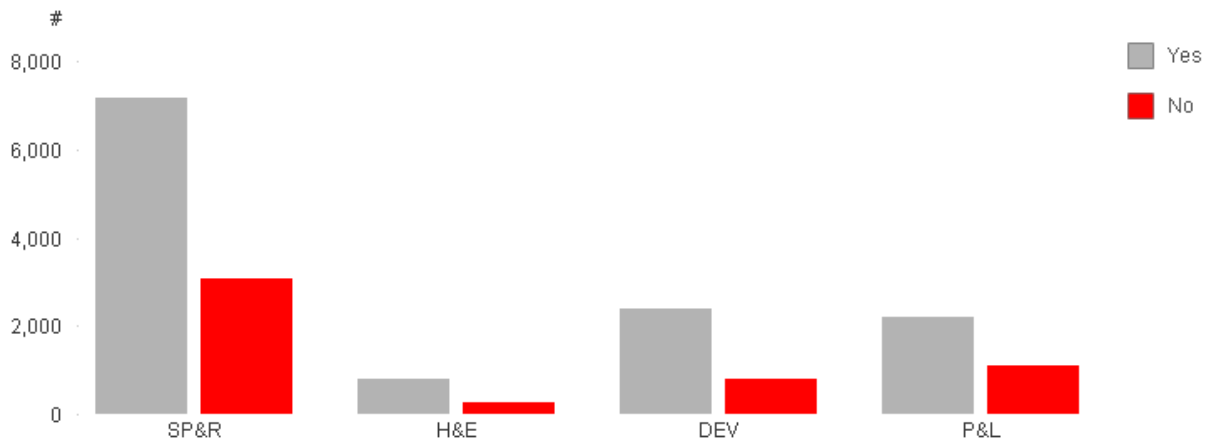
This indicator shows how often goods or services are ordered with a valid purchase order being created prior to the order being placed.

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	80.7
Health & Environmental Services Committee	88.3
Development Committee	80.0
Parks and Leisure Committee	83.9

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	70.0
Health & Environmental Services Committee	74.7
Development Committee	75.1
Parks and Leisure Committee	66.8

Appendix A: Supplementary Information

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Belfast City Council – Committee Summary

Committee	Plan YTD £000s	Actuals YTD £000s	Variance YTD £000s	% Variance	Annual Plan 2014/2015 £000s	Forecast for Y/E at P3 £000s	Forecast Variance £000s	% Variance
Strategic Policy & Resources Committee	8,142	8,006	(137)	(1.7)%	34,236	33,576	(660)	(1.9)%
Health Environmental Services Committee	10,818	10,675	(144)	(1.3)%	41,072	40,953	(119)	(0.3)%
Development Committee	6,662	6,653	(9)	(0.1)%	19,077	19,082	5	0.0%
Parks & Leisure Committee	5,332	5,159	(172)	(3.2)%	23,824	23,774	(50)	(0.2)%
Total	30,955	30,493	(462)	(1.5)%	118,209	117,385	(824)	(0.7)%
Capital Financing							0	
Specified Reserves movements							-898	
Year End Departmental Forecast							824	
Rates Income							2,300	
LTP - VR and Pensions							-2,033	
Forecast Movement on Reserves for current year							193	

Analysis of Forecast Reserves Balance

Opening Balance Reserves	21,506
Movement in Reserves	193
Total Reserves	21,699
Specified Reserves Balance	6,378
Closing Balance General Reserves	15,321