

# Belfast City Council

## Statement of Accounts 2019



**Belfast  
City Council**

**BELFAST CITY COUNCIL**  
**Statement of Accounts**  
**For the year ended 31 March 2019**

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## Narrative Report

### Introduction

#### Organisational overview and external environment

Belfast City Council remains the largest of Northern Ireland's 11 local authorities, serving a population of 340,220 residents, as well as the thousands of people who travel to the city to work, study and visit each day.



With a net budgeted expenditure of £159.9m in 2018/19, Belfast City Council's 2,305 employees, led by 60 councillors across 10 electoral areas, carry out six principal roles:

- a civic leadership role to ensure a better quality of life for our citizens;
- provision of a number of services and facilities including planning, parks and leisure, refuse and recycling and community services;
- promoting the arts, tourism, community and economic development;
- regulating and licensing activities relating to environmental health, consumer protection, building and public safety;
- a representative role on a number of bodies and boards, including education and health; and
- a consultative role in relation to functions conducted by other government bodies and agencies on issues such as planning, water, roads and housing.

With our role in leading community planning in Belfast we have published the Belfast Agenda 2017-2035, outlining our priorities for the City which will require collaboration with key partners to ensure delivery of these ambitions for the City.

The key services delivered by the Council are outlined below under our Operational Model and the key objectives of the Council are outlined below under Strategic Performance. The key deliverables for year ended 31 March 2019 reflect the priorities articulated by local people and relate to the council's functions as both a civic leader and service provider.

## Operational Model

Each year, the Council must ensure it has the resources it needs to deliver services to the standard expected by its ratepayers. Budget plans are submitted to the relevant committees for approval regarding what the Council hopes to do and how much it will cost. This helps the Council understand how much money is required and, taking account of other sources of income, what 'rate' needs to be set for the city to raise the required money.

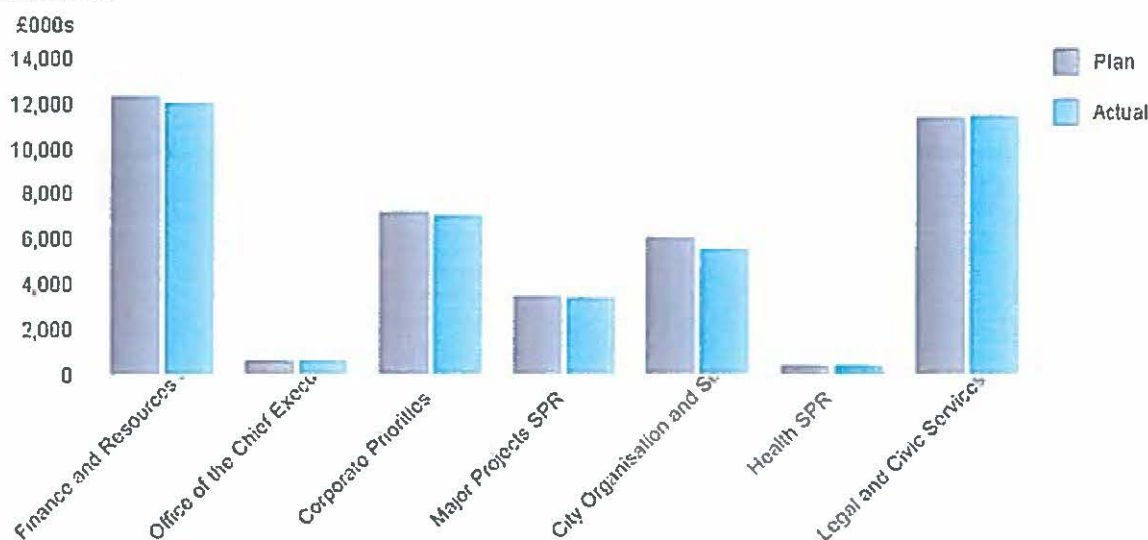
Throughout the year the Council reports to the relevant committees on the financial performance against agreed budget for each committee. The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

The majority of the variance between budget and actual expenditure is disclosed in the Expenditure and Funding analysis in Note 2 and is mainly due to accounting adjustments that are required for the purposes of preparing the financial statements, such as depreciation and impairments, fair value adjustments on investment properties and IAS 19 accounting adjustments. There are also variances due to reclassification of income and expenditure to other income and expenditure for financial accounting purposes such as rental and financing activities.

Each committee is responsible for the delivery of key services to the Council and the main services included in each committee is as follows:

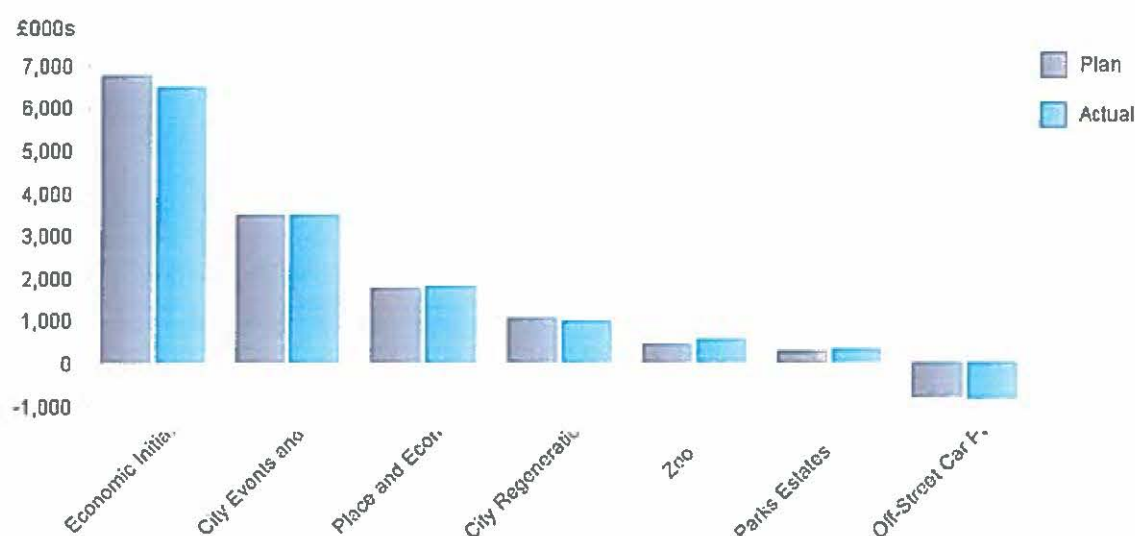
### Strategic Policy and Resources Committee

This committee is responsible for setting the strategic direction of the Council through the development of its Corporate Plan and other key corporate and cross cutting strategies and policies. The net expenditure of this committee includes Legal and Civic Services, Finance and Resources, City Organisation Structure and Major Projects and Corporate Priorities with Human Resources and Good Relations. The net expenditure budget for this committee for these services in 2018/19 is £41.3m with actual net expenditure for the year amounting to £40.1m. The graph below outlines the services delivered within this committee and performance against budget. These amounts do not include the accounting adjustments that are required to be included in the net expenditure for this committee in the Comprehensive Income and Expenditure Account. The net expenditure of £66.9m for this Committee includes the accounting adjustments that are required for preparing the financial statements.



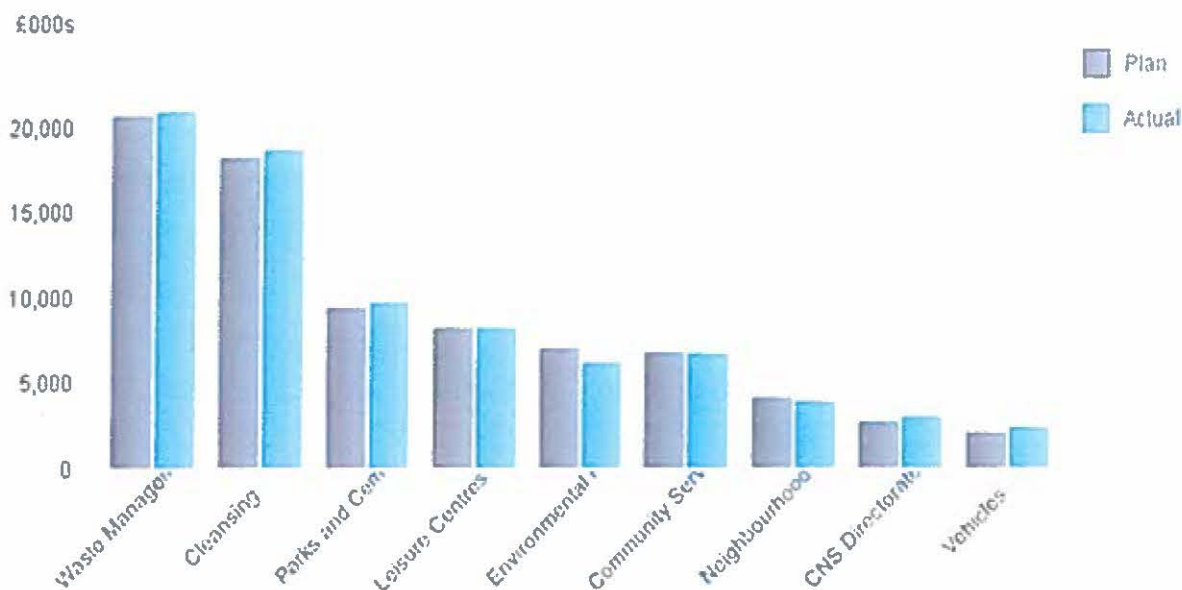
## City Growth and Regeneration Committee

This committee is responsible for the development and implementation of strategies, policies, programmes and projects directed to the regeneration and growth of the City in the context of outcomes agreed in the Community and Corporate plans and other corporate strategies. The net expenditure of the committee includes Economic Initiatives and City Regeneration, City Events and Venues including Off-Street Car Parking, Place and Economy and Parks Estates and Zoo. The total budget for net expenditure for this committee for these services was £17.4m and actual net expenditure was £17.4m. The graph below outlines the services delivered within this committee and performance against budget. These amounts do not include the accounting adjustments that are required to be included in the net expenditure for this committee in the Comprehensive Income and Expenditure Account. The net expenditure of £23.3m for this Committee includes the accounting adjustments that are required for preparing the financial statements.



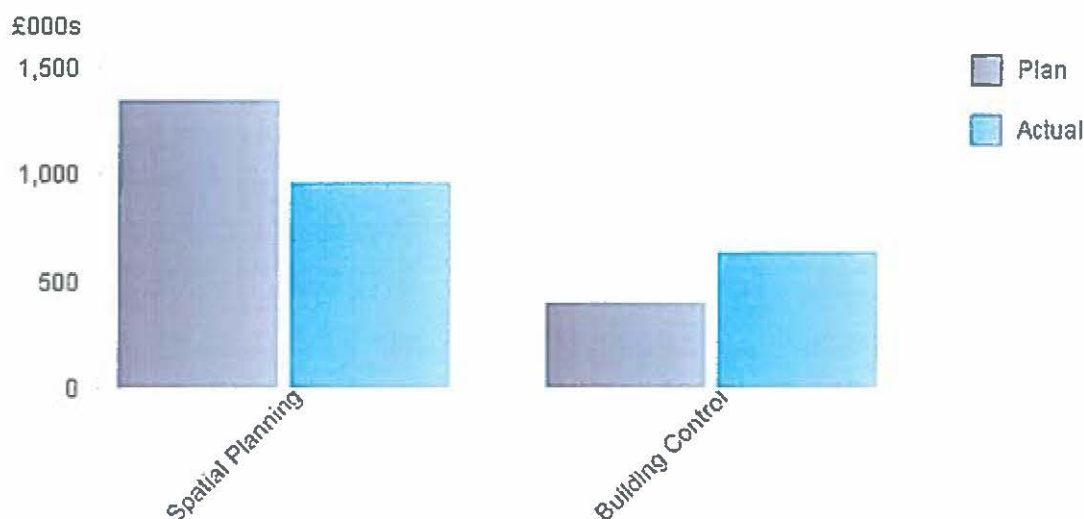
## People and Communities Committee

This committee is responsible for the development and implementation of strategies, policies, programmes and projects aimed at improving life at a local level in the context of the outcomes agreed in the community and corporate plans and other corporate strategies. The net expenditure of the committee includes Cleansing, Waste Management and vehicles, Parks, Cemeteries and Leisure Centres, Environmental Health, Neighbourhood and Development and Community Services. The total budget for net expenditure for this committee for these services was £78.8m and actual net expenditure was £79.1m. The graph below outlines the services delivered within this committee and performance against budget. These amounts do not include the accounting adjustments that are required to be included in the net expenditure for each committee in the Comprehensive Income and Expenditure Account. The net expenditure of £96.4m for this Committee includes the accounting adjustments that are required for preparing the financial statements.



### Planning and Licensing

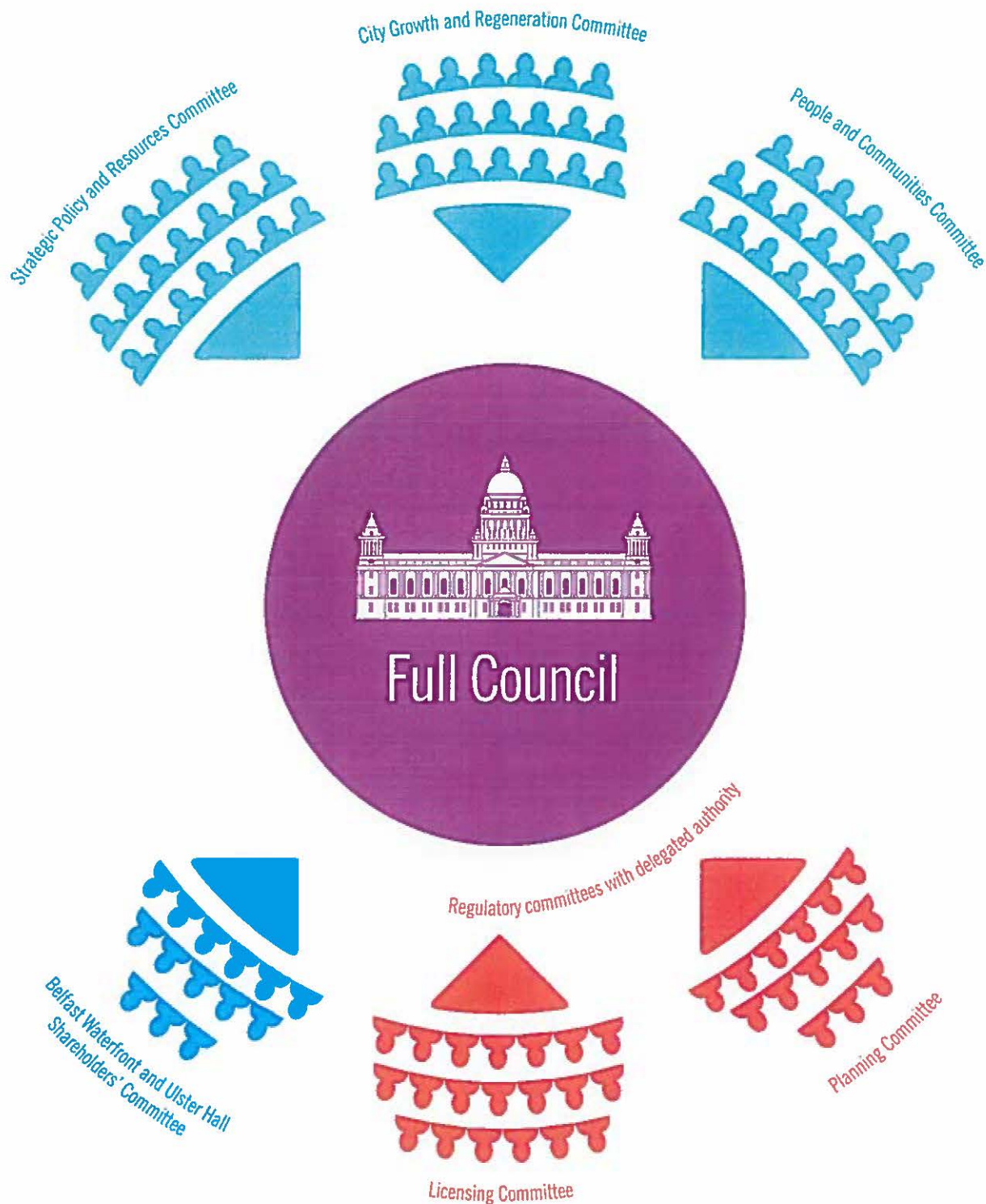
These committees are responsible for delivery of all of the Council's planning functions and policy and legislation in relation to licensing issues. The net expenditure includes Planning and Building Control services. The total budget for net expenditure for this committee for these services was £1.7m and actual net expenditure was £1.6m. The graph below outlines the services delivered within this committee and performance against budget. These amounts do not include the accounting adjustments that are required to be included in the net expenditure for each committee in the Comprehensive Income and Expenditure Account. The net expenditure of £2.3m for this Committee includes the accounting adjustments that are required for preparing the financial statements.



Further information regarding the variances between planned and actual expenditure is included in the individual committee reporting for 2018/19. Total net expenditure budget of £159.9m includes the above services budget of £139.2m and the capital financing budget of £20.7m.

## Governance

The work of Belfast City Council is overseen by the committee structure outlined below and detailed further in our Governance Statement on pages 14- 26. This Annual Governance Statement for 2018/19 highlights the Council's governance arrangements during the year and how significant governance issues are being addressed and actions implemented. A programme management framework is in place to manage both revenue and capital streams of activity for the Council. Directors and Members have oversight in accordance with the terms of reference for the relevant Committee as well as finance reports covering all aspects of Council expenditure being presented to Committee on a quarterly basis. The committee structure is as follows and in addition a Brexit Committee has been established and is responsible for researching, monitoring and reviewing the financial, resource or operational impact upon the Council and the district as a result of the UK's leaving the European Union and for making recommendations to Council on such issues (or to the relevant Standing Committee where appropriate). The first meeting took place in August 2018:



## Strategic Performance

The strategic performance of the Council is incorporated in the Belfast City Council's Corporate Plan 2017-21, which includes the Improvement Plan. The Belfast Agenda is published on the Council's website and outlines the Council's ambitions for the City by 2035 as well as the immediate priorities for:

- Growing the economy
- Living here
- City Development
- Working and learning

The Council outlines its priorities within the Corporate Plan 2017-21. These priorities cascade from the longer term outcomes identified in the Council's Community Plan (Belfast Agenda). These priorities are based upon extensive external and internal analysis, including key socio-economic data, analysis of the plans and strategies impacting the city and its communities, performance information and political engagement.

The Council has also incorporated six key improvement objectives included within the Improvement Plan to ensure continuous improvement in the exercise of the Council's functions and alignment with the work the Council is doing to formulate the priorities of the Belfast Agenda.

These six key objectives are:

- Build the city's position as a magnet for Foreign Direct Investment
- Make Belfast a great place to do business by supporting entrepreneurs and business starts
- Deliver an integrated approach to employment and skills
- Design and deliver programmes to address health inequalities in the city
- Deliver the integrated tourism strategy to increase numbers of leisure and business tourists
- Deliver city centre regeneration and investment projects

An annual performance assessment of progress against these objectives is contained within the Corporate Performance Assessment Report to include details of the Council's performance against statutory performance indicators set by the Department.

## **Financial Statements**

The Council's financial performance for the year ended 31st March 2019 is as set out in the Comprehensive Income and Expenditure Statement and its financial position is as set out in the Balance Sheet and Cash Flow Statement.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom for the year ended 31st March 2019 (the Code) and the Department for Communities Accounts Direction, Circular LG 12/2019. It is the purpose of this foreword to explain, in an easily understandable way, the financial facts in relation to the Council.

This Statement of Accounts explains Belfast City Council's finances during the financial year 2018/19 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

## **Group Accounts**

The Code requires Local Authorities to consider all their interests and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. Belfast City Council have prepared group financial statements for the financial year ended 31 March 2019 to include Belfast Waterfront and Ulster Hall Limited ( BWUH) and Belfast City Council's contribution to Beltel LLP in relation to the redevelopment of the Belfast Telegraph Building. The results of Beltel LLP are included in the group financial statements. The results of Belfast Gasworks Management Co Ltd for the year ended 31 March 2019 are not deemed material to Belfast City Council accounts and as such are not included in the group financial statements.

## **The Movement in Reserves Statement**

This Statement, as set out on page 37, shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or (Deficit) on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Summary (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance for Local Tax purposes. The 'Net Increase/Decrease before transfers to Earmarked Reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council. The group movement in reserves statement on page 113 includes the reserves of BWUH limited, contributing to an increase of £6.5k on the Group General Fund.

## **The Comprehensive Income and Expenditure Statement**

This statement, as set out on page 38, shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement. The group comprehensive income and expenditure statement on page 114 includes the consolidated income and expenditure of BWUH Ltd.

## **The Balance Sheet**

The Balance Sheet, as set out on page 39, shows the value as at the Balance Sheet date of the Council's assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use

(for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'. Due to the review of the accounting policy for Community Assets and subsequent restatement of the relevant balances, there are three balance sheets included on page 39. The group balance sheet on page 115 includes relevant balances for BWUH Ltd and Beltel LLP.

### **The Cash Flow Statement**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council. The group cashflow statement on page 116 includes the cash and cash equivalents of BWUH Ltd, Gas pension Fund and the Council's interests in Beltel LLP.

### **Expenditure and Funding Analysis**

The resourcing of the Council's activities is outlined in the Annual Report, demonstrating the funding available and what services this funding provided for 2018/19.

The objective of the Expenditure and Funding Analysis is to demonstrate to ratepayers how the funding available to the Council (i.e. government grants, rates, fees and charges) for the year has been used in providing services in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. The main services provided under each committee are summarised in this note and performance against budget is summarised in the Narrative Report. The main variances from budget will arise due to the accounting cost of providing services in accordance with generally accepted accounting practices, such as depreciation charges and IAS 19 pension adjustments which are not funded from taxation. These charges are summarised per committee in Note 2a and Note 2b.

The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision-making purposes between the Council's committees. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

### **Financial performance**

For the year ended 31 March 2019, the Council increased its General Fund to £25.8m. The Budget plans form part of the Revenue Estimates and in 2018/19 the total net expenditure budget for the Council was set at £159.9m.

The Council reported £1m under spend on service delivery at the year end. Performance against budget for each of the Committees is continuously monitored throughout the year. This performance is reported to the Strategic Policy and Resources Committee on a quarterly basis. The overall position for the year ended 31 March 2019 is mainly due to programme delays reducing expenditure on programme and premises costs.

The Cost of Services on Continuing Operations of £189m as reported in the Comprehensive Income and Expenditure Statement, also includes the accounting cost of providing services in addition to the

amount to be funded from taxation. The total net expenditure reported in the Comprehensive Income and Expenditure Statement is £18m.

### **Borrowings**

For the 2018/19 year the Council has an authorised borrowing limit of £192m. This is based on the Council's forecast capital expenditure plans over the medium to long term. In conjunction with the Council's Capital Financing Requirement of £115m, this ensures that the Council only borrows for capital purposes. During the year, the Council repaid external loans of £8.87m. The Council borrowed £35m to fund ongoing capital projects from Department of Finance and on a short term basis £30m was borrowed from other Councils and repaid before year end. At 31 March 2019, the total amount outstanding on external loans was £62.9m, of this total £0.3m represents the outstanding debt of the former Belfast Corporation Services which is now the responsibility of the Northern Ireland Housing Executive, and on whose behalf the Council is administering the loans.

### **Capital Expenditure**

The total net expenditure reported in the Comprehensive Income and Expenditure Statement includes allocations of £9.2m to fund capital expenditure. Expenditure on capital projects during the year amounted to £38.9m, the most significant expenditure was on: Lisnasharragh Leisure Centre £8.6m; Andersonstown Leisure Centre £8.4m; Brook Activity Centre £6.8m; Olympia Leisure Centre £2.3m; and the Fleet Vehicle Replacement Programme £2.9m.

There was one significant impairment during the year, £1.6m, as detailed on page 81. Olympia Leisure Centre came into operation recently and its value was re-measured to depreciated replacement cost, the valuation basis for this type of specialised property, to reflect its current estimated service potential. The difference between the two methods of measurement, of historic cost during construction as opposed to depreciated replacement cost when in operation, resulted in an impairment in the first year under the current valuation basis.

### **Strategy and Resource allocation**

When setting the district rate for 2019/20 consideration was given to the following key financial factors for the Council:

- The main uncontrollable cost risk to the Council in the medium term, continues to be the impact of externally imposed increases to the Council's pay bill, such as the nationally negotiated pay awards, the foundation wage increase and employer's pension contributions increase. These combined with inflation levels exert financial pressure on the District Rate which are beyond the Council's control
- The Council will face significant year on year increases in costs in several areas such as the increased revenue costs required for the implementation of the Waste Plan, financial contributions required under the delivery of the City Deal, increased resource requirements to deliver priorities under the Belfast Agenda and continued investment in large scale capital projects combined with the revenue costs of these assets as they become operational
- The Council's income streams are under risk with the uncertain political environment which could have an impact on both EU and Central Government funding. Work is continuing with Land and Property Services (LPS) and the Institute of Revenues Ratings and Valuations (IRRV) to provide assurances on the rates base in this challenging economic landscape
- The Council continues to develop its Efficiency Programme through a targeted work stream of activities delivering savings of £3m in 18/19 and savings of £3m in 2019/20 which have already been factored into the budget setting process and should help minimise the burden on the ratepayer of the cost pressures highlighted above.

## Outlook

The Council is fully aware that it is continuing to operating in a continually challenging economical and political environment and with the Bank Buildings fire the City's spirit and resilience was tested. The Council is committed to delivering business as usual and will continue with our ambitions for the City under the Belfast Agenda and City Deal. The Council strives to deliver at the highest of standards and these efforts have been recognised in the many awards achieved by the Council in the year ended 31 March 2019, including:

- Connswater Community Greenway named Community Engagement Initiative of the Year at British Construction Industry Awards 2018
- The 54th Britain in Bloom awards ceremony was held, for the first time, at Belfast Waterfront with Belfast awarded Gold Medal in Large City category
- Our Health and Wellbeing (H&WB) Cross-Council Working Group won Best Public Sector Wellbeing Initiative in the recent inaugural INSPIRE Workplace Wellbeing Awards 2018 and were finalists in the Excellence in Local Government Wellbeing initiatives.
- The restoration of the Tropical Ravine project which re-opened to the public in April 2018 picked up two awards at the annual Royal Institute of Chartered Surveyors (RICS) Awards, Northern Ireland, winning both the Building Conservation category and overall Project of the Year.
- The Council's family friendly policies and initiatives have been recognised at the Employers for Childcare – Family Friendly Employer awards with the Council being Highly Commended and runner up in large Public Sector organisation category.
- Belfast Waterfront won best Local Authority Tourism Initiative at the 2018 Northern Ireland Local Government Association (NILGA) Awards
- Head of Finance & Performance, Mark McBride was awarded Public Finance Professional of the Year 2018 at the Chartered Institute of Public Finance and Accountancy (CIPFA) NI annual conference
- St George's Market awarded Best Large Indoor Market at the Great British Market Awards
- First NI City Region Deal awarded - £850million investment

The Council seeks out opportunities to pursue additional funding streams for the City, adopting innovative approaches to delivering services and working in partnership to ensure the City optimises its resources to deliver on its six key objectives. A few of the current initiatives the Council is currently developing are outlined below:

- Smart City Framework – the Council continues to adopt a leadership role to establishing a City Data Platform, a Smart Belfast portal which is a critical resource for a modern Belfast to stage challenges, promote and share learning and attract investment. This will be the foundation for the rates forecasting model and Planning Growth tool to encourage innovative solutions for increasing economic growth for the City. A new Smart Belfast competition has been launched for companies to explore the use of innovative digital technology and data-driven solutions to help manage parks and open spaces. Details of the 'Amazing Spaces, Smart Places' Small Business Research Initiative (SBRI) challenge were unveiled at the 'Big Data Belfast' conference at ICC Belfast (Belfast Waterfront) which explores trends and opportunities emerging in Smart Cities, IoT, Fintech and business analytics among other areas.

- 100RC - Belfast is the only city in Ireland, and one of only five in the UK to have been selected from over 1,000 applicant cities to participate in the 100 Resilient Cities Network- pioneered by The Rockefeller Foundation (100RC). The aim of this network is to partner with cities to build resilience to the shocks and stresses of the 21st Century, share international challenges and lessons learned, and to build a global community of urban resilience experts. The funding available has allowed Belfast to appoint a Commissioner for Resilience who reports directly to the Chief Executive and works with our council and our partners to build our city's ability to plan for and manage any threats and vulnerabilities that we have as a city, such as weaknesses in our economy, segregation, poor infrastructure, risks of flooding and cyber attack. A Belfast currency will be rolled out as part of our 100 Resilient Cities programme later this year.
- City Deal- the City deal model is the UK Government's innovative strategy for building stronger urban and regional growth via smarter, more localised and growth focused investment decision-making. It is an exciting initiative collaborating with our neighbouring councils, NI Executive and UK Government to deliver an integrated economic growth programme. An initial proposal has been developed which sets out an ambition for up to £1bn investment in the city-region through a 10-year programme which could act as catalyst to lever substantial private sector investment across the region and to support economic resilience. Belfast Region City Deal partners have welcomed commitment of £350 million investment from Treasury. As part of the deal, the NI Executive is expected to add at least a further £350 million and councils will contribute over £100 million. It is hoped the deal will create up to 20,000 new and better jobs alongside delivering a 10 year programme of inclusive economic growth - including an increase of £470m Gross Value Added (GVA).
- The PEACE IV Programme - is a cross-border initiative designed to support peace and reconciliation in Northern Ireland and the border region. Funding of £8.8m was awarded from the European Union PEACE IV Programme managed by the Special EU Programmes Body (SEUPB) and also includes funding from the Executive Office in Northern Ireland and the Department of Rural and Community Development in Ireland. In 2018/19 an additional £5.6million of funding was awarded through the PEACE IV programme, to promote peace and reconciliation across communities in the city, bringing the total amount of funding for Belfast to £14.4million. Belfast City Council has already commissioned a wide range of delivery partners to deliver PEACE IV projects under the three key themes of, 'Children and Young People', 'Building Positive Relations' and 'Shared Spaces and Services'. Mobilisation of the PEACE IV programme on the ground commenced in December 2017, with the first contract award in May 2018. The most recent project mobilised in July 2019. To date 12 project elements from a possible 15 are actively delivering on the ground. It is envisaged that all outstanding project elements will be mobilised by January 2020.

These initiatives enhance the Council's opportunities to develop services, deliver on our key objectives for the City and grow the City to make it a leading destination to live, work, visit and invest.

## **Statement of the Council's and Chief Financial Officer's Responsibilities for the Statement of Accounts**

### **The Council's Responsibilities**

Under Section 1 of the Local Government Finance Act (Northern Ireland) 2011 a council shall make arrangements for the proper administration of its financial affairs. A council shall designate an officer of the council as its chief financial officer and these arrangements shall be carried out under the supervision of its chief financial officer.

Under Regulation 7 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 the Council, or a Committee, is required by resolution, to approve the accounts.

These accounts were approved by the Chief Finance Officer on 20 June 2019.

### **The Chief Financial Officer's Responsibilities**

Under Regulation 8 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015, the Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in the form directed by the Department for Communities.

The accounts must give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

In preparing this Statement of Accounts, the Chief Financial officer is required to:

- observe the Accounts Direction issued by the Department for Communities including compliance with the Code of Practice on Local Authority Accounting in the United Kingdom
- follow relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis, and
- make judgements and estimates that are reasonable and prudent.

The Chief Financial Officer is also required to:

- keep proper accounting records that are up-to-date, and
- take reasonable steps for the prevention and detection of fraud and other irregularities.

## Annual Governance Statement 2018/2019

The Council's Annual Governance Statement (AGS) follows DfC accounts directions and where applicable, the factsheet on governance statements issued by the NIAO in 2013, and comprises the following sections:

- Scope of responsibility
- The purpose of the governance framework
- The governance framework
- Review of effectiveness
- Update on the significant governance issues that were declared last year
- Significant governance issues for the year-end 2019

### Scope of responsibility

Belfast City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under Part 12 of the Local Government Act (Northern Ireland) 2014 to make arrangements for continuous improvement in the way in which its functions are exercised, having regard to a combination of strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has prepared an Annual Governance Statement, which is consistent with the principles of the new CIPFA/SOLACE Framework *Delivering Good Governance in Local Government (2016 edition)*. This statement explains how the Council has complied with the code and meets the requirements of the Local Government (Accounts and Audit) Regulations (Northern Ireland 2015) in relation to the publication of an annual governance statement.

### The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and the activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

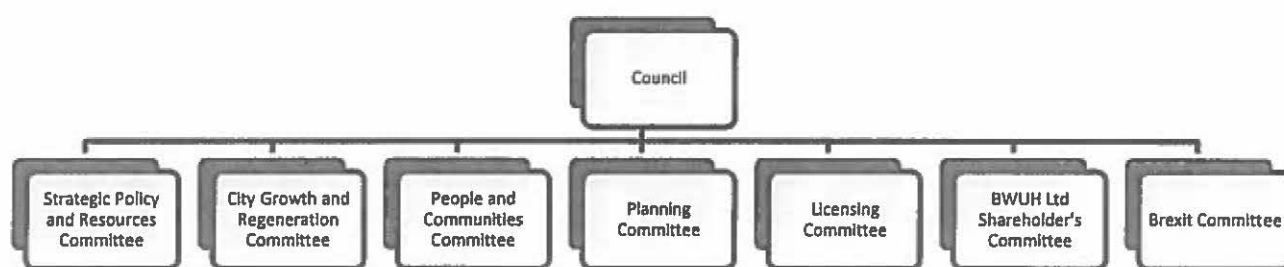
The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies,

aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework continues to be place at Belfast City Council for the year ending 31<sup>st</sup> March 2019 and up to the date of approval of the Annual Governance Statement and statement of accounts. The following section sets out the key elements of the governance framework.

### The governance framework

Our committee structure, which is based on the full council and seven standing committees is illustrated and described below.



Through the work of committees, our Members oversee the work of the council. All committee decisions need to be ratified by the full council except where committees have been granted delegated authority to make decisions.

The full council, which consists of all 60 elected representatives, is the overarching decision-making body.

The Strategic Policy and Resources Committee is responsible for setting the strategic direction of the Council through the development of its corporate plan and other key corporate and cross cutting strategies and policies. It will also ensure effective use of resources and value for money for ratepayers, and oversee the Council's relationship with a number of key agencies and partners.

The City Growth and Regeneration Committee is responsible for the development and implementation of strategies, policies, programmes and projects directed to the regeneration and growth of the city in the context of the outcomes agreed in the community and corporate plans and other corporate strategy.

The People and Communities Committee is responsible for the development and implementation of strategies, policies, programmes and projects aimed at improving life at a local level in the context of the outcomes agreed in the community and corporate plans and other corporate strategy.

The Planning Committee is responsible for all of the Council's planning functions, except those matters, which are delegated to officers or reserved to full Council.

The Licensing Committee is responsible for the consideration of all matters pertaining to policy and legislation in relation to licensing issues.

The Belfast Waterfront and Ulster Hall Ltd Shareholders' Committee is responsible for making the decisions required by the Shareholders' Agreement and ensure that the company complies with the contract for the operation of the venues.

The Brexit Committee is responsible for researching, monitoring, and reviewing the financial, resource or operational impact upon the council and the district as a result of the UK leaving the European Union and for making recommendations to council on such issues (or the relevant standing committee where appropriate).

In addition to the Committees listed in the diagrams above there are ten Working Groups established which include the Audit & Risk Panel, the Budget and Transformation Panel and four Area Working Groups.

In June 2018, the Council appointed a Commissioner for Resilience, fully funded by the organisation '100 Resilient Cities'. The Commissioner who reports directly to the Chief Executive, is working with Council officers and city partners to design and implement a resilience strategy for Belfast, focusing on economic resilience.

The Audit & Risk Panel provides an independent assurance on the adequacy of the Council's risk management framework and associated control environment. It provides an independent scrutiny of the Council's financial and non-financial performance, which is relied upon by the Council, to the extent that it exposes it to risk and weakens the control environment. The Panel reports to the Strategic Policy and Resources Committee. The Audit & Risk Panel met four times during 2018/19.

The Council's Code of Governance is based on the seven core principles set out in the CIPFA/SOLACE Framework (2016 edition). How we meet these seven core principles is reviewed and updated annually and a summary of the key elements of our governance framework are set out in the table below:

### Our seven principles of good governance

#### A: Behaving with integrity

- Shared values communicated via corporate plan, community plan and key strategies
- Codes of conduct for Members & staff
- PDP / appraisal process for Members & staff
- Gifts and hospitality and conflicts of interest policies & registers in place
- Fraud & whistleblowing policies and investigations
- Good Relations Unit
- Equality & Diversity Framework
- Council constitution, standing orders & scheme of delegation
- Expert professional advice
- Partners and contractors required to comply with relevant policies
- Achieving Through People Framework and development of organisational values and behaviours

#### B: Ensuring openness

- Council / committee meetings open to the public and agendas / minutes on website with a process in place for time bound restrictions
- Belfast Agenda developed via extensive consultation and engagement with public "Belfast Conversation" events as well as statutory and other key partners
- Statement of Community Involvement for production of the Local Development Plan
- Ongoing consultation and engagement with staff & trade unions
- Corporate communications
- Annual financial report and annual report to Equality Commission published on BCC website
- Partnership / legal agreements with GLL, Active Belfast, arc21, BWUH Ltd, Visit Belfast
- "Your Say" consultation hub on BCC website
- Working with Belfast Region City Deal partners

#### C: Defining outcomes

- Belfast Agenda outlines long term economic, social and environmental benefits
- Agreed Heads of Terms for Belfast Region City Deal
- Corporate plan outlines the annual contribution to the Belfast Agenda
- City centre regeneration & investment strategy
- Physical Investment Programme
- Leisure transformation programme
- Grant funding processes
- Equality Impact Assessments

#### D: Optimising the achievement of outcomes

- Corporate plan aligned to delivery of Belfast Agenda
- Consultation and engagement processes
- Strategic financial management framework in place, including quarterly challenge process.
- Performance management framework
- Regular reports on progress of our performance improvement plan (corporate plan) to CMT and SP&R
- Risk management strategy & framework
- Commercial Panel aims to ensure that commercial activity places an emphasis on outcomes

#### E: Developing capacity & capability

- Creation of City Organisational Strategy department
- Achieving Through People Framework and development of organisational values and behaviours
- Benchmarking activity
- Efficiency programme
- Regular performance monitoring of the delivery of improvement objectives
- Learning and development policy
- Health and wellbeing strategy
- Appraisal scheme in place for Chief Officers, Heads of Service and Senior Managers
- PDPs for officers and Members
- Member capacity building plan completed for 2018/19
- Continuing Development Programme in place for the Planning Committee
- Party group briefings

#### F: Finance, performance and risk management

- Strategic financial management framework in place
- Efficiency programme
- Performance management framework
- Financial resilience review
- Risk management strategy
- Corporate risk management system (MKinsight) and processes / procedures in place
- Regular reporting of finance, risk & performance
- Audit and Risk Panel
- Internal audit function / annual internal audit strategy & plan in place
- Recommendations Monitor process
- Data protection policy and procedures
- Corporate Fraud Risk Assessment

- Head of Commercial & Procurement Services to lead on the development of commercial skills

#### G: Transparency, reporting & effective accountability

- BCC website regularly updated
- Publication of key reports including the annual financial report; annual governance statement; performance improvement report and annual report to Equality Commission
- Committee support framework to approve papers prior to submission to Members
- AGRS (internal audit) annual assurance statement within the annual governance statement
- Internal Audit effectiveness annually reviewed against public sector internal audit standards, with an independent external review every five years
- Internal / external audit recommendations followed up as part of recommendations monitoring process every six months

In the reporting period, the Council had two personal data breach incidents which were referred to the Information Commissioners Office, who took no further action.

The Deputy Chief Executive and Director of Finance and Resources is the Council's designated Chief Financial Officer under the Local Government Finance Act (Northern Ireland) 2011, responsible for the proper administration of the Council's financial affairs.

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

Having considered all the principles of the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014), subject to the implementation of the Fraud Action Plan, the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

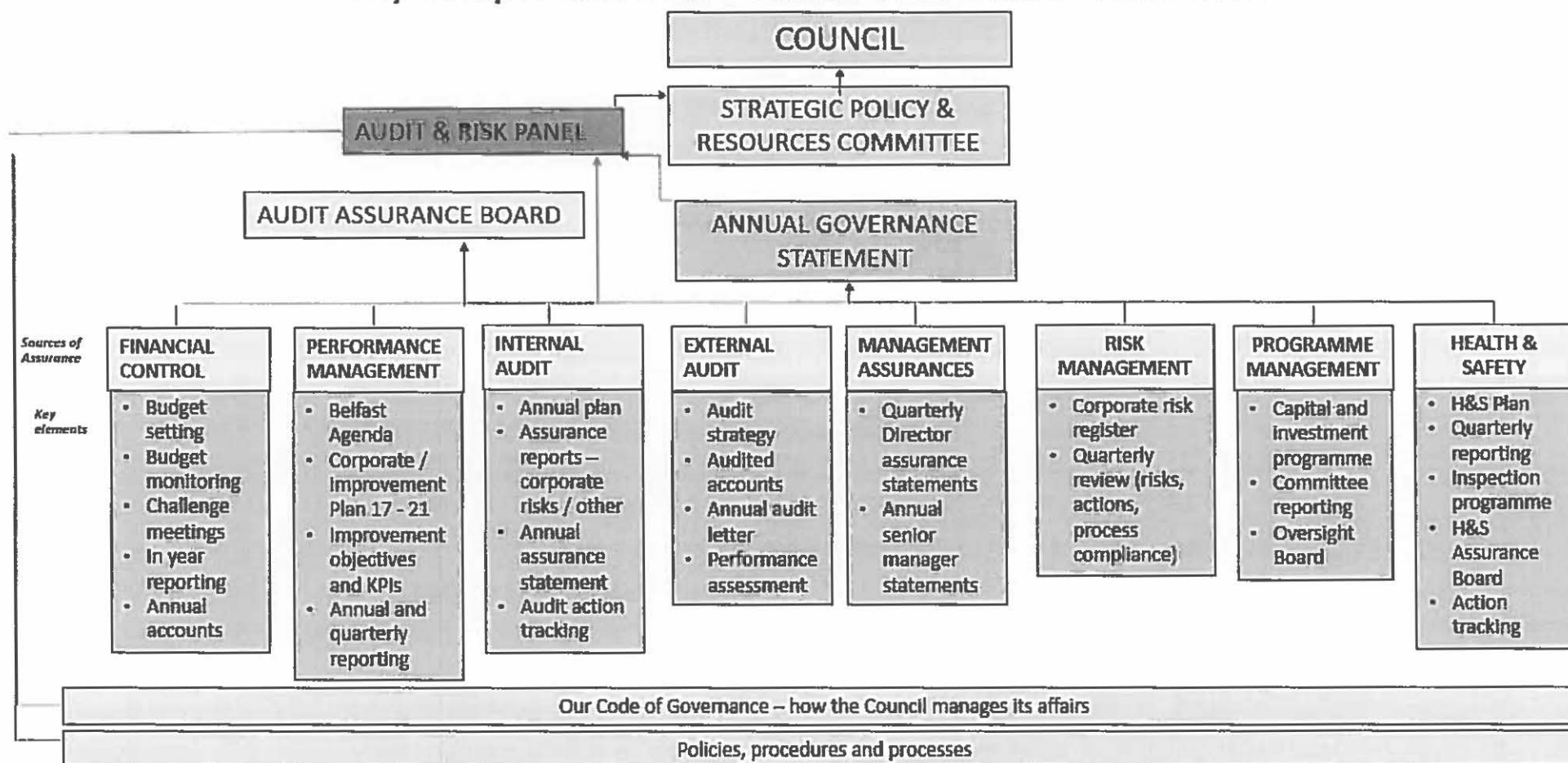
The CIPFA Statement on the Role of the Head of Internal Audit (2019 edition) sets out the five principles that set out the organisation's responsibilities to ensure HIAs are able to operate effectively and perform their core duties. The Statement also sets out the core responsibilities of the HIA along with the personal skills and professional standards expected of the HIA.

The Head of Audit, Governance and Risk Services (AGRS), and the supporting operational arrangements in place, conform to the five principles set out in the CIPFA Statement. This is demonstrated through a self-assessment exercise undertaken by AGRS. While the principles state that the HIA should not be responsible for preparing the annual governance report, the arrangements within the Council, involve AGRS co-coordinating the preparation of the Annual Governance Statement which is then reviewed and approved by the Corporate Management Team, Assurance Board and Audit and Risk Panel, before being reviewed by Strategic Policy and Resources committee and signed by the Chair of Strategic Policy & Resources, the Chief Executive and the Deputy Chief Executive and Director of Finance and Resources.

### **Review of Effectiveness**

The following diagram illustrates the Assurance Framework in place that provides information on compliance with the various elements of the Council's Governance Framework, including performance reports, health and safety reports, finance reports, internal audit reports and risk management reports.

## Key Components of the Council's Assurance Framework



The various in year and year-end reports arising from the Assurance Framework are reviewed and approved by the Audit and Risk Panel and Strategic Policy and Resources Committee annually.

In addition, the review of the effectiveness of the Governance Framework is also informed by:

- the annual review and update of the Code of Governance;
- comments or recommendations made by the external auditors during their annual audit; and
- the Head of Audit Governance and Risk Services (AGRS) annual assurance statement for the period ending 2018/19, which gives an opinion on the Council's risk and control environment.

An extract from the Head of AGRS Annual Assurance Statement for the period ending 2018/19 is given below:

*As Head of Audit, Governance and Risk Services (AGRS), on the basis of work carried out, I can provide a reasonable assurance regarding the adequacy and effectiveness of the Council's framework of governance, risk management and control. This opinion is based on the following:*

- *evidence from areas subject to detailed internal audit during 2018/19, in that AGRS has been able to provide positive statements of assurance with the majority of audits falling into the 'some improvement needed' category - the 2<sup>nd</sup> tier of assurance in the 4 tier model*
- *application of risk management and management assurance processes and our reviews of the management of key corporate risks*
- *the evidence set out in the review of the Council's Code of Governance and Annual Governance Statement regarding the range of key assurance and governance arrangements that the Council has in place to direct / oversee its activities.*

*However, some weaknesses and areas for improvement have been identified through audit work. These have been reported in detail to the Council's Assurance Board and Audit and Risk Panel during 2018/19 through quarterly progress reports. In addition, I have highlighted, where appropriate, where further action is required to implement agreed audit actions. The key issues I would highlight in this statement are as follows*

- *While AGRS was able to provide positive statements of assurance in the majority of audits completed in 2018/19, four areas resulted in 'major improvement' assurance levels – the review of the management of the corporate risk on Asset Management; the corporate / strategic level issues identified as part of the capital programme audit; the internal audit of Fire Safety arrangements and; the internal audit of the Markets. It is important that the action plans that are in place to address these are implemented in a timely manner.*

*Regarding the corporate risk on Asset Management, there is need for a fundamental review of the risk, the associated mitigation plan, the allocation of accountability and the progression of actions in relation to the baseline survey, clarifying roles and responsibilities and reviewing resourcing and financing.*

*Our audit of the Capital Programme identified issues that were not unique to the capital programme but had wider corporate / strategic significance relating to how the Council aligns and prioritises projects in relation to the Belfast Agenda, with a focus on those projects which will best contribute to the outcomes of Belfast Agenda. It is important that an action plan is developed and taken forward to address these corporate wide issues.*

- *The corporate risk register is currently being reviewed. It is important that any proposed changes to the corporate risks are agreed, ownership assigned and mitigation plans developed in a timely manner.*
- *The updated Risk Strategy was approved in early 2019 and requires departments to better integrate risk management into their planning and performance management processes. AGRS will support and challenge departments in this regard.*
- *Following the completion of the Corporate Fraud Risk Assessment, and in order to underline where responsibility for the management of fraud risk lies, the majority of departments have completed an initial fraud risk assessment. AGRS will be working with management to review the initial assessment and determine any follow up work that is required.*

*Finally, looking ahead, the Council is taking forward a number of transformational programmes in 2019/20 including the Belfast Region City Deal, Customer Focus Programme and the Continuous Improvement Programme. These present significant risks and opportunities to the Council. AGRS will be providing assurance and consultancy services to the Council in relation to these programmes and this has been built into our plan of work for the year ahead.*

Continued effort has been put into developing and implementing the key elements of an assurance framework within the Council with the key elements being:

- a process whereby senior managers are required to sign annual assurance statements;
- a process whereby Directors are required to sign quarterly assurance statements;
- embedding risk management and developing the arrangements for oversight of the management of these risks;
- business planning and related performance reporting arrangements;
- an Audit and Risk Panel;
- a professional internal audit function, which has been reviewed for effectiveness against the Public Sector Internal Audit Standards; and
- a Health & Safety Assurance Board.

#### **Update on the Significant Governance Issues that were declared last year**

Six issues were declared last year and three of these continue to be declared as issues in this year's statement (waste management, digital information security, and the Belfast Region City Deal). An update on the action that was taken regarding the remaining three issues that were declared last year (procurement and contract management, change management and bonfire management) is provided below.

#### **Procurement and Contract Management**

Since the identification of Procurement and Contract management as a corporate risk in the year ending March 2018, a new staffing structure for the Procurement Service has been implemented. The Head of Commercial and Procurement Services is now in post and management roles have since been recruited with new starts in Quarter 2 of this financial year. A Procurement Improvement Plan

has been developed and is being implemented which should address the procurement and commercial risks identified.

#### Change management

The Strategic Hub has been created to support the delivery of the Belfast Agenda, to provide project management and service design support to the change programmes, develop the people strategy and lead on staff engagement and communications.

#### Bonfire Management

Bonfires continue to be a very complex legacy issue and a framework for managing them has still to be agreed at a regional level. The Council continues to play a role in engaging with regional structures being led by The Executive Office. The Council has also worked through the recommendations in the independent review of bonfire management. It sourced additional help on Governance and the new Governance arrangements are now embedded in the Council's overall approach to bonfires.

#### **Significant Governance Issues for the year-end 2019**

The significant governance issues for the year-end 2019 were identified through the review of the risks in the Corporate Risk Register and review of the Directors' Annual Assurance Statements.

The most significant issues for the Council are in relation to:

1. Waste management
2. Digital Information Security
3. Belfast Region City Deal
4. City Centre Recovery and Revitalisation
5. New Member Development and Development of the Political Management Arrangements

More information on these significant governance issues is provided on the following pages.

##### 1. Waste Management

The impact of the failure to manage the City's waste targets in an affordable manner is significant in relation to the financial penalties that can be imposed. Key actions have been undertaken to mitigate against the likelihood of this with the development of the draft Waste Framework, which sets the direction of the Council until 2030. Elements of this framework will require ongoing political and community support and significant capital investment. The monitoring of our existing waste contracts is ongoing. In addition we will continue to monitor the position of the proposed arc21 Residual Waste Treatment Project following the Court of Appeal's judgment in July 2018 in relation to planning permission, and the subsequent decision by the Department for Infrastructure not to appeal this ruling.

## 2. Digital Information Security

Security of our information assets remains a concern. Digital Services uses its resources to deliver a securely designed infrastructure, continually improve the maturity of security processes and to ensure security controls are in place to detect threats to the ICT environment. The delivery of a secure ICT Infrastructure aligns security activities with business need in order to optimise security budgets and resources.

Last year, in addition to ensuring the operation of established controls, we established a Security Oversight Group, revised the ICT security strategy against business impact assessment and investigated tools to detect approved and non-approved use of cloud-based services.

This year we will take the following additional actions to further mitigate this risk; completion of the work to create a new ICT security strategy against business impact assessment; assessment and acting on the results of the review of approved and non-approved use of cloud-based services and; implementation of the recommendations of the Corporate Risk Review – Digital Information Security.

## 3. Belfast Region City Deal

Appropriate governance and programme management arrangements were put in place to develop the Belfast Region City Deal (BRCD) proposition, which was presented to UK and NI governments in September 2018. The Chancellor in his budget statement in October 2018, announced a £350m investment package for the BRCD, with a further £350m match funding from NI Executive and £150m contribution from BRCD partners. Belfast City Council, as the lead authority, are now putting in place a dedicated programme office and revised governance structures to deliver the second phase of the programme, which includes the development of outline business cases for all projects, and will result in a financial agreement being drawn up between BRCD and the UK government and NI Executive. Work will also continue on the governance arrangements and assurance framework which will be put in place for the delivery phase of the deal, which is likely to commence in 2021.

## 4. City Centre Recovery and Revitalisation

The major fire at the Bank Buildings in August 2018 resulted in the forced closure of 14 city centre retail traders inside a cordoned off area and had a negative impact on traders and businesses within the immediate vicinity of the cordon. Council sought and was granted £2 million towards the recovery of the city centre from the Chancellor of the Exchequer in the October 2018 budget. This fund was supplemented by additional monies from the Northern Ireland Government Departments and from Council itself to support the recovery of the city centre. Council is committed to supporting recovery in the city centre having put in place a programme to manage the immediate recovery and going forward, has put in place a revitalisation programme to encourage visitors and shoppers back to the city centre. This is supported by a team delivering on each work strand, led by the Director of Place and Economy.

The Strategic Policy and Resources Committee, at its meeting on 14 November 2018, agreed the overall expenditure for the City Recovery Programme, with a total cost of the Phase 1 Programme estimated at £2.79m. A further report to the Strategic Policy and Resources Committee, on 22 February 2019, advised that the forecast net expenditure to date was £1.882m and that the Council would continue to undertake expenditure on behalf of Treasury and NICS government departments (as outlined in November Report). In addition to this spend was £0.42m of costs in relation to initial response action following the Primark fire. It was agreed by Committee that the remaining budget for Phase 1 be carried through into the Phase 2 City Revitalisation Programme and approved the broad strands of work and a budget allocation of £2.505m.

5. New Member Development and Development of the Political Management Arrangements

Following the elections in May 2019, the Council now has 22 new members and there is a need to design and deliver a significant programme of work to ensure that they are provided with sufficient support and development to help them fulfil their role. This will also involve ongoing development of our political management arrangements to ensure that they provide effective support for parties and party group leaders.

Signed:   
Chair Strategic Policy and Resources Committee

Signed:   
Chief Executive Officer

Signed:   
Chief Financial Officer

## **NORTHERN IRELAND LOCAL GOVERNMENT BODIES'**

### **REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2019**

#### **INTRODUCTION**

The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 require larger local government bodies to prepare a remuneration report as part of the statement of accounts.

#### **ALLOWANCE AND REMUNERATION ARRANGEMENTS**

##### **COUNCILLORS**

Allowances are payable by councils to councillors and committee members under Part 3 of the Local Government Finance Act (Northern Ireland) 2011 and The Local Government (Payments to Councillors) Regulations (Northern Ireland) 2012, which came into operation on 1 April 2012.

Guidance and determinations on Councillors' Allowances applicable from 1 April 2018 were issued by the Department for Communities on 31 July 2018 (Circular LG 12/2018). Details of the allowances paid to individual councillors are published on council websites.

Following local elections on 2 May 2019 Belfast City Council has 60 elected Members representing 10 District Electoral Areas.

##### **SENIOR EMPLOYEES**

The remuneration of senior employees employed by the Council is determined by the Council in line with that determined by the National Joint Council (NJC) for Local Government Services. Senior staff are those staff who are members of the Corporate Management Team, namely the Chief Executive and Directors.

Council appointments of employees are made in accordance with the Local Government Staff Commissions' Code of Procedures on Recruitment and Selection, which requires appointment to be on merit and on the basis of fair and open competition.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended.

## ALLOWANCES PAID TO COUNCILLORS

The total amount paid to Councillors by way of allowances, under Part 3 of the Local Government Finance Act (Northern Ireland) 2011 and the Local Government (Payments to Councillors) Regulations (Northern Ireland) 2012 was:

Table 1: Total Allowances paid to councillors (audited information)

Allowance	2018/19		2017/18	
	Total Allowances £	Number of Councillors receiving the Allowance	Total Allowances £	Number of Councillors receiving the Allowance
Basic Allowance	851,196	60	849,435	60
Special Responsibility Allowance	106,691	39	107,580	41
Lord Mayor Allowance	34,800	1	34,800	1
Deputy Lord Mayor Allowance	6,250	1	6,250	1
PCSP Allowance	12,360	25	13,620	27
High Sheriff's Allowance	6,250	1	6,250	1
Subsistence	4,223	25	7,812	38
Mileage Allowance	14,248	33	11,410	38
Courses/ Conferences Visits (registration & joining fees)	5,997	20	25,345	38
Telephone rental	4,410	16	4,261	18
Miscellaneous costs			2,834	15
Other Travel allowance	9,270	27	27,076	44
<b>TOTAL</b>	<b>1,055,695</b>	<b>-</b>	<b>1,096,673</b>	

Details of the allowances paid to individual councillors in 2018/19 are published on the council website at [www.belfastcity.gov.uk/freedomofinformation/councillorexpenditures.aspx](http://www.belfastcity.gov.uk/freedomofinformation/councillorexpenditures.aspx)

The above table provides further information and details on the allowances paid to councillors to that published on the council website.

The following is a summary of resignation and appointments of Councillors during 2018-19:

Councillor Mary McConville resigned on 27 November 2018  
Councillor Christina Black was appointed on 28 November 2018

## REMUNERATION OF SENIOR EMPLOYEES

The remuneration of senior employees covers the Corporate Management Team. The following table provides details of the remuneration paid to senior employees:

**Table 2 - Table 2: Remuneration (including salary)(audited information)**

Officers	2018/19				2017/18			
	Salary (Full year equivalent in brackets where applicable) £'000	Bonus Payments £'000	Benefits in kind (to nearest £100) £'000	Total £'000	Salary (Full year equivalent in brackets where applicable) £'000	Bonus Payments £'000	Benefits in kind (to nearest £100) £'000	Total £'000
Chief Executive - Suzanne Wylie <sup>^</sup>	140-145	0	0	140-145	135-140	0	0	135-140
Director of Finance & Resources - Ronan Cregan	110-115	0	0	110-115	105-110	0	0	105-110
Director of Property & Projects - Gerry Millar	105-110	0	0	105-110	100-105	0	0	100-105
Director of City & Neighbourhood Services - Nigel Grimshaw	100-105	0	0	100-105	95-100	0	0	95-100
City Solicitor - John Walsh	100-105	0	0	100-105	95-100	0	0	95-100
Director of City Centre Development - Nuala Gallagher**	15-20 (100-105 FYE)	0	0	15-20 (100-105 FYE)	95-100	0	0	95-100
Director of City & Organisational Strategy - John Tully	100-105	0	0	100-105	5-10 (100-105 FYE)	0	0	5-10 (100-105 FYE)
Strategic Director of Place & Economy - Alistair Reid*	85-90 (95-100 FYE)	0	0	85-90 (95-100 FYE)	-	-	-	-
Commissioner for Resilience - Grainia Long***	65-70 (80-85 FYE)	0	0	65-70 (80-85 FYE)	-	-	-	-

\*Strategic Director of Place & Economy Alistair Reid joined the Council on 21 May 2018.

\*\*Director of City Centre Development Nuala Gallagher left the Council on 6 June 2018.

\*\*\*Commissioner for Resilience Grainia Long joined the Council on 14 June 2018.

<sup>^</sup> An additional approved payment of £15,480 was made relating to an accrued contractual entitlement.

Councils are required to disclose the relationship between the remuneration of the highest paid member of the Corporate Management Team and the median remuneration of the Councils workforce.

The banded remuneration of the highest paid member of the Corporate Management Team in the financial year 2018/19 was £140-145k. This was 6.1 times the median remuneration of the workforce, which was £23,111.

**Table 3: Relationship between the remuneration of the highest paid member of the Corporate Management Team and the median remuneration of the Councils workforce (audited information)**

	2018/19 £'000	2017/18 £'000
Salary Band of Highest Paid member of the Executive	140-145	135-140
Median Total Remuneration	23.1	22.7
Ratio	6.1	6.1

In 2018/19, no employees received remuneration in excess of the highest paid member of the Corporate Management Team.

Total remuneration includes salary, bonus payments and benefits in kind.

#### Salary

"Salary" includes gross salary and any ex gratia payments.

#### Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

#### Exit Packages for staff

The number of exit packages provided to all staff by the Council, together with total cost per band and total cost of the voluntary redundancies as agreed under the Council's voluntary redundancy scheme are set out in the table below:

Table 4: Exit Packages in 2018/19 (audited information)

Severance Package Cost Band	2018/19				2017/18			
	Number of Compulsory Redundancies	Number of Other departures agreed	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band £'000	Number of Compulsory Redundancies	Number of Other departures agreed	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band £'000
£0 - £20,000	0	2	2	24	0	7	7	67
£20,001 - £40,000	0	5	5	126	0	4	4	135
£40,001 - £60,000	0	4	4	206	0	6	6	278
£60,001 - £80,000	0	7	7	497	0	2	2	156
£80,001 - £100,000	0	1	1	94	0	4	4	370
£100,001 - £150,000	0	6	6	691	0	3	3	360
£150,001 - £200,000	0	2	2	365	0	2	2	312
£200,001 - £250,000	0	0	0	0	0	1	1	209
<b>Total</b>	<b>0</b>	<b>27</b>	<b>27</b>	<b>2,003</b>	<b>0</b>	<b>29</b>	<b>29</b>	<b>1,887</b>

#### Pension Benefits

The Local Government Pension Scheme (Northern Ireland) (the Scheme) which is a funded defined benefit pension scheme, which provides retirement benefits for council employees on a "career average revalued earnings" basis from 1 April 2015. Prior to that date benefits were built up on a "final salary" basis.

From 1 April 2015, a member builds up retirement pension at the rate of 1/49th pensionable pay for each year. Pension benefits in relation to membership between 1 April 2009 and 31 March 2015 were built up at the rate of 1/60th pensionable pay for each year of membership. There is no automatic lump sum provided in respect of membership after 31 March 2009. Pension benefits in relation to any membership before 1 April 2009 were built up at the rate of 1/80th (pension) and 3/80ths (tax-free lump sum) of pensionable pay for each year of membership up to 31 March 2009. At retirement, members may give up some pension for additional lump sum, subject to HM Revenue and Customs (HMRC) limits. The conversion rate is £12 additional lump sum for every £1 of pension given up.

Councillors have been able to join the Scheme since May 2011. The Scheme application is modified to reflect the fact that councillors hold an elected office. Councillor members have always accrued pension on a career average basis. Prior to 1 April 2015 pension was accrued at a rate of 1/60th and thereafter at a rate of 1/49th.

The Scheme is funded by contributions made by both employees/councillors and employers. Prior to 1 April 2009, a member's contribution rates were fixed at 6% of their pensionable remuneration (except for those who were entitled to contribute to the Scheme at 5% before 1 February 2003 and have remained in continuous employment). Tiered member contribution rates, determined by the whole-time equivalent rate of pay, were introduced from 1 April 2009. From 1 April 2015, the member contribution rates are determined on the actual rate of pay.

The ranges for the bands for tiered contribution rates are revised by the Department for Communities in April each year in accordance with the increase applied to a pension in payment. The bands, effective from 1 April 2018, were as follows:

**Table 5: Employee Contribution Rates**

Band	Range	Employee Contribution Rate
1	£0 - £14,500	5.5%
2	£14,501 - £22,100	5.8%
3	£22,101 - £36,900	6.5%
4	£36,901 - £44,700	6.8%
5	£44,701 - £88,300	8.5%
6	More than £88,300	10.5%

Employers' contribution rates are determined by the fund's actuary every three years at the triennial valuation. A formal triennial actuarial valuation of the Fund as at 31 March 2016 was carried out in 2016/17 and set the employer contribution rates for the 3 years commencing 1 April 2017 as follows:

**Table 6: Employer Contribution Rates**

Year	Employer Contribution Rate
1 April 2017 - 31 March 2018	18% + 2% deficit contribution
1 April 2018 - 31 March 2019	19% + 2% deficit contribution
1 April 2019 - 31 March 2020	20% + 2% deficit contribution

The Local Government Pension Scheme Regulations (Northern Ireland) 2014 were made on 27 June 2014 and The Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014 were made on 30 June 2014. Both sets of regulations are effective from 1 April 2015.

Councillors have been able to join the Scheme since May 2011 and therefore have not accrued significant benefits thus far. However, the in-year pension contributions made by the Council for all councillors during 2018/19 was £160,306 (2017/18 £154,733).

The value of pension benefits of the most senior management of the Council accrued during the year was as follows:

**Table 7: Pension Benefits of senior staff in 2018/19 (audited information)**

Officers	Accrued Pension and Lump Sum (LS) at pension age as at 31/03/19 £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/03/19 £'000	CETV at 31/03/18 (restated) £'000	Real Increase in CETV £'000
Suzanne Wylie	50-55	(0-2.5)	976	953	(7)
	100-105 (LS)	(2.5-5) (LS)			
Ronan Cregan	45-50	0-2.5	923	855	36
	85-90 (LS)	(0-2.5) (LS)			
Gerry Millar	45-50	0-2.5	1,084	1,076	(18)
	110-115 (LS)	0-2.5 (LS)			
Nigel Grimshaw	5-10	0-2.5	83	53	17
	0 (LS)	0 (LS)			
John Walsh	35-40	2.5-5	703	616	62
	60-65 (LS)	2.5-5 (LS)			
Nuala Gallagher	0-5	0-2.5	43	38	5
	0 (LS)	0 (LS)			
John Tully	0-5	0-2.5	29	1	17
	0 (LS)	0 (LS)			
Alistair Reid	0-5	0-2.5	24	-	24
	0 (LS)	0 (LS)			
Grainia Long	0-5	0-2.5	13	-	13
	0 (LS)	0 (LS)			

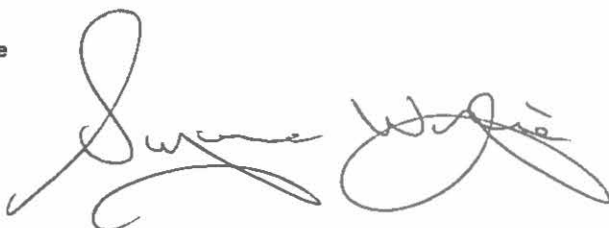
#### The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken. The CETV amounts at 31 March 2018 were updated to take account of new factors and the revised figures are included in the table above.

#### The real increase in the value of the CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Chief Executive



**Certificate of the Chief Financial Officer**

I certify that:

- (a) The Statement of Accounts for the year ended on pages 37 to 128 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 41 to 64 and page 117.
- (b) In my opinion the Statement of Accounts gives a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year ending 31st March 2019.

Chief Financial Officer

*Ronan Cogan*

Date

*20/9/19*

These accounts were approved by resolution of the Strategic Policy & Resource Committee on 20 September 2019

Chairperson

*Brian King*

Date

*20/9/19*

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELFAST CITY COUNCIL**

### **Opinion on financial statements**

I have audited the financial statements of Belfast City Council and its group for the year ended 31 March 2019 under the Local Government (Northern Ireland) Order 2005. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement, together with the Group Accounts and the related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2018-19, of the financial position of Belfast City Council and its group as at 31 March 2019 and its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Department for Communities' directions issued thereunder.

### **Basis of opinion**

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of Belfast City Council in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

### **Other Information**

The Chief Financial Officer is responsible for the other information included in the Statement of Accounts. The other information comprises the information included in the Statement of Accounts other than the financial statements, the parts of the Remuneration Report described in the report as having been audited, and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Department for Communities' directions made under the Local

Government (Accounts and Audit) Regulations (Northern Ireland) 2015; and

- the information given in the Statement of Accounts for the financial year ended 31 March 2019 is consistent with the financial statements.

#### **Responsibilities of the Chief Financial Officer for the financial statements**

As explained more fully in the Statement of Council's and Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

#### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit the financial statements in accordance with the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice.

My objectives are to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

This report is made solely to the Members of Belfast City Council in accordance with the Local Government (Northern Ireland) Order 2005 and for no other purpose, as specified in the Statement of Responsibilities of the Local Government Auditor and Local Government Bodies.

#### **Matters on which I report by exception**

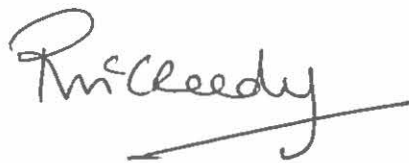
I have nothing to report in respect of the following matters which I report to you if:

- in my opinion:
  - the Annual Governance Statement:
    - does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018-19;
    - does not comply with proper practices specified by the Department for Communities;
    - is misleading or inconsistent with other information I am aware of from my audit; or
  - adequate accounting records have not been kept; or

- the statement of accounts and the part of the remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit, or
- I issue a report in the public interest under Article 9 of the Local Government (Northern Ireland) Order 2005; or
- I designate under Article 12 of the Local Government (Northern Ireland) Order 2005 any recommendation made to the Council; or
- I exercise the other special powers of the auditor under Article 19 to 21 of the Local Government (Northern Ireland) Order 2005.

#### **Certificate**

I certify that I have completed the audit of accounts of Belfast City Council in accordance with the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice.



Pamela McCreedy  
Local Government Auditor  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU

30 September 2019

**Belfast City Council**  
**Movement in Reserves Statement for the year ended 31 March 2019**

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustment required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

	General Fund Summary (Restated) £	Other Fund Balances and Reserves £	Capital Receipts Reserve £	Total Usable Reserves (Restated) £	Total Unusable Reserves (Restated) £	Total Council Reserves £
<b>Balance as at 1 April 2017</b>	<b>20,989,452</b>	<b>27,153,134</b>	<b>1,632,457</b>	<b>49,775,043</b>	<b>482,230,021</b>	<b>532,005,064</b>
<b>Movement in reserves during the year</b>						
Surplus/ (Deficit) on the provision of services	(17,319,854)	-	-	(17,319,854)	-	(17,319,854)
Other Comprehensive Income and Expenditure	-	-	-	-	23,892,284	23,892,284
<b>Total Comprehensive Income and Expenditure</b>	<b>(17,319,854)</b>	<b>-</b>	<b>-</b>	<b>(17,319,854)</b>	<b>23,892,284</b>	<b>6,572,430</b>
Adjustments between accounting basis & funding under regulations	21,434,399	(276,792)	3,107,000	24,264,607	(24,368,607)	(104,000)
<b>Net increase before transfers to Statutory and Other Reserves</b>	<b>4,114,545</b>	<b>(276,792)</b>	<b>3,107,000</b>	<b>6,944,753</b>	<b>(476,323)</b>	<b>6,468,430</b>
Transfers to / from Statutory and Other Reserves	(1,430,134)	1,430,134	-	-	-	-
Other movements	734,733	(65,170)	-	669,563	(247,987)	421,576
<b>Increase/ Decrease in year</b>	<b>3,419,144</b>	<b>1,088,172</b>	<b>3,107,000</b>	<b>7,614,316</b>	<b>(724,310)</b>	<b>6,890,006</b>
<b>Balance as at 31 March 2018</b>	<b>24,408,596</b>	<b>28,241,306</b>	<b>4,739,457</b>	<b>57,389,359</b>	<b>481,505,711</b>	<b>538,895,070</b>
<b>Movement in reserves during the year</b>						
Surplus/ (Deficit) on the provision of services	(18,000,936)	-	-	(18,000,936)	-	(18,000,936)
Other Comprehensive Income and Expenditure	-	-	-	-	24,971,471	24,971,471
<b>Total Comprehensive Income and Expenditure</b>	<b>(18,000,936)</b>	<b>-</b>	<b>-</b>	<b>(18,000,936)</b>	<b>24,971,471</b>	<b>6,970,535</b>
Adjustments between accounting basis & funding under regulations	18,313,728	(89,928)	400,000	18,623,800	(18,583,644)	40,156
<b>Net increase before transfers to Statutory and Other Reserves</b>	<b>312,792</b>	<b>(89,928)</b>	<b>400,000</b>	<b>622,864</b>	<b>6,387,827</b>	<b>7,010,691</b>
Transfers to / from Statutory and Other Reserves	349,548	(349,548)	-	-	-	-
Other movements	726,052	(8,058)	61,000	778,994	(304,704)	474,290
<b>Increase in year</b>	<b>1,388,392</b>	<b>(447,534)</b>	<b>461,000</b>	<b>1,401,858</b>	<b>6,083,123</b>	<b>7,484,981</b>
<b>Balance as at 31 March 2019</b>	<b>25,796,988</b>	<b>27,793,772</b>	<b>5,200,457</b>	<b>58,791,217</b>	<b>487,588,834</b>	<b>546,380,051</b>

**Belfast City Council**  
**Comprehensive Income and Expenditure Statement for the year ended 31 March 2019**

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Service Expenditure	Notes	2018/19			2017/18		
		Gross Expenditure £	Gross Income £	Net Expenditure £	Gross Expenditure (restated) £	Gross Income £	Net Expenditure £
Strategic Policy & Resources	2	78,594,231	(11,644,878)	66,949,353	62,655,671	(9,437,721)	53,217,950
City Growth & Regeneration	2	33,610,670	(10,302,272)	23,308,398	31,889,241	(11,462,686)	20,426,555
People & Communities	2	112,535,363	(16,091,022)	96,444,341	106,581,903	(15,984,609)	90,597,294
Planning & Licensing	2	8,527,144	(6,208,226)	2,318,918	7,835,696	(5,595,361)	2,240,335
<b>Cost of Services on Continuing Operations</b>		<b>233,267,408</b>	<b>(44,246,398)</b>	<b>189,021,010</b>	<b>208,962,511</b>	<b>(42,480,377)</b>	<b>166,482,134</b>
Other Operating Expenditure/ Income	8	-	(30,080)	(30,080)	5,166,932	-	5,166,932
Financing and Investment Income and Expenditure	9	6,074,753	(13,984,884)	(7,910,131)	10,607,076	(6,894,671)	3,712,405
(Surplus) or Deficit on Discontinued Operations				-			-
<b>Net Operating Expenditure</b>		<b>239,342,161</b>	<b>(58,261,362)</b>	<b>181,080,799</b>	<b>224,736,519</b>	<b>(49,375,048)</b>	<b>175,361,471</b>
Taxation and Non-Specific Grant Income	10	(91,683)	(162,988,180)	(163,079,863)	(21,440)	(158,020,177)	(158,041,617)
<b>(Surplus)/Deficit on the Provision of Services</b>		<b>239,250,478</b>	<b>(221,249,542)</b>	<b>18,000,936</b>	<b>224,715,079</b>	<b>(207,395,225)</b>	<b>17,319,854</b>
(Surplus)/Deficit on revaluation of non-current assets	11			(9,648,471)			(24,906,284)
Impairment losses on non- current assets charged to the Revaluation Reserve	11			-			-
Surplus/(Deficit) arising on revaluation of available-for- sale financial assets	27						
Remeasurements of the Net Defined Benefit Liability (Asset)	20			(15,323,000)			1,014,000
Share of Other Comprehensive Expenditure & Income of associates and joint ventures	30			-			-
<b>Other Comprehensive Income and Expenditure</b>				<b>(24,971,471)</b>			<b>(23,892,284)</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>(6,970,535)</b>			<b>(6,572,430)</b>

**Belfast City Council**  
**Balance Sheet as at 31 March 2019**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

	Note	31st March 2019	31st March 2018 Restated	31st March 2017 Restated
		£	£	£
Fixed Assets	11	746,868,338	710,987,753	689,377,789
Long Term Investments		-	-	-
Investment in Associates and Joint Ventures	30	3,436,859	3,346,931	3,070,140
Long Term Debtors	15	603,659	1,137,030	1,296,062
Contract Assets		-	-	-
Contract Costs		-	-	-
<b>LONG TERM ASSETS</b>		<b>750,908,856</b>	<b>715,471,714</b>	<b>693,743,991</b>
Short Term Investments		-	-	-
Inventories	14	276,290	326,164	295,715
Short Term Debtors	15	14,936,338	15,928,389	21,153,585
Cash and Cash Equivalents	24	23,574,416	10,418,212	7,317,266
Assets Held for Sale	11	266,607	-	3,197,000
Contract Assets		1,947,969	1,597,451	767,259
Contract Costs		-	-	-
<b>CURRENT ASSETS</b>		<b>41,001,620</b>	<b>28,270,216</b>	<b>32,730,825</b>
Bank Overdraft	24	-	-	-
Short Term Borrowing	16	4,000,000	4,158,529	163,482
Short Term Creditors	17	30,097,266	25,161,702	27,011,604
Provisions	18	2,894,851	2,906,973	2,584,680
Contract Liabilities		-	-	-
<b>CURRENT LIABILITIES</b>		<b>36,992,117</b>	<b>32,227,204</b>	<b>29,759,766</b>
Long Term Creditors	17	50,386	60,848	82,707
Provisions	18	1,789,315	1,749,239	1,716,737
Long Term Borrowing	16	58,888,981	32,604,494	36,444,276
Other Long Term Liabilities	20	146,360,942	136,947,942	125,832,942
Contract Liabilities		-	-	-
Donated Assets Account	21	430,001	10,001	10,001
Capital Grants Receipts in Advance	22	1,018,683	1,247,132	623,323
<b>LONG TERM LIABILITIES</b>		<b>208,538,308</b>	<b>172,619,656</b>	<b>164,709,986</b>
<b>NET ASSETS</b>		<b>546,380,051</b>	<b>538,895,070</b>	<b>532,005,064</b>
<b>USABLE RESERVES</b>				
Capital Receipts Reserve	25	5,200,457	4,739,457	1,632,457
Capital Fund	25	25,288,151	25,669,445	24,567,205
Leisure Mobilisation Fund	25	1,441,702	1,704,334	1,945,000
Other Balances and Reserves	25	1,063,919	867,527	640,929
General Fund	25	25,796,988	24,408,596	20,989,452
		<b>58,791,217</b>	<b>57,389,359</b>	<b>49,775,043</b>
<b>UNUSABLE RESERVES</b>				
Capital Adjustment Account	26	470,959,253	460,487,377	470,929,509
Revaluation Reserve	26	164,611,507	159,528,493	138,508,289
Pensions Reserve	26	(146,360,942)	(136,947,942)	(125,832,942)
Accumulated Absences Account	26	(1,357,825)	(1,344,230)	(1,374,835)
Provisions Discount Rate Reserve	26	(263,159)	(217,987)	-
		<b>487,588,834</b>	<b>481,505,711</b>	<b>482,230,021</b>
<b>NET WORTH</b>		<b>546,380,051</b>	<b>538,895,070</b>	<b>532,005,064</b>

# Belfast City Council

## Cash Flow Statement at 31 March 2019

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the Council.

	Note	2018/19	2017/18 (Restated)
		£	£
Net Deficit on the provision of services		(18,000,936)	(17,319,854)
Adjustment for non-cash movements	24	46,538,139	42,967,970
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	24	(3,393,017)	(5,709,582)
<b>Net cash flows from operating activities</b>		<b>25,144,186</b>	<b>19,938,534</b>
Cash flows from Investing Activities	24	(38,113,940)	(16,992,852)
Net Cash flows from Financing Activities	24	26,125,958	155,264
<b>Net increase or decrease in cash and cash equivalents</b>		<b>13,156,204</b>	<b>3,100,946</b>
Cash and cash equivalents at the beginning of the reporting period		10,418,212	7,317,266
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>23,574,416</b>	<b>10,418,212</b>

### Restatements

The Accounts have been restated for the change in accounting policy as per Note 31 Prior Year Restatement and all corresponding primary statements and notes to accounts have been marked as restated where relevant.

**Belfast City Council  
Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2019**

**1 Accounting Policies**

**a General Principles**

The Statement of Accounts summarises the Council's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The Council is required to prepare an annual Statement of Accounts in a form directed by the Department for Communities in accordance with regulations 3 (7) and (8) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

**Summary of Significant Accounting Policies**

**i) Accruals of Income and Expenditure**

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

**ii) Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in six months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

**iii) Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

#### **iv) Employee Benefits**

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, and are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the applicable wage and salary rate. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

#### **Termination benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

#### **Post Employment Benefits**

The majority of employees of the Council are members of the Northern Ireland Local Government Officers' Pension Fund administered by the Northern Ireland Local Government Officers' Superannuation Committee. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

## **The Northern Ireland Local Government Officers' Pension Fund**

The Northern Ireland Local Government Officers' Pension Fund is accounted for as a defined benefits scheme.

The liabilities of the Northern Ireland Local Government Officers' Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate based on the Aon Hewitt GBP Select AA Curve over the duration of the Employer's liabilities.

The assets of the Northern Ireland Local Government Officers' pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- property – market value
- unitised securities – current bid price

The change in the net pensions liability is analysed into the following seven components:

### **Within the Cost of Services**

**Current Service Cost** – the increase in the present value of the defined benefit obligation (liabilities) resulting from employee service in the current period.

**Past Service Cost** – (where applicable) the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction in the number of employees covered by the plan).

**Any Gains or Losses on Settlement** – (where applicable) arising where a council enters into a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan.

### **Within Financing and Investment Income and Expenditure**

**Net Interest on the Net Defined Benefit Liability (Asset)** – the change in the net defined benefit liability (asset) that arises from the passage of time.

#### Within Other Comprehensive Income and Expenditure (Remeasurements)

The Return on Plan Assets – excluding amounts recognised in the Net Interest on the Net Defined Benefit Liability (Asset). This includes interest, dividends and other income derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of managing plan assets, and any tax payable by the plan itself other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation.

Actuarial Gains and Losses – changes in the present value of the defined benefit obligation resulting from: a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and b) the effects of changes in actuarial assumptions.

#### Within the Movement in Reserves Statement Appropriations

Contributions by Scheme Participants – the increase in scheme liabilities and assets due to payments into the scheme by employees (where increased contribution increases pension due to the employee in the future).

Contributions by the Employer - the increase in scheme assets due to payments into the scheme by the employer.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

#### Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies that are applied to the Northern Ireland Local Government Officers' pension fund.

As a result of Local Government Reform on 1 April 2015, staff that transferred from Central Government to the Council retained membership of the Northern Ireland Civil Service (NICS) Pension Scheme. The scheme provides defined benefits to members (retirement lump sums and pensions). However, the arrangements for the NICS Pension Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

**v) Events After the Balance Sheet Date**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

The Statement of Accounts may subsequently be adjusted up to the date when they are authorised for issue. This date will be recorded on the Statement of Accounts and is usually the date the Local Government Auditor issues the certificate and opinion. Where material adjustments are made in this period they will be disclosed.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

**vi) Exceptional Items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

**vii) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

During 2018/19 the Council revised its Community Asset policy and this is included in section xx of Note 1. Any necessary restatements have been reflected in the relevant notes and statements in the Accounts.

**Financial Instruments**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

**Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument).

### **Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### **Expected Credit Loss Model**

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses

### **Financial Assets Measured at Fair Value through Profit or Loss**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices - the market price
- other instruments with fixed and determinable payments - discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs - quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs - inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs - unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

**ix) Foreign Currency Translation**

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

**x) Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due are not credited to the Comprehensive Income and Expenditure Statement until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

**xi) Inventories & Long Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the FIFO costing formula.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

**xii) Overheads and Support Services**

The majority of overheads and support services are included in the expenditure of the Strategic Policy & Resources Committee in the Comprehensive Income and Expenditure Statement.

**xiii) Landfill Allowance Scheme**

The Landfill Allowances Scheme operates under the Landfill Allowances Scheme (Northern Ireland) Regulations 2005. Local Authorities are allocated annual target figures for the maximum amount of biodegradable municipal waste that can be sent to landfill but there are no tradable allowances. It is not a 'cap and trade' scheme since landfill allowances are not tradable. For this reason, landfill allowances are not recognised as assets on the Balance Sheet.

**xiv) Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure is not capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £5,000) the Capital Receipts Reserve.

xv) **Investment Property**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measureable date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

xvi) **Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets

### **The Council as Lessee - Finance Lease**

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a. a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- b. a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise district rates to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### ***Operating Leases:***

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

### **The Council as Lessor - Finance Lease**

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease asset (long term debtor) in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a. a charge for the acquisition of the interest in the property – applied to write down the lease debtor together with any premiums received, and
- b. finance income (credited to the Financing and Investment income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are paid, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against District rates, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### **The Council as Lessor - Operating Lease**

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xvii) **Surplus Assets**

Surplus assets are non-operational assets that do not meet the conditions to be classified as assets held for sale. They are measured at fair value, reflecting the actual market state and conditions at the balance sheet date (which is the valuation date) with best evidence of fair value in an active market for similar properties in the same location. The council classifies assets to surplus assets on the advice of its estates management officers and in consultation with its external property valuers.

The surplus assets held by the council comprise a number of properties including land, buildings or sites of land and buildings combined, which have not reached the stage where the council can market these for sale advantageously, or where the properties have restrictions that prevent them currently being brought to market.

xviii) **Disposals and Non-Current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of its carrying amount before they were classified as held for sale: adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of, or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts greater than £5k received for a disposal are categorised as capital receipts and credited to the Capital Receipts Reserve. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against district rates, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xix) **Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

**Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred. The Council applies a de-minimis level of £25k to Plant & Machinery, Information Technology equipment, Fixtures & Fittings and Office equipment, meaning only assets over £25k are capitalised. Subsequent capital expenditure is only capitalised where it provided an enhancement to the economic benefits of the asset in excess of those previously addressed.

**Measurement**

Assets are initially measured at cost, comprising:

- a. the purchase price
- b. any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- c. the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (ie it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- short life assets, including road vehicles, plant and equipment, fixtures and fittings, office equipment, and IT and IT equipment – depreciated historic cost as an estimate of fair value
- surplus assets – fair value (at highest and best use)
- investment properties – measured initially at cost and subsequently at fair value as outlined in accounting policy note xiv
- all other assets – service potential (current value)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

### **Valuation**

The Council operates a rolling programme for the revaluation of Land and Buildings with approximately 25% of these being revalued by physical inspection each year and the remainder being revalued by a desktop exercise. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### **Impairment**

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- a. where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains),
- b. where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

The same accounting treatment is applied to revaluation losses as a result of a general fall in asset prices across the board as opposed to a consumption of economic benefit specific to an asset as is in the case of impairment losses.

## **Depreciation**

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on a straight-line basis on the following classes of tangible asset:

- buildings, installation and fittings are depreciated on their fair value over the estimated remaining lives of those assets as advised by the Independent Chartered Surveyors. Depending on the type of building, installation or fitting the maximum useful life will be a range up to 60 years.
- infrastructure assets, short-life assets, including road vehicles, plant and equipment, fixtures and fittings, office equipment, and IT and IS equipment are depreciated over their estimated useful lives.

Intangible assets are amortised on a straight-line basis over their estimated useful lives.

Depreciation is calculated on the following bases:

- straight-line allocation of the estimated useful lives
- depreciation is charged in the month of capitalisation but not in the month of disposal

## **Componentisation**

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Componentisation is only applicable to larger value land and buildings or equipment assets. The Council applies the following de-minimis levels in relation to componentisation:

- a component should be valued separately if it is greater than or equal to 3% of the total value of the asset and
- the individual component has a valuation of greater than or equal to £300k

## **Revaluations**

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

xx) **Community Assets**

From 1 April 2017, community assets are recognised, measured and accounted for at their depreciated historic cost. The historical cost of a community asset is deemed to be the carrying amount of an asset as at 1 April 2007 or at the date of acquisition, whichever date is the later, and adjusted for subsequent depreciation or impairment (if applicable).

Community assets that consist of land or that have an indeterminable useful life will not be depreciated but will be subject to annual review for impairment. Community assets that are depreciable and have a determinable useful life will be depreciated systematically at a constant (straight-line) rate over their useful lives, as well as being subject to impairment review if there is evidence of excessive deterioration or that their value to the Council is below their then carrying amount.

Depreciation on community assets will be charged on an annual basis to the appropriate service of the Council in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

xxi) **Heritage Assets**

Heritage Assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historic associations. They would be held by this authority in pursuit of our overall objectives in relation to the maintenance of heritage.

The Council's collection of Heritage Assets (Works of Art and Civic Items) is reported in the balance sheet at insurance valuation, which is based on market values, or if it is not possible to obtain a valuation, they are maintained at historical cost less any depreciation, amortisation or impairment losses. These insurance valuations based on market values are updated on a periodic basis. Summary information on Heritage Assets has been provided for transactions in 2017/18 and 2018/19 financial years. Detailed information relating to transactions has not been included for prior years as it would not be practical to do so and there is little value added for the users of the accounts.

xxii) **Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

xxiii) **Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against District Rates for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement benefits and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant note to the accounts.

xxiv) **Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- a. depreciation attributable to the assets used by the relevant service
- b. revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- c. amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise District Rates to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue to contribute towards the reduction in its overall borrowing requirement [equal to either an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance]. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance [minimum revenue provision (MRP)], by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

xxv) **Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged, so that there is no impact on the level of District Rates.

xxvi) **Value Added Tax**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

xxvii) **The Carbon Reduction Commitment Scheme (CRC)**

The Council is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. The scheme is currently in the last year of its introductory phase, which ends on 31st March 2014. The Council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions, i.e. carbon dioxide produced as energy is used. As carbon dioxide is produced (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Council is recognised and reported in the costs of the Council's services and is apportioned to services on the basis of energy consumption. These costs were £214k in 2018/19.

xxviii) **Landfill Exploration and Evaluation**

The Council considers the facts and circumstances to determine whether an exploration and evaluation asset should be recognised in respect of the landfill site including assessment of the amount, timing and certainty of future cash flows under IFRS 6. The Council's landfill site produces gas to generate electricity and the income from this electricity generation is reducing year on year due to environmental and other uncontrollable variables. In 2018-19 the costs of production of gas outweighed the income and resulted net gain of £261k. The Council does not recognise any asset in respect of this gas production as any forecasting or estimating of future income is uncertain. The Council cannot reliably measure or value such an asset under IAS 38.

xxix) **Fair Value Measurement**

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings [other financial instruments as applicable] at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- \* Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- \* Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- \* Level 3 – unobservable inputs for the asset or liability.

xxx) **Capital Receipts Unapplied**

This represents capital receipts that are held on the balance sheet to finance future capital expenditure. Income from disposal of fixed assets is posted into the capital receipts unapplied account until such time as it is allocated to finance other capital expenditure.

The amount of £117k in capital receipts unapplied relates to the remaining proceeds from a disposal to the NIHE which is being used to finance a playground.

**b Accounting Standards That Have Been Issued but Have Not Yet Been Adopted**

The Council has considered the following accounting standards that come into effect for financial years commencing on or before 1 January 2019 and identified the impact they will have on the Council's financial statements;

a) amendments to IAS 40 Investment Property: Transfers of Investment Property

b) Annual Improvements to IFRS Standards 2014-2016 Cycle

c) IFRIC 22 Foreign Currency Transactions and Advance Consideration

d) IFRIC 23 Uncertainty over Income Tax Treatments

e) amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

There is no identifiable material impact for any of the above.

**c Critical Judgements in Applying Accounting Policies**

In applying accounting policies set out from 1a above the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

**Landfill Provision**

The calculation of the necessary financial provision for the capping and aftercare costs for the landfill site depends on a judgement around the appropriate discount rate to be used and the number of years over which these costs need to be provided. The landfill provision figures are sensitive to the assumptions used. The impact of amending the interest rates used to discount this provision has been mitigated through the creation of a Provision Discount Rate Reserve to accommodate fluctuations in the current value of the annual calculation of long term provisions for landfill costs.

**d Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**

**Pension Liability**

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries AON Hewitt is engaged to provide the Council with expert advice about the assumptions to be applied. The pension figures disclosed in these financial statements are sensitive to the assumptions used.

The approximate impact of changing key assumptions on the present value of the funded defined benefit obligation as at 31 March 2019 and the projected service cost for the year ending 31 March 2020 is set out in Note 20.

2

a Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, and rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's committees. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	2018/19			2017/18		
	Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£	(Restated) £	(Restated) £
Strategic Policy & Resources	46,900,685	(20,048,668)	66,949,353	48,981,261	(4,236,689)	53,217,950
City Growth & Regeneration	17,772,285	(5,536,113)	23,308,398	14,357,901	(6,068,654)	20,426,555
People & Communities	81,126,640	(15,317,701)	96,444,341	74,330,146	(16,267,148)	90,597,294
Planning & Licensing	1,799,300	(519,618)	2,318,918	1,659,623	(580,712)	2,240,335
Net Cost of Services	147,598,910	(41,422,100)	189,021,010	139,328,931	(27,153,203)	166,482,134
Other Income and Expenditure	(148,987,302)	22,032,772	(171,020,074)	(142,748,075)	6,414,205	(149,162,280)
Surplus or Deficit	(1,388,392)	(19,389,328)	18,000,936	(3,419,144)	(20,738,998)	17,319,854
Opening General Fund			24,408,596			20,989,452
Surplus/ (Deficit) on General Fund Balance in Year			1,388,392			3,419,144
Closing General Fund			25,796,988			24,408,596

2  
b

Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement

Adjustments between Funding and Accounting Basis  
2018/19

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Other non-statutory Adjustments	Total adjustments
	£	£	£	£	£
Strategic Policy & Resources	(3,284,280)	(17,218,473)	(72,116)	526,201	(20,048,668)
City Growth & Regeneration	(4,065,197)	(575,729)	(19,438)	(875,749)	(5,536,113)
People & Communities	(11,675,580)	(3,652,191)	10,070	-	(15,317,701)
Planning & Licensing	-	(529,803)	10,185	-	(519,618)
Net Cost of Services	(19,025,057)	(21,976,196)	(71,299)	(349,548)	(41,422,100)
Other Income and Expenditure from the Expenditure and Funding Analysis	25,191,548	(2,512,804)	-	(645,972)	22,032,772
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	6,166,491	(24,489,000)	(71,299)	(995,520)	(19,389,328)

Adjustments between Funding and Accounting Basis  
2017/18

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes (Restated)	Net Change for the Pension Adjustments (Restated)	Other Statutory Adjustments	Other non-statutory Adjustments	Total adjustments
	£	£	£	£	£
Strategic Policy & Resources	(4,190,363)	(3,298,634)	(174,092)	3,426,400	(4,236,689)
City Growth & Regeneration	(3,807,215)	(498,514)	(7,325)	(1,755,600)	(6,068,654)
People & Communities	(12,299,208)	(3,725,416)	(1,858)	(240,666)	(16,267,148)
Planning & Licensing	-	(575,722)	(4,990)	-	(580,712)
Net Cost of Services	(20,296,786)	(8,098,286)	(188,265)	1,430,134	(27,153,203)
Other Income and Expenditure from the Expenditure and Funding Analysis	9,146,929	(1,972,714)	(25,277)	(734,733)	6,414,205
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(11,149,857)	(10,071,000)	(213,542)	695,401	(20,738,998)

Each committee is responsible for the delivery of key services to the Council and the main services included in each committee is as follows:

**Strategic Policy and Resources Committee**

The net expenditure of this committee includes Legal and Civic Services, Finance and Resources, City Organisation Structure and Major Projects and Corporate Priorities with Human Resources and Good Relations.

**City Growth and Regeneration Committee**

The net expenditure of the committee includes Economic Initiatives and City Regeneration, City Events and Venues including Off-Street Car Parking, Place and Economy and Parks Estates and Zoo.

**People and Communities Committee**

The net expenditure of the committee includes Cleansing, Waste Management and vehicles, Parks, Cemeteries and Leisure Centres, Environmental Health, Neighbourhood and Development and Community Services.

**Planning and Licensing**

The net expenditure includes Planning and Building Control services.

3 a Expenditure and Income Analysed by Nature

Expenditure		2018/19	2017/18
	Notes	£	£
Employee Benefits Expenses	7	88,602,500	84,658,091
Other Services Expenditure		126,408,328	107,809,591
Support Service Recharges		-	-
Depreciation, Amortisation, Impairment	11	19,025,057	19,918,535
Interest Payments	9	1,811,731	1,749,388
Gain on the Disposal of Assets	8	(80,080)	5,166,932
Other Expenditure		3,482,942	5,412,542
<b>Total Expenditure</b>		<b>239,250,478</b>	<b>224,715,079</b>

Income		2018/19	2017/18
	Notes	£	£
Fees, Charges and other service Income		(44,276,478)	(42,480,377)
Interest and Investment Income	9	(13,984,884)	(6,894,671)
District rate income	10	(154,776,084)	(150,540,780)
Government grants and Contributions	10	(8,212,096)	(7,479,397)
Support Service Income		-	-
Other Income		-	-
<b>Total Income</b>		<b>(221,249,542)</b>	<b>(207,395,225)</b>
<b>(Surplus) or Deficit on the Provision of Services</b>		<b>18,000,936</b>	<b>17,319,854</b>

b Revenue from contracts with service recipients

On transition to IFRS 15, there is no impact on the Belfast City Council revenue recognition for contracts with customers.

Amounts included in the Comprehensive Income and Expenditure Statement for contracts with service recipients:

Revenue from contracts with service recipients		2018/19	2017/18
	Notes	£	£
Strategic Policy & Resources		3,923,655	1,449,778
City Growth & Regeneration		911,423	639,036
People & Communities		3,146,839	3,174,819
<b>Total Included in Comprehensive Income and Expenditure Statement</b>		<b>7,981,917</b>	<b>5,263,633</b>

Revenue from contracts with service recipients includes services such as the provision of IT support, the provision of off street car parking facilities, and the sale of recycle. Income is recognised as the contract obligation is satisfied and received in arrears after each event.

The Council has applied the accounting standard to determine revenue recognition under IFRS 15.

Amounts included in the Balance Sheet for contracts with service recipients:

		31st March 2019	31st March 2018
	Notes	£	£
Receivables, which are included in debtors		-	-
Contract Assets		1,947,969	1,597,451
Contract Liabilities		-	-
Other		-	-
<b>Total Included in Net Assets</b>		<b>1,947,969</b>	<b>1,597,451</b>

- 4 Adjustments between an Accounting Basis and Funding Basis under Regulations  
 c Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:

		2018/19		2017/18	
	Notes	£	£	£	£
Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:					
Impairments (losses & reversals) of non-current assets		-		-	
Derecognition (other than disposal) of non-current assets	11	-		-	
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	11	(6,312,957)		3,291,888	
Depreciation charged in the year on non-current assets	11	18,313,014	12,000,057	16,626,647	19,918,535
Net Revenue expenditure funded from capital under statute	12		-		-
Carrying amount of non current assets sold	11e	350,000		8,612,078	
Proceeds from the sale of PP&E, investment property and intangible assets	8, 24	(430,080)	(80,080)	(3,445,146)	5,166,932
Difference between finance costs calculated on an accounting basis and finance costs calculated in accordance with statutory requirements			-		-
Net charges made for retirement benefits in accordance with IAS 19	20		38,826,000		23,597,000
Direct revenue financing of Capital Expenditure	12,25		(9,239,567)		(5,518,199)
Capital Grants and Donated Assets Receivable and Applied in year	10		(2,919,677)		(2,541,228)
Capital Grants Receivable and Unapplied in year	10		(133,188)		-
Rates Claw-Back Reserve			-		-
Adjustments in relation to Short-term compensated absences	26		13,595		(30,605)
Adjustments in relation to Lessor Arrangements			-		26,160
Landfill Regulations Reserve Adjustment			-		-
Provisions Discount Rate Reserve Adjustment	26		57,704		217,987
Amounts not Included in the Comprehensive Income and Expenditure Statement but required by statute to be Included when determining the Movement on the General Fund Balance for the year					
Statutory Provision for the financing of Capital Investment	26		(5,874,116)		(5,876,183)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	20		(14,337,000)		(13,526,000)
			18,313,728		21,434,399

b Net transfers (to)/from statutory and other earmarked reserves		2018/19	2018/19	2017/18	2017/18
	Notes	£	£	£	£
Capital Fund					
Interest		-	-	-	-
From Capital					
Other	25c	247,604	247,604	(1,514,399)	(1,514,399)
Leisure Mobilisation Fund					
Interest		-	-	-	-
Other	25d	262,632	262,632	240,666	240,666
Capital Receipts Reserve					
Interest		-	-	-	-
Other	25	-	-	-	-
Other Funds and earmarked reserves					
Interest		(10,688)	-	(6,401)	-
From Other funds		-	-	-	-
Other	25e	(150,000)	(160,688)	(150,000)	(156,401)
Unusable reserves					
Capital Adjustment Account		-	-	-	-
			349,548		(1,430,134)

## 5 Cost of Services on Continuing Operations

### a General power of competence

Under Section 79 of the Local Government Act (Northern Ireland) 2014, the Council has the power to do anything that individuals generally may do. Councils have the power to do this with or without charge. The power of competence is not limited to benefitting the area or its residents nor is it limited by existing powers.

There was no expenditure under the power of competence during 2018/19.

### b External Audit Fees

The Council has incurred the following costs relating to the annual audit of the Statement of Accounts, certification of grant claims and other services provided by the Council's external auditors.

	2018/19	2017/18
	£	£
External Audit Fees	78,000	78,000
National Fraud Initiative	1,982	-
Performance Improvement work	25,000	22,200
	104,982	100,200

There were no other fees payable in respect of any other services provided by the appointed auditor over and above those described above.

## 6 Operating and Finance Leases

### Council as Lessor

#### a Finance Leases (Council as lessor)

The Council leases out a number of land assets by long term leases with lease terms from 250 to 999 years. The leases for 250 years are on a perpetual basis and it is assumed the leases will be renewed so the economic substance is similar to disposal. The rental income is either nil or 5p per annum. Rent is not normally received on these properties and future minimum lease income is assumed to be nil.

The present value of lease payments receivable under the finance lease arrangements is recognised as a receivable and included in both short and long term debtors. The difference between the gross amount receivable and the present value of the amounts receivable is recognised as unearned finance income.

No contingent rents were recognised as receivable by the Council.

#### b Operating Leases (Council as lessor)

The Council, in accordance with its statutory and discretionary responsibilities, leases out property and equipment under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for small local businesses
- any other purposes

Rental income recognised in the Comprehensive Income and Expenditure Statement in the current year amounts to £6,440,849 (prior year £6,714,318). No contingent rents were recognised.

The lease contracts are all non-cancellable and do not include an extension option. The lease terms are between 1 and 125 years. Future minimum lease income is set out below:

	2018/19		2017/18	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
	£	£	£	£
<b>Minimum lease rentals receivable:</b>				
No later than 1 year	6,330,814		6,298,405	
Later than 1 year and no later than 5 years	21,156,154		21,087,235	
Later than 5 years	422,374,653		422,161,184	
	449,861,621	-	449,546,824	-

The assets leased by the Council to third parties are included in the following categories of Property, Plant and Equipment with carrying values of:

	2018/19		2017/18	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
	£	£	£	£
Cost	88,905,000	-	93,901,169	-
Accumulated depreciation and impairments at 1 April	-	-	-	-
Depreciation charge for the year	-	-	-	-
Impairments	4,525,000	-	(4,600,000)	-
Revaluations	2,500,000	-	(396,169)	-
Transfers and reclassifications	1,300,000	-	-	-
Disposals	(350,000)	-	-	-
	96,880,000	-	88,905,000	-

### Council as Lessee

#### c Finance Leases (Council as lessee)

The Council has a number of assets of land held by long term leases from 980 to 10,000 years. Rental income is between 1p to £32 per annum, if demanded. Rent is not normally demanded on these properties and therefore future minimum lease payments are assumed to be nil.

The assets acquired under these leases are carried as property, plant and equipment in the Balance Sheet at the following net amounts:

	2018/19	2017/18
	£	£
Other Land and Buildings	678,204	653,204
Vehicles, Plant, Furniture and Equipment	-	-
	678,204	653,204

**d Operating Leases (Council as lessee)**

The Council is leasing a number of office buildings with lease terms up to 25 years and vehicles/office equipment with lease terms up to 4 years.

The expenditure charged to services in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2018/19		2017/18	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
	£	£	£	£
Minimum lease payments	249,809	9,801	562,216	48,943
Contingent rentals				
Less: Sublease payments receivable				
	249,809	9,801	562,216	48,943

No sub-lease payments or contingent rent payments were made or received. No sublease income is expected as all assets held under operating lease agreements are used exclusively by the Council.

The future minimum lease payments due under non-cancellable operating leases in future years are set out below:

	31st March 2019		31st March 2018	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
	£	£	£	£
Not later than 1 year	284,387	10,116	235,150	8,576
Later than 1 year and no later than 5 years	1,167,802	7,199	1,106,055	7,118
Later than 5 years	1,456,847	-	1,637,161	
	2,909,036	17,315	2,978,366	15,694

7 Employee Costs and Member Allowances

a Staff Costs	2018/19	2017/18
	£	£
Salaries and Wages	68,192,147	65,511,324
Employers NIC	6,331,569	6,117,551
Employers Superannuation	14,078,784	13,029,216
<b>Total staff costs</b>	<b>88,602,500</b>	<b>84,658,091</b>

The above staff costs include the costs of voluntary redundancies in 2018/19. These costs total £2,003,028 and are disclosed separately in Table 4 of the Remuneration Report. In addition, agency costs during the year amounted to £4,818,572 (2017/18 £4,649,576).

The Council's current contribution rate to NIGOSC scheme is 19% plus a 2% Deficit Recovery Contribution.

Average Number of Employees - where FTE represents fulltime equivalent employees

b Average Number of Employees	2018/19	2017/18
	FTE	FTE
Strategic Policy & Resources	627	661
City Growth & Regeneration	153	179
People & Communities	1,225	1,239
Planning & Licensing	145	147
<b>Total Number</b>	<b>2,151</b>	<b>2,226</b>

	2018/19	2017/18
	Actual Numbers	Actual Numbers
Full-time numbers employed	1,982	2,033
Part-time numbers employed	323	351
<b>Total Number</b>	<b>2,305</b>	<b>2,384</b>

c Senior Employees' Remuneration	2018/19	2017/18
	£	£
£50,001 to £60,000	52	50
£60,001 to £70,000	15	10
£70,001 to £80,000	6	11
£80,001 to £90,000	4	2
£90,001 to £100,000	6	4
£100,001 to £110,000	4	2
£110,001 to £120,000	1	-
£130,001 to £140,000	-	1
£140,001 to £150,000	1	-
<b>Total Number</b>	<b>89</b>	<b>80</b>

#### a Members' Allowances

	2018/19	2017/18
	£	£
Salaries	-	-
Basic allowance	851,196	849,435
Mayor's & Deputy Mayor's Allowance	41,050	41,050
Special Responsibility Allowances	106,691	107,452
High Sheriff's Allowance	6,250	6,250
Mileage	14,248	11,410
Conferences and Courses	5,997	25,345
Travel & Subsistence Costs	13,493	34,898
Miscellaneous Costs	-	2,834
PCSP Allowance	12,360	13,620
Telephone rental	4,410	4,261
<b>Total</b>	<b>1,055,695</b>	<b>1,096,555</b>

#### e Northern Ireland Civil Service Pension Arrangements

As a result of Reform on 1st April 2015, staff transferred from Central Government to the Council are members of the Northern Ireland Civil Service Pension Scheme.

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Department for Communities is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2016. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DOF Superannuation and Other Allowances Resource Accounts as at 31 March 2019.

For 2018-19, employers' contributions of £201,363 were payable to the NICS pension arrangements at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands.

The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2015. The contribution rates are set to meet the cost of the benefits accruing during 2018-19 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

#### 8 Other Operating Income & Expenditure

##### a Surplus/Deficit on Non-Current Assets (excl Investment Properties)

	2018/19	2017/18
	£	£
Proceeds from sale	(30,080)	(3,445,146)
Carrying amount of non-current assets sold (excl Investment Properties)	-	8,612,078
	<b>(30,080)</b>	<b>5,166,932</b>

##### b Other Operating Income/ Expenditure

	2018/19	2017/18
	£	£
Income	-	-
Expenditure	-	-
	<b>-</b>	<b>-</b>

Other Operating Expenditure	2018/19	2017/18
	£	£
(Surplus) / Deficit on Non Current Assets	(30,080)	5,166,932
Other Operating (Income) / Expenditure	-	-
	<b>(30,080)</b>	<b>5,166,932</b>

## 9 Financing and Investment Income and Expenditure

### a Interest Payable and Similar Charges

	2018/19	2017/18
	£	£
Lease/hire purchase interest	-	-
Bank interest	-	-
Government Loan Interest	1,733,342	1,682,860
Commercial Loan Interest	-	-
Other interest	78,389	66,528
	<u>1,811,731</u>	<u>1,749,388</u>

### b Interest and Investment Income

	2018/19	2017/18
	£	£
Bank Interest	82,444	56,769
Employee car loan interest	4,677	1,861
NIHE Loan interest receivable	21,226	115,322
Investment income on Fund Balances		
Capital Fund	-	-
Repairs & Renewals Fund	-	-
Election Fund	10,688	6,401
Other Investment income	-	-
	<u>119,035</u>	<u>180,353</u>

### c Pensions interest costs and expected return on pensions assets

	2018/19	2017/18
	£	£
Net interest on the net defined benefit liability (asset)	3,324,000	3,047,000
	<u>3,324,000</u>	<u>3,047,000</u>

### d Surplus/ (Deficit) on trading operations

	2018/19	2017/18
	£	£
Income from trading	-	-
Expenditure	-	-
(Surplus)/Deficit for the year	<u>-</u>	<u>-</u>

### e Income, Expenditure and changes in Fair Value of Investment Properties

	2018/19	2017/18
	£	£
Income/Expenditure from Investment Properties:		
Income including rental income	(6,440,849)	(6,714,318)
Expenditure	589,022	814,519
Net income from investment properties	(5,851,827)	(5,899,799)
Surplus/deficit on sale of Investment Properties		
Proceeds from sale	(400,000)	-
Carrying amount of investment properties sold	350,000	-
(Surplus)/deficit on sale of Investment Properties:	(50,000)	-
Changes in Fair Value of Investment Properties	(7,025,000)	4,996,169
	<u>(12,926,827)</u>	<u>(903,630)</u>

Financing and Investment Income and Expenditure	2018/19			2017/18		
	Gross		Net	Gross		Net
	Expenditure	Gross Income	Expenditure	Expenditure	Gross Income	Expenditure
	£	£	£	£	£	£
Interest Payable and Similar Charges	1,811,731	-	1,811,731	1,749,388	-	1,749,388
Interest and Investment Income	-	(119,035)	(119,035)	-	(180,353)	(180,353)
Pensions interest cost	3,324,000	-	3,324,000	3,047,000	-	3,047,000
Surplus/(Deficit) on trading operations	-	-	-	-	-	-
Other investment income	939,022	(6,840,849)	(5,901,827)	814,519	(6,714,318)	(5,899,799)
Changes in Fair Value of Investment Properties	-	(7,025,000)	(7,025,000)	4,996,169	-	4,996,169
	6,074,753	(13,984,884)	(7,910,131)	10,607,076	(6,894,671)	3,712,405

# 10 Taxation and Non Specific Grant Income

## a Revenue Grants

	2018/19	2017/18
	£	£
General	(5,159,231)	(4,938,169)
Other	-	-
	(5,159,231)	(4,938,169)

## b Revenue Grants - Unapplied

	2018/19	2017/18
	£	£
Government & Other Grants - Conditions met and applied in year	-	-
Other	-	-
	-	-

## c Capital Grants and Donated Assets - Applied

	2018/19	2017/18
	£	£
Government & Other Grants - Conditions met and applied in year	(2,867,245)	(2,477,979)
Government & Other Grants - Transfer from receipts in advance	(42,432)	(63,249)
Donated Assets - Conditions met	-	-
Donated Assets - Transfer from donated assets creditor	(10,000)	-
	(2,919,677)	(2,541,228)

## d Capital grants from capital receipts unapplied

	2018/19	2017/18
	£	£
Government & Other Grants - Conditions met and not applied in year	-	-
Capital grants from capital receipts unapplied	(133,188)	-
	(133,188)	-

e District Rates

	2018/19	2017/18
	£	£
Current year	(154,726,084)	(149,511,780)
Finalisation - previous year	(50,000)	(1,029,000)
Transitional Relief	-	-
Finalisation - other years	(91,683)	(21,440)
	(154,867,767)	(150,562,220)

Taxation and Non Specific Grant Income	2018/19	2017/18
	£	£
District Rate Income	(154,867,767)	(150,562,220)
Revenue Grants	(5,159,231)	(4,938,169)
Capital Grants from capital receipts unapplied	(133,188)	-
Capital Grants and Contributions	(2,919,677)	(2,541,228)
	(163,079,863)	(158,041,617)

Belfast City Council  
Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2019

11 a Long - Term Assets - Current Year

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
£	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2018	100,840,501	414,305,914	5,774,607	-	41,921,733	44,867,100	25,304,135	7,129,001	640,142,991	8,631,550	-	648,774,541
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2018	100,840,501	414,305,914	5,774,607	-	41,921,733	44,867,100	25,304,135	7,129,001	640,142,991	8,631,550	-	648,774,541
Additions	-	385,480	-	-	3,577,125	1,385,146	32,950,225	19,828	38,317,804	530,977	-	38,848,781
Donations	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) to Revaluation Reserve	339,640	(3,703,588)	-	-	-	-	893,060	(60,000)	(2,530,888)	(3,700)	-	(2,534,588)
Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services	263,860	(2,116,266)	-	-	-	(2)	5,539	(19,828)	(1,866,697)	-	-	(1,866,697)
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(1,884,805)	-	-	-	(1,884,805)	-	-	(1,884,805)
Derecognition - Other	-	-	-	-	(994,916)	-	-	-	(994,916)	-	-	(994,916)
Reclassifications & Transfers	-	9,912,975	-	-	125,610	960,127	(10,998,711)	(1,300,000)	(1,299,999)	-	-	(1,299,999)
Reclassified to(-) / from(+) Held for Sale	-	-	-	-	-	(186,607)	-	(80,000)	(266,607)	-	-	(266,607)
Balance as at 31 March 2019	101,444,001	418,784,515	5,774,607	-	42,744,747	47,025,764	48,154,248	5,689,001	669,616,883	9,158,827	-	678,775,710

Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2018	-	-	320,679	-	25,353,410	1,443,891	-	-	27,117,980	35,467	-	27,153,447
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2018	-	-	320,679	-	25,353,410	1,443,891	-	-	27,117,980	35,467	-	27,153,447
Depreciation Charge	-	13,337,713	192,492	-	3,074,250	1,481,337	-	-	18,085,792	98,273	-	18,184,065
Depreciation written out on Revaluation Reserve	-	(12,183,059)	-	-	-	-	-	-	(12,183,059)	-	-	(12,183,059)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	(1,154,654)	-	-	-	-	-	-	(1,154,654)	-	-	(1,154,654)
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(1,884,805)	-	-	-	(1,884,805)	-	-	(1,884,805)
Derecognition - Other	-	-	-	-	(994,916)	-	-	-	(994,916)	-	-	(994,916)
Reclassifications & Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	-	-	513,171	-	25,547,939	2,925,228	-	-	28,986,338	133,740	-	29,120,078
Balance as at 31 March 2019	101,444,001	418,784,515	5,261,436	-	17,196,808	44,100,536	48,154,248	5,689,001	640,630,545	9,025,087	-	649,655,632

## b Long - Term Assets - Comparative Year

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets (Restated)	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2017	103,657,851	403,227,655	5,772,087	-	41,911,334	43,107,109	14,810,877	3,674,001	616,160,914	4,681,022	-	620,841,936
Adjustments between cost/value & depreciation/impairment	-	345	-	-	-	-	-	-	345	-	-	345
Prior year purchase										10,000		10,000
Balance as at 1 April 2017	103,657,851	403,228,000	5,772,087	-	41,911,334	43,107,109	14,810,877	3,674,001	616,161,259	4,691,022	-	620,852,281
Additions	1	1,850,460	2,520	-	2,206,244	789,413	17,102,625	-	21,951,263	2,210	-	21,953,473
Donations	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/decreases to Revaluation Reserve	219,399	13,619,418	-	-	-	(18,499)	(3,999)	1,254	13,817,573	(770)	-	13,816,803
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	312,250	864,777	-	-	-	258,857	269,998	(527,120)	1,178,762	-	-	1,178,762
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(3,177,753)	-	-	-	(3,177,753)	-	-	(3,177,753)
Derecognition - Other	-	(5,803,680)	-	-	-	(3)	-	-	(5,803,683)	-	-	(5,803,683)
Reclassifications & Transfers	(3,349,000)	546,939	-	-	981,908	730,223	(6,875,366)	3,980,866	(3,984,430)	3,939,088	-	(45,342)
Reclassified to(-) / from(+) Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2018	100,840,501	414,305,914	5,774,607	-	41,921,733	44,867,100	25,304,135	7,129,001	640,142,991	8,631,550	-	648,774,541

Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles Plant & Equipment	Community Assets (Restated)	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2017	-	-	128,269	-	25,668,486	-	-	-	25,796,755	27,261	-	25,824,016
Adjustments between cost/value & depreciation/impairment	-	345	-	-	-	-	-	-	345	-	-	345
Balance as at 1 April 2017	-	345	128,269	-	25,668,486	-	-	-	25,797,100	27,261	-	25,824,361
Depreciation Charge	-	12,120,981	192,410	-	2,822,017	1,366,827	-	-	16,502,235	8,206	-	16,510,441
Depreciation written out on Revaluation Reserve	-	(11,070,037)	-	-	-	-	-	(19,444)	(11,089,481)	-	-	(11,089,481)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	(559,230)	-	-	-	65,603	-	(31,892)	(525,519)	-	-	(525,519)
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(3,137,093)	-	-	-	(3,137,093)	-	-	(3,137,093)
Derecognition - Other	-	(429,262)	-	-	-	-	-	-	(429,262)	-	-	(429,262)
Reclassifications & Transfers	-	(62,797)	-	-	-	11,461	-	51,336	-	-	-	-
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2018	-	-	320,679	-	25,353,410	1,443,891	-	-	27,117,980	35,467	-	27,153,447
<b>Net Book Values</b>												
Balance as at 31 March 2018	100,840,501	414,305,914	5,453,928	-	16,568,323	43,423,209	25,304,135	7,129,001	613,025,011	8,596,083	-	621,621,094
Balance as at 31 March 2019	101,444,001	418,784,515	5,261,436	-	17,196,808	44,100,536	48,154,248	5,689,001	640,630,545	9,025,087	-	649,655,632

#### Valuations

The Council is not aware of any material changes in freehold and leasehold properties. The land and buildings assets held by the Council were valued originally as at 1 April 1997 by the Valuations and Lands Agency, in accordance with the statements of asset valuation practice and guidance notes of the Royal Institute of Chartered Surveyors. The Council operates a rolling programme for the valuation of its land and building properties with approximately 25% of these being revalued discretely by physical inspection each year, and the remainder being revalued by a desktop exercise.

In the 2018/19 year, land and buildings including investment properties have been valued as at 31 March 2019. This revaluation was carried out by Land and Property Services, a part of the Department of Finance.

### Capital Commitments

A total of 8 capital contracts were entered into during the period:

Project Name	Date	Capital Commitment
Belfast Beacons	01/05/2018	110,000
Ulidia Playing Fields	01/07/2018	700,000
Peace IV Shared Spaces	01/06/2018	250,000
Old Golf Course Road	22/06/2018	225,000
Navarra Place	28/08/2018	300,000
Gasworks Public Realm	01/09/2018	250,000
Whiterise MUGA	01/12/2018	135,000
City Hall Emergency Lighting	09/01/2019	181,000
<b>Total</b>		<b>2,151,000</b>

### Effects of Changes in Estimates

During the course of financial year 2018-19, the Council reviewed its accounting policy for community assets and so adopted the historic cost option, where applicable, for the recognition and measurement of community assets as set out in the Code. This was to present more clearly to users of the Council's financial statements the amount of resources invested by the Council in its community assets. Community assets with depreciable components have been re-lived from 1 April 2017 as follows: 10 years for playgrounds, 30 years for infrastructure assets; an appropriate period for other depreciable assets dependent on individual characteristics. A depreciation charge has been applied to community assets in the 2018-19 financial year, and the 2017-18 comparatives have been adjusted accordingly. The financial effects of these changes, and the prior year restatements to the 2017-18 comparatives, are set out in more detail in Note 31.

There were no material changes in accounting estimates for other classes of property, plant and equipment during the period.

### Surplus Assets

Surplus assets are non-current assets that are not being used to deliver services but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale. Assets held for sales are assets which are not being used to deliver services and whose economic value will be realised by disposal, are actively being marketed, and ordinarily are expected to be disposed of within 12 months of the balance sheet date.

### Impairment

There were material impairments to property and investment property during the period. Impairments over £500,000 are detailed in the table below:

Asset	Amount of impairment £	Asset class	Reason
Olympia Leisure Centre	(1,597,912)	Operational building	Change in basis of valuation at 31.03.2019 - see note below
Sum of material impairments over £500,000	(1,597,912)		

Capital expenditure on Olympia Leisure Centre while it was under construction was measured on the historic cost basis. The leisure centre was brought into operation recently and its value was remeasured to depreciated replacement cost basis, the valuation method for this type of specialised property, to reflect its current estimated service potential.

# 11 c. **Property, plant and equipment**

## **Depreciation**

The useful lives and depreciation rates applied to calculate the depreciation are outlined in Note 1.

## **d. Intangible Assets**

Intangible assets relate to landfill closure costs with a net book value of £nil (2017/18: £nil) and a gross cost before amortisation of £16,700k (2017/18: £16,700k); and purchased licensed software and related implementation costs with a net book value of £333k (2017/18: £462k), and a gross costs before amortisation of £2,409k (2017/18: £2,409k).

Intangible Assets	2018/19	2017/18
	£	£
Balance at start of year:		
Gross carrying amounts	19,108,746	18,990,754
Accumulated amortisation	(18,647,091)	(18,530,885)
Net carrying amount at start of year	461,655	459,869
Additions	-	72,650
Amortisation for the period	(128,949)	(116,206)
Other Changes	-	45,342
Net carrying amount at end of year:	332,706	461,655
Comprising:		
Gross carrying amounts	19,108,746	19,108,746
Accumulated amortisation	(18,776,040)	(18,647,091)
Net carrying amount at end of year	332,706	461,655

## **e. Investment Properties**

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

Investment Properties	31/03/2019	31/03/2018
	£	£
Rental Income from Investment Activities	6,440,849	6,714,318
Direct Operating expenses arising from investment properties	(589,022)	(814,519)
Net gain/(loss)	5,851,827	5,899,799

The following table summarises the movement in the fair value of investment properties over the year:

Investment Properties	2018/19	2017/18
	£	£
Balance at start of the year	88,905,000	93,900,000
Additions	-	1,169
Disposals	(350,000)	-
Net gains/losses from fair value adjustments	7,025,000	(4,996,169)
Other changes	1,300,000	-
Balance at end of the year	96,880,000	88,905,000

Investment Properties are comprised of the following properties, all held at valuation:

Investment Property	2018/19	2017/18
	£	£
Industrial Estates	73,800,000	72,300,000
Commercial Units	23,080,000	16,605,000
Balance at end of the year	96,880,000	88,905,000

Summary of the net book values of non-current assets as reported in the balance sheet

Non-current assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	TOTAL
	£	£	£	£	£
Net Book Value as at 31 March 2018	613,025,011	8,596,083	88,905,000	461,655	710,987,749
Net change in cost or valuation	29,473,892	527,277	7,975,000	-	37,976,169
Depreciation and Impairment in the year	(1,868,358)	(98,273)	-	(128,949)	(2,095,580)
Net movement for the year	27,605,534	429,004	7,975,000	(128,949)	35,880,589
Net Book Value as at 31 March 2019	640,630,545	9,025,087	96,880,000	332,706	746,868,338

## Fair Value Hierarchy

Details of the Council's Investment Properties and information about the fair value hierarchy as at 31 March 2019 and 2018 are as follows

2018/19 Recurring fair value measurements using:	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31st March 2019
	£	£	£	£
Industrial Estates and Commercial Units	-	96,880,000	-	-
<b>Total</b>	-	<b>96,880,000</b>	-	-

2017/18 Recurring fair value measurements using:	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31st March 2018
	£	£	£	£
Industrial Estates and Commercial Units	-	88,905,000	-	-
<b>Total</b>	-	<b>88,905,000</b>	-	-

### Transfers between levels of the fair value hierarchy

There were no transfers between Levels 1 and 2 during the year.

Investment Properties are considered to have enough uniqueness so they no longer can be compared to similar items that are used for reference in an active market, and are valued using inputs other than quoted prices that are observable. As such, they are valued using Level 2 inputs.

### Valuation techniques used to determine Level 2 and 3 Fair Values for Investment Properties

#### Significant Observable Inputs - Level 2

In 2018/19, all Investment Properties were measured using the same methodology as in 2017/18. The inputs used to value these properties have been classified as Level 2, other significant observable inputs.

#### Highest and best use of Investment Properties

In estimating the fair value of the Council's Investment Properties, the highest and best use of the properties is their current use, selecting best estimates of fair value given by current prices on a market for similar property in similar locations.

#### Valuation Techniques

There has been no change in the valuation techniques used during the year for Investment Properties.

Gains or losses arising from changes in the fair value of the investment properties are recognised in Surplus or Deficit on the Provision of Services - Financing and Investment Income and Expenditure line.

#### Valuation process for Investment Properties

The fair value of the Council's investment properties is measured at market value as at 31 March 2019. All valuations are carried out by Land and Property Services, in accordance with their methodologies and bases for estimation as set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with Council finance officers reporting directly to the Chief Financial Officer on a regular basis regarding all valuation matters.

## Heritage Assets

The Council's collection of heritage assets consists of works of art, civic items, donated works of art, and certain historic buildings and monuments with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. These assets are reported in the balance sheet at valuation; or at insurance valuation as a proxy for market value; or, if it is not possible to obtain a valuation, they are measured at historic cost less depreciation, amortisation or impairment losses. Insurance valuations are updated on a periodic basis. On the occasion that no cost can be measured accurately for an item, it is held on the balance sheet at a nominal value of £1 for stewardship purposes: there are currently 164 of these items recorded by Belfast City Council.

Heritage assets - additions	31/03/2019	31/03/2018
Nell Shawcross "Writers of Belfast" collection	430,000	-
Portrait of Councillor Nuala McAilister	10,850	-
Tropical Ravine	90,127	3,939,088
Hollywood Arches Artwork (Connswater Community Greenway)	-	2,210
<b>Total</b>	<b>530,977</b>	<b>3,941,298</b>

No amounts were transferred from property, plant and equipment under construction to heritage assets during the year.

There were no disposals of heritage assets during 2018/19.

g Assets Held for Sale

Assets Held for Sale	Current	Non Current	Total
	£	£	£
<b>Cost or Valuation</b>			
Balance as at 1 April 2018	-	-	-
Adjustments between cost/value & depreciation/impairment	-	-	-
Transferred from Non-Current Assets during year	266,607	-	266,607
Assets Held for Sale Donations	-	-	-
Assets Held for Sale Revaluation Increases/decreases to Revaluation Reserve	-	-	-
Revaluation Increases/decreases taken to Surplus or Deficit on the Provision of Services	-	-	-
Assets Held for Sale Impairment @ Cost to Provision of Services	-	-	-
Derecognition - Disposals	-	-	-
Derecognition - Other	-	-	-
Reclassified from Current Assets Held for Sale to non current Assets Held for Sale	-	-	-
Transferred to Property, Plant & Equipment during year	-	-	-
<b>Balance as at 31 March 2019</b>	<b>266,607</b>	<b>-</b>	<b>266,607</b>
<b>Impairment</b>			
Balance as at 1 April 2018	-	-	-
Adjustments between cost/value & depreciation/impairment	-	-	-
Impairment losses/reversals taken to Surplus or Deficit on the Provision of Services	-	-	-
Derecognition - Disposals	-	-	-
Derecognition - Other	-	-	-
Reclassified from Current Assets Held for Sale to non current Assets Held for Sale	-	-	-
Transferred to Property, Plant & Equipment during year	-	-	-
<b>Balance as at 31 March 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Book Value</b>			
<b>Balance as at 31 March 2019</b>	<b>266,607</b>	<b>-</b>	<b>266,607</b>
<b>Balance as at 31 March 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>

Three non-current assets were reclassified to current assets held for sale during 2018/19. No non current assets held for sale were disposed of during 2018/19.

Assets Held for Sale	Current	Non Current	Total
	£	£	£
<b>Cost or Valuation</b>			
Balance as at 1 April 2017	3,197,000	-	3,197,000
Adjustments between cost/value & depreciation/impairment	-	-	-
Transferred from Non-Current Assets during year	-	-	-
Assets Held for Sale Donations	-	-	-
Assets Held for Sale Revaluation Increases/decreases to Revaluation Reserve	-	-	-
Revaluation Increases/decreases taken to Surplus or Deficit on the Provision of Services	-	-	-
Assets Held for Sale Impairment @ Cost to Provision of Services	-	-	-
Derecognition - Disposals	(3,197,000)	-	(3,197,000)
Derecognition - Other	-	-	-
Reclassified from Current Assets Held for Sale to non current Assets Held for Sale	-	-	-
Transferred to Property, Plant & Equipment during year	-	-	-
<b>Balance as at 31 March 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Impairment</b>			
Balance as at 1 April 2017	-	-	-
Adjustments between cost/value & depreciation/impairment	-	-	-
Impairment losses/reversals taken to Surplus or Deficit on the Provision of Services	-	-	-
Derecognition - Disposals	-	-	-
Derecognition - Other	-	-	-
Reclassified from Current Assets Held for Sale to non current Assets Held for Sale	-	-	-
Transferred to Property, Plant & Equipment during year	-	-	-
<b>Balance as at 31 March 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>

Three non-current assets held for sale were disposed of during 2017/18, including sites at Maysfield and Primrose Street.

The gain on assets classified to held for sale and sold during the year was £83k.

#### h Fair Value Hierarchy for Surplus Assets

Surplus assets are non-operational assets that do not meet the conditions to be classified as assets held for sale. They are measured at fair value, reflecting the actual market state and conditions at the balance sheet date (which is the valuation date) with best evidence of fair value in an active market for similar properties in the same location. The council classifies assets to surplus assets on the advice of its estates management officers and in consultation with its external property valuers.

The surplus assets held by the council comprise a number of properties including land, buildings or sites of land and buildings combined, which have not reached the stage where the council can market these for sale advantageously, or where the properties have restrictions that prevent them currently being brought to market.

Details of the Council's surplus assets and information about the fair value hierarchy as at 31 March 2019 and 2018 are as follows:

2018/19 Recurring fair value measurements using	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31st March 2019
	£	£	£	£
Land	-	1,824,001	-	1,824,001
Buildings	-	380,000	-	380,000
Land and Buildings combined	-	3,485,000	-	3,485,000
<b>Total</b>	-	<b>5,689,001</b>	-	<b>5,689,001</b>

2017/18 Recurring fair value measurements using:	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31st March 2018
	£	£	£	£
Land	-	2,584,001	-	2,584,001
Buildings	-	380,000	-	380,000
Land and Buildings combined	-	4,165,000	-	4,165,000
<b>Total</b>	-	<b>7,129,001</b>	-	<b>7,129,001</b>

Surplus Assets are considered to have enough uniqueness that they no longer can be compared to similar items that are used for reference in an active market, and are valued using inputs other than quoted prices that are observable. As such, they are valued using Level 2 inputs.

#### Transfers between levels of the fair value hierarchy

There were no transfers between Levels 1 and 2 during the year.

In 2018/19, all Surplus Assets were measured using the same methodology as in 2017/18. The inputs used to value these properties have been classified as Level 2, other significant observable inputs, due to the uniqueness of these properties.

#### Highest and best use of surplus assets

In estimating the fair value of the Council's surplus assets, the highest and best use of the assets is their current use, reflecting best estimates of fair value given by current prices on a market for similar property in similar locations.

#### Valuation Techniques

There has been no change in the valuation techniques used during the year for surplus assets.

The fair value of the Council's Surplus Assets is measured at market valuation as at 31 March 2019. All valuations are carried out externally by Land and Property Services, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

## 12 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that is yet to be financed. The CFR is analysed in the second part of this note.

Capital Expenditure		2018/19	Restated 2017/18
		£	£
<b>Opening Capital Financing Requirement</b>		<b>94,318,811</b>	<b>86,217,129</b>
<b>Capital Investment</b>			
Property, Plant and Equipment	11	38,848,781	21,963,473
Investment Properties		-	1,169
Intangible Assets		-	72,650
Revenue Expenditure Funded from Capital under Statute		-	-
Investments		89,928	276,792
<b>Sources of Finance</b>			
Capital Receipts		-	-
Government Grants and Other Contributions	10	(3,052,865)	(2,541,228)
Transfers from Earmarked Reserves		(89,928)	(276,792)
<b>Sums set aside from Revenue:</b>			
Direct Revenue Contributions		(9,239,567)	(5,518,199)
Minimum Revenue Provision		(5,874,116)	(5,876,183)
<b>Closing Capital Financing Requirement</b>		<b>115,001,044</b>	<b>94,318,811</b>
<b>Explanation of Movements in Year</b>		<b>2018/19</b>	<b>Restated 2017/18</b>
		<b>£</b>	<b>£</b>
Increase in underlying need to borrow		20,682,233	8,101,672
Assets acquired under finance leases		-	-
Assets acquired under PFI/PPP contracts		-	-
<b>Increase/(decrease) in Capital Financing Requirement</b>		<b>20,682,233</b>	<b>8,101,672</b>

## 13 Future Capital Commitments

	Gross Cost	Grant Aid	Net Cost
	£	£	£
Schemes underway	93,168,632	2,750,000	90,418,632
Other Commitments	51,598,000	2,067,000	49,531,000
<b>Total</b>	<b>144,766,632</b>	<b>4,817,000</b>	<b>139,949,632</b>

Total net expenditure of £28,800,756 has been incurred against these projects in the year ended 31 March 2019.

14 Inventories	2018/19	2017/18
	£	£
Central Stores	276,290	326,164
<b>Total</b>	<b>276,290</b>	<b>326,164</b>

The cost of inventories written down, recognised as an expense and included in 'services' amounted to £643,688 (17/18 £669,780).

<b>15</b>	<b>Debtors</b>	<b>2018/19</b>	<b>2017/18</b>
<b>a</b>	<b>Long Term Debtors</b>	<b>£</b>	<b>(Restated) £</b>
	Government Departments	-	-
	Other Councils	-	-
	Public corporations and trading funds	-	-
	Bodies external to general government	-	-
	Employee car loans	59,591	59,587
	Revenue Grants	-	-
	Capital Grants	-	-
	Interest Receivable	-	-
	Capital Debtors	-	-
	Loans and advances	-	-
	Finance lease debtors	-	-
	Trade debtors	285,208	736,633
	NIHE Loans	258,860	340,810
	Other	-	-
	Impairment of loans and receivables	-	-
	Contract Receivables	-	-
	<b>Total Long-Term Debtors</b>	<b>603,659</b>	<b>1,137,030</b>
<b>b</b>	<b>Short Term Debtors</b>	<b>2018/19</b>	<b>2017/18</b>
		<b>£</b>	<b>(Restated) £</b>
	Government Departments	611,491	320,271
	Other Councils	58,122	159,488
	Public corporations and trading funds	-	-
	Bodies external to general government	-	-
	NIHE loans	81,950	76,950
	Employee car loans	56,516	58,110
	Revenue Grants	5,933,912	3,825,967
	Capital Grants	1,733,211	1,411,696
	Interest Receivable	-	-
	Capital Debtors	-	-
	Value Added Tax	1,848,860	1,978,620
	Prepayments	3,527,783	4,480,065
	Finance lease debtors	-	-
	Other	250,722	1,537,174
	Trade receivables	1,117,365	2,534,300
	Impairment loss - Trade receivables	(283,594)	(454,252)
	Contract Receivables	1,947,969	1,597,451
	<b>Total Short-Term Debtors</b>	<b>16,884,307</b>	<b>17,525,840</b>
	<b>Total Debtors</b>	<b>17,487,966</b>	<b>18,662,870</b>

Trade debtors, inclusive of VAT, can be analysed by age as follows:

	<b>£</b>
Less than 3 months	2,131,221
Three months to one year	128,050
More than one year	285,208
	<b>2,544,479</b>

<b>16</b>	<b>Borrowings</b>	<b>2018/19</b>	<b>2017/18</b>
<b>a</b>	<b>Short Term Borrowing</b>	<b>£</b>	<b>£</b>
	Loans re-payable within one year	4,000,000	4,158,529
	Finance Lease Principal	-	-
	<b>Total Short Term Borrowing</b>	<b>4,000,000</b>	<b>4,158,529</b>
<b>b</b>	<b>Long Term Borrowing</b>	<b>2018/19</b>	<b>2017/18</b>
		<b>£</b>	<b>£</b>
	Between 1 and 2 years	7,136,376	4,000,000
	Between 2 and 5 years	5,061,000	15,591,983
	Between 5 and 10 years	9,197,934	10,459,399
	In more than 10 years	37,493,671	2,553,112
	<b>Government Loans Fund</b>	<b>58,888,981</b>	<b>32,604,494</b>
	<b>Total Borrowing</b>	<b>62,888,981</b>	<b>36,763,023</b>

<b>17</b>	<b>Creditors</b>		
<b>a</b>	<b>Short Term Creditors</b>	<b>2018/19</b>	<b>2017/18</b>
		£	£
	Government Departments	1,818,188	1,673,415
	Other Councils	13,010	17,826
	Public corporations and trading funds	-	-
	Bodies external to general government	-	-
	Rates clawback	100,000	350,000
	VAT	-	-
	Remuneration due to employees	583,873	331,117
	Accumulated Absences	1,357,825	1,344,230
	Loan Interest Payable	331,903	282,976
	Capital Creditors	1,450,637	2,375,471
	Receipts in advance	4,473,249	4,440,803
	Trade creditors	2,499,735	2,902,153
	Creditor Accruals	17,468,846	11,443,711
	Contract Payables	-	-
	<b>Total Short Term Creditors</b>	<b>30,097,264</b>	<b>25,161,702</b>

<b>b</b>	<b>Long Term Creditors</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>Other creditors falling due after more than one year</b>	<b>£</b>	<b>£</b>
	Government Departments	-	-
	Other Councils	-	-
	Public corporations and trading funds	-	-
	Bodies external to general government	-	-
	Rates clawback	-	-
	Remuneration due to employees	-	-
	Accumulated Absences	-	-
	Receipts in advance	-	-
	Trade creditors	-	-
	Other	50,386	60,848
	Contract Payables	-	-
	<b>Total Long Term Creditors</b>	<b>50,386</b>	<b>60,848</b>
	<b>Total Creditors</b>	<b>30,147,652</b>	<b>25,222,550</b>

#### **c Payment of Invoices**

The council has a target, where no other terms are agreed, of paying supplier invoices within 30 days. During the year the Council paid 61,520 Invoices totalling £163,474,395 (2017/18: 58,319 Invoices totalling £142,055,044).

The Council paid:

56,029 Invoices with 30 calendar days target (2017/18: 51,403);  
39,940 Invoices within 10 working days target (2017/18: 39,355); and  
5,491 Invoices outside of the 30 day target (2017/18: 6,916).

The average number of days taken to pay suppliers during the year was 15 days (2017/18: 21 days).

The Council paid 91% of Invoices within the target of 30 days, against the target objective of 90%.

Provisions	Balance as at 1 April 2018 £	(Decrease)/Increase in provision during year £	Utilised during year £	Unused amounts reversed £	Interest cost and/or discount rate changes £	Balance as at 31 March 2019 £
Landfill Closure	3,530,260	(26,778)	(50,853)	-	97,780	3,550,409
Claims Management	1,125,952	45,413	(37,608)	-	-	1,133,757
<b>Total</b>	<b>4,656,212</b>	<b>18,635</b>	<b>(88,461)</b>	<b>-</b>	<b>97,780</b>	<b>4,684,166</b>

Current Provisions	2,906,973	18,635	(88,461)	-	57,704	2,894,851
Long Term Provisions	1,749,239	-	-	-	40,076	1,789,315

<b>Total</b>	<b>4,656,212</b>	<b>18,635</b>	<b>(88,461)</b>	<b>-</b>	<b>97,780</b>	<b>4,684,166</b>
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#### Comparative Year

Provisions	Balance as at 1 April 2017 £	Increase in provision during year £	Utilised during year £	Unused amounts reversed £	Interest cost and/or discount rate changes £	Restated Balance as at 31 March 2018 £
Landfill Closure	3,151,343	168,070	(39,642)	-	250,489	3,530,260
Claims Management	1,150,074	-	(24,122)	-	-	1,125,952
<b>Total</b>	<b>4,301,417</b>	<b>168,070</b>	<b>(63,764)</b>	<b>-</b>	<b>250,489</b>	<b>4,656,212</b>

Current Provisions	2,584,680	168,070	(63,764)	-	217,987	2,906,973
Long Term Provisions	1,716,737	-	-	-	32,502	1,749,239

<b>Total</b>	<b>4,301,417</b>	<b>168,070</b>	<b>(63,764)</b>	<b>-</b>	<b>250,489</b>	<b>4,656,212</b>
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#### Landfill Closure

The financial provision for the capping and annual monitoring costs required to meet the Council's environmental obligations under the NIEA licence has been agreed on a Local Authority Deed. The discount rates applied on the provision are based on PWLB borrowing rates adjusted for inflation which has resulted in a valuation of £3,550,409.

#### Claims Management

A provision of £1,133,757 has been made in respect of public liability, employer's liability and other claims/legal cases notified but not processed. Adequate insurance arrangements are in place covering the Council's activities as recommended by the Council's Insurance Brokers. The related insurance premiums paid are accounted for in the financial statements. At 31 March 2019, the total liability for legal cases notified but not processed amounted to an estimated maximum liability of £2,041,443.

### 19 Financial Instruments

#### Financial Assets as at 31 March 2019

The Council has the following non-current investments and debtors:

The Council's contribution to Belltel LLP is included in 'Investments in Associates and Joint Ventures' and is disclosed at the original value of the contribution.

The majority of the long term debtor relate to trade debtors as well as balances with NIHE and car loan balances with employees. The relevant credit losses have been calculated and included in the impairment loss balance.

Current financial assets, namely trade debtors, employee car loans and cash balances have been assessed and relevant credit losses calculated. These amounts are included in the impairment loss balance of £283,594 for 2018/19.

The employee car loan rate is currently 2.2%, in comparison to the HMRC official rate of 2.5%.

#### Financial Liabilities as at 31 March 2019

The Council is in receipt of loans from the Department of Finance at concessionary interest rates that differ from the prevailing market rates. The fair value of these loans is £69,174,552 (2017-18 £41,315,170).

**a Participation in the Northern Ireland Local Government Officers' Pension Fund.**

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Northern Ireland Local Government Officers' Pension Fund administered by the Northern Ireland Local Government Officers' Superannuation Committee. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

**b Transactions relating to retirement benefits - Comprehensive Income and Expenditure Statement**

The Council recognises the cost of retirement benefits in the Cost of Services on Continuing Operations when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge the Council is required to make against district rates is based on the cash payable in the year, and the real cost of retirement benefits is reversed out in the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement during the year:

	Note	2018/19 £	2017/18 £
Net cost of services:			
Current service cost		20,655,000	19,951,000
Past service cost/(gain)*		14,847,000	599,000
Gains and losses on settlements or curtailments		-	-
Net operating expenditure:			
Net interest on net defined benefit liability (asset)		3,324,000	3,047,000
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>		<b>38,826,000</b>	<b>23,597,000</b>
Movement in Reserves Statement:			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(38,826,000)	(23,597,000)
Actual amount charged against the general fund balance for pensions in the year:			
Employers' contributions payable to scheme		14,337,000	13,526,000
<b>Net adjustment to General Fund</b>		<b>(24,489,000)</b>	<b>(10,071,000)</b>

The service cost figures include an allowance for administration expenses of £250k (17/18 £248k).

\*Past Service Cost has been updated to reflect the potential liabilities arising from the McCloud judgement and GMP Indexation and Equalisation. This is explained in further detail at the end of this note.

Remeasurements recognised in Other Comprehensive Income and Expenditure	Note	2018/19 £	2017/18 £
Liability gains/(losses) due to change in assumptions		(40,332,000)	(11,937,000)
Liability gains/(losses) due to demographic changes		29,809,000	-
Liability experience gains/(losses) arising in the year		(196,000)	(2,574,000)
Actuarial gains/(losses) on plan assets		26,042,000	13,497,000
Other		-	-
<b>Total gains/(losses) recognised in Other Comprehensive Income and Expenditure</b>		<b>15,323,000</b>	<b>(1,014,000)</b>

Assets and liabilities in relation to retirement benefits Reconciliation of present value of the scheme liabilities:	Note	2018/19 £	2017/18 £
Balance as at 1 April		696,976,000	656,080,000
Current service cost		20,655,000	19,951,000
Interest cost		17,977,000	16,919,000
Contributions by members		4,190,000	4,166,000
Remeasurement (gains) and losses:			
Actuarial gains/losses arising from changes in financial assumptions		40,332,000	11,937,000
Actuarial gains/losses arising from demographic changes		(29,809,000)	-
Actuarial gains/losses arising on liabilities from experience		196,000	2,574,000
Other (if applicable)		-	-
Past service costs/(gains)*		14,847,000	599,000
Losses/(gains) on curtailments		-	-
Liabilities extinguished on settlements		-	-
Estimated unfunded benefits paid		(757,000)	(786,000)
Estimated benefits paid		(14,889,000)	(14,464,000)
<b>Balance as at 31 March</b>		<b>749,718,000</b>	<b>696,976,000</b>

Reconciliation of present value of the scheme assets:	Note	2018/19 £	2017/18 £
Balance as at 1 April		562,027,058	532,216,058
Interest income		14,653,000	13,872,000
Contributions by members		4,190,000	4,166,000
Contributions by employer		13,580,000	12,740,000
Contributions in respect of unfunded benefits		757,000	786,000
Remeasurement gain/(loss)		26,042,000	13,497,000
Assets distributed on settlements		-	-
Unfunded benefits paid		(757,000)	(786,000)
Benefits paid		(14,889,000)	(14,464,000)
<b>Balance as at 31 March</b>		<b>605,603,058</b>	<b>562,027,058</b>

Belfast City Council employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is calculated and the overall expected rate of return on assets so derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 March 2019.

The actual return on scheme assets in the year was a gain of £40,695k (2017/18 gain of £27,369k).

Fair Value of Plan Assets	2018/19 £	2017/18 £
Equity Investments	360,333,843	401,287,320
Bonds	142,316,705	69,691,355
Property	67,827,536	56,202,706
Cash	16,351,281	25,291,218
Other	18,773,693	9,554,459
	<b>605,603,058</b>	<b>562,027,058</b>

The Council's share of the Net Pension Liability (Included in the Balance Sheet):

	2018/19 £	2017/18 £
Fair Value of Employer Assets	605,603,058	562,027,058
Present value of funded defined benefit obligation	(738,398,000)	(684,457,000)
Pension asset/(liability) of Funded Scheme	(132,794,942)	(122,429,942)
Present Value of unfunded defined benefit obligation	(11,320,000)	(12,519,000)
Other movement in the liability (asset) (if applicable)	-	-
<b>Net asset/(liability) arising from the defined benefit obligation</b>	<b>(144,114,942)</b>	<b>(134,948,942)</b>
Amount in the Balance sheet:		
Liabilities	(749,718,000)	(696,976,000)
Assets	605,603,058	562,027,058
<b>Net Asset/(Liability)</b>	<b>(144,114,942)</b>	<b>(134,948,942)</b>

<b>d Scheme History</b>		
Analysis of scheme assets and liabilities	2018/19 £	2017/18 £
Fair Value of Assets in pension scheme	605,603,058	562,027,058
Present Value of Defined Benefit Obligation	(749,718,000)	(696,976,000)

<b>Surplus/(deficit) in the Scheme</b>	<b>(144,114,942)</b>	<b>(134,948,942)</b>
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Amount recognised in Other Comprehensive Income and Expenditure:	2018/19 £	2017/18 £
Actuarial gains/(losses)	15,323,000	(1,014,000)
Expected Return on Plan Assets	-	-
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	-	-
Remeasurements recognised in Other Comprehensive Income and Expenditure	15,323,000	(1,014,000)
Cumulative actuarial gains and losses	(37,163,000)	(52,486,000)
<b>History of experience gains and losses:</b>		
Experience gains and (losses) on assets	26,042,000	13,497,000
Experience gains and (losses) on liabilities	(196,000)	(2,574,000)

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £144,114,942 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet.

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Northern Ireland Local Government Officers' Pension Fund will be made good by increased contributions over the remaining working life of employees, assessed by the scheme actuary.

Analysis of projected amount to be charged to the Comprehensive Income and Expenditure Statement for the year to 31 March 2020

	31/03/2020 £	31/03/2020 %
Projected current cost	21,954,000	88.2%
Net interest on the net defined benefit liability (asset)	2,940,000	11.8%
Past service cost	-	0.0%
Gains and losses on settlements or curtailments	-	0.0%
	<b>24,894,000</b>	<b>100.0%</b>

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the council in the year to 31 March 2020 is £14,818k.

History of experience gains and losses

The actuarial gains/losses identified as movements on the Pensions Reserve 2018/19 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2019.

	2018/19 %	2017/18 %
Experience (gains and (losses) on Assets	4.30%	2.40%
Experience gains and (losses) on Liabilities	0.03%	0.37%

#### ■ Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The Council's Fund liabilities have been assessed by Aon Hewitt Limited, an independent firm of actuaries, estimates for the Council Fund being based on data pertaining to the latest full valuation of the scheme as at 31 March 2019.

Pension scheme assumptions:	2018/19	2017/18
	p.a.	p.a.
<b>Mortality assumptions:</b>		
Longevity at 65 current pensioners:	Years	Years
Men	22.6	23.3
Women	24.9	25.9
Longevity at 65 for future pensioners:		
Men	24.3	25.5
Women	26.7	28.2
Inflation/Pension Increase Rate	2.20%	2.10%
Salary Increase Rate	3.70%	3.60%
Discount Rate	2.40%	2.60%
Pension accounts revaluation rate	2.20%	2.10%
<b>Take-up of option to convert annual pension into retirement lump sum:</b>		
Service to April 2009	75%	75%
Service post April 2009	75%	75%

#### Pension Assumptions Sensitivity Analysis

The pension figures disclosed in these financial statements are sensitive to the assumptions used.

The approximate impact of changing key assumptions on the present value of the funded defined benefit obligation as at 31 March 2019 is set out below.

In each case, only the assumption noted below is altered; all other assumptions remain the same and are summarised in the disclosure above.

#### Funded Pension Scheme Benefits

<b>Discount Rate Assumption</b>		
Adjustment to discount rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation	724,435,000	752,630,000
% change in the present value of the total obligation	-1.90%	1.90%
Projected service cost	21,331,000	22,592,000
Approximate % change in projected service cost	-2.80%	2.90%
<b>Rate of General Increase in Salaries</b>		
Adjustment to salary increase rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation	742,556,000	734,281,000
% change in the present value of the total obligation	0.60%	-0.60%
Projected service cost	21,954,000	21,954,000
Approximate % change in projected service cost	0.00%	0.00%
<b>Rate of Increase to Pensions in Payment and Deferred Pension Assumption</b>		
Adjustment to pension increase rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation	748,428,000	728,510,000
% change in the present value of the total obligation	1.40%	-1.30%
Projected service cost	22,592,000	21,331,000
Approximate % change in projected service cost	2.90%	-2.80%
<b>Post Retirement Mortality Assumption</b>		
Adjustment to mortality age rating assumption*	-1 Year	+1 Year
Present value of the total obligation	761,933,000	715,068,000
% change in the present value of the total obligation	3.20%	-3.20%
Projected service cost	22,796,000	21,120,000
Approximate % change in projected service cost	3.80%	-3.80%

\* A rating of +1 year means that members are assumed to follow the mortality pattern of the base table above for an individual that is 1 year older than that.

**f Major categories of plan assets as percentage of total plan assets**

The Northern Ireland Local Government Officers' Pension Fund's assets consist of the following categories, by proportion of the total assets held:

	31/03/2019	31/03/2018
	%	%
Equity investments	59.50%	71.40%
Government Bonds	16.50%	5.20%
Corporate Bonds	7.00%	7.20%
Property	11.20%	10.00%
Cash	2.70%	4.50%
Other	3.10%	1.70%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

**g Northern Ireland Civil Service Pension Arrangements**

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Council is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2016. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Resource Accounts as at 31 March 2019.

**h Assets and liabilities in relation to retirement benefits of the Gas Pension Fund**

Reconciliation of present value of the scheme liabilities:	Note	2018/19	2017/18
		£	£
Balance as at 1 April		1,209,000	1,516,000
Current service cost		-	-
Interest cost		29,000	35,000
Contributions by members		-	-
Remeasurement (gains) and losses:			
Actuarial gains/losses arising from changes in financial assumptions		15,000	14,000
Actuarial gains/losses arising from demographic changes		-	(9,000)
Actuarial gains/losses arising on liabilities from experience		3,000	(107,000)
Other (if applicable)		-	-
Past service costs/(gains)		-	-
Losses/(gains) on curtailments		-	-
Liabilities extinguished on settlements		-	-
Net benefits paid		(216,000)	(240,000)
<b>Balance as at 31 March</b>		<b>1,040,000</b>	<b>1,209,000</b>

Reconciliation of present value of the scheme assets:	Note	2018/19	2017/18
		£	£
Balance as at 1 April		1,269,000	1,513,000
Interest income		30,000	35,000
Contributions by members		-	-
Contributions by employer		-	-
Remeasurement gain/(loss)		(22,000)	(39,000)
Assets distributed on settlements		-	-
Net Benefits paid		(216,000)	(240,000)
<b>Balance as at 31 March</b>		<b>1,061,000</b>	<b>1,269,000</b>

Analysis of scheme assets and liabilities	Note	2018/19	2017/18
		£	£
Fair Value of Assets in pension scheme		1,061,000	1,269,000
Present Value of Defined Benefit Obligation		1,040,000	1,209,000
<b>Net Asset/(Liability) recognised on the balance sheet</b>		<b>21,000</b>	<b>60,000</b>

**Funded Pension Scheme Benefits- Gas Pension Fund Sensitivity Analysis**

Discount Rate Assumption		
Adjustment to discount rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation	1,035,000	1,045,000
% change in the present value of the total obligation	-0.50%	0.50%
Rate of Increase to Pensions in Payment accounts assumption		
Adjustment to pension increase rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation	1,045,000	1,035,000
% change in the present value of the total obligation	0.50%	-0.50%
Post Retirement Mortality Assumption		
Adjustment to mortality age rating assumption*	-1yr	+1yr
Present value of the total obligation	1,113,000	969,000
% change in the present value of the total obligation	7.00%	-6.80%

\* A rating of +1 year means that members are assumed to follow the mortality pattern of the base table above for an individual that is 1 year older than that.

	Note	2018/19 %	2017/18 %
Government Bonds		40.70%	34.10%
Cash		59.30%	65.90%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>

<b>Mortality assumptions:</b>		
Members aged 85 at accounting date	Years	Years
Men	6.9	6.9
Women	7.8	7.7

Inflation/Pension Increase Rate	2.20%	2.10%
Discount Rate	2.40%	2.60%

#### Gas Pension Fund

The Gas Pension Fund is maintained to provide for future pension payments to the beneficiaries, the objective being to maintain a fund sufficient to provide all future anticipated payments. No contributions are currently being paid and there are no service members accruing further benefits. Members' benefits are guaranteed by statute. Should the Fund's assets not be sufficient to provide all the benefits, the residual liability for pension payments would fall on Belfast City Council.

The current market value of the Fund at 31 March 2019 is assessed by the Council's actuaries, Aon Hewitt and is disclosed above. The Fund's Financial Statements outlined below do not take account of liabilities to pay pensions and other benefits after 31 March 2019.

At 31 March 2019 there were 25 pensioners left in the Gas Pensions Fund and the balances relating to the Gas Pension Fund are fully consolidated in the Group financial statements.

INCOME AND EXPENDITURE STATEMENT	31/03/2019	31/03/2018
	£	£
<b>INCOME:</b>		
Investment Income	9,753	9,235
<b>EXPENDITURE</b>		
Pensions Paid	(206,035)	(234,757)
Administration Expenses	(10,230)	(5,699)
<b>Surplus/(Deficit) for the Year</b>	<b>(206,512)</b>	<b>(231,221)</b>
<b>NET ASSET MOVEMENTS</b>		
Brought forward balance at 01.04.2017	1,106,441	1,337,519
Unrealised gain at 01.04.2018	166,625	179,028
<b>Opening Value of Fund</b>	<b>1,273,066</b>	<b>1,516,547</b>
Add Contribution from City Council		
Add surplus/(deficit) for the year	(206,512)	(231,221)
<b>CHANGE IN MARKET VALUES OF INVESTMENTS</b>		
Realised gain for year	0	0
Unrealised gain/(loss) for year	(1,461)	(12,260)
<b>Closing value of fund</b>	<b>1,065,093</b>	<b>1,273,066</b>
<b>FINANCED BY:</b>		
UK Index Linked Investments	431,725	433,182
Cash deposits and at bank	629,560	836,071
Debtors	3,808	3,813
	1,065,093	1,273,066
Bank Balance	-	-
Creditors	-	-
<b>Closing value of fund</b>	<b>1,065,093</b>	<b>1,273,066</b>

Summary Net Asset/Liability recognised on the Balance Sheet	31/03/2019	31/03/2018
Northern Ireland Local Government Officer's Pension Fund	(144,114,942)	(134,948,942)
Gas Pension Fund	21,000	60,000
Belfast Waterfront & Ulster Hall Limited	(2,267,000)	(2,059,000)
<b>Total Net Asset/Liability recognised on the Balance Sheet</b>	<b>(146,360,942)</b>	<b>(136,947,942)</b>

The figures above include a pension liability in respect of Belfast Waterfront & Ulster Hall Limited (BWUH Ltd). BWUH Ltd became a participating employer in the NIGOSC scheme on 1 April 2016. Belfast City Council has agreed to include and disclose the net liability under this scheme up to 31 March 2019 within the net liability total for Belfast City Council.

#### Allowance for the McCloud Judgement and GMP Indexation / Equalisation

The above amounts include an estimated allowance for additional liabilities that are now probable arising from the McCloud Judgement and GMP Indexation and Equalisation cases outlined below.

The additional liability is shown as a Past Service Cost over the accounting period based on an effective date of 31 March 2019.

#### McCloud Judgement

In December 2018 the Court of Appeal ruled in the 'McCloud/Sargeant' judgement that the transitional protection arrangements put in place when the Firefighters' and Judges' pension schemes were reformed were age discriminatory. The Government applied to the Supreme Court for permission to appeal this judgement, however the Supreme Court rejected the request on 27 June 2019. The next stage is for the case to be referred to the Employment Tribunal to agree the remedy, following appropriate consultation.

While the judgement was not in relation to members with Local Government Pension Scheme (NI) benefits it would be reasonable to assume that the Government will now seek remedy for all public sector schemes, including Local Government Pension Scheme (NI).

The additional liability was calculated to be 3.2% of the Council's active liabilities using a salary increase assumption of 1.5% above CPI inflation (as used for employers in the Northern Ireland Local Government Officer's Pension Fund), and less than 0.1% of the active liabilities where salaries were assumed to increase in line with CPI inflation.

#### GMP Indexation and Equalisation

Guaranteed Minimum Pension (GMP) is a portion of pension that is payable to members who were contracted out of the State Second Pension and accrued benefits in the scheme between 6 April 1978 and 5 April 1997. The LGPS (NI) was contracted out.

The GMP was intended to approximately replace the State Pension which members were giving up, however the payment terms of GMP are different between men and women, which was a consequence of the state pension itself being unequal at that time. On 26 October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs is required.

The estimated liability has been based on a typical Local Government pension fund to quantify the value of fully indexing GMPs in line with CPI inflation for those reaching State Pension Age after 5 December 2018. This was calculated to be 0.3% of the liabilities / defined benefit obligation.

21	Donated Assets Account	Note	2018/19 £	2017/18 £
	Opening balance		10,001	10,001
	Add: new donated assets received (condition of use not met)		430,000	-
	Less: amounts released to the District Fund - Comprehensive Income and Expenditure Account		(10,000)	-
			430,001	10,001

#### Analysis of Donated Assets Account

The balance of the Donated Assets Account represents donations received that have yet to be recognised as income, as they have conditions attached to them, which will require the donated assets to be returned, if conditions are not met. The balances at the year end are as follows:

Donated Assets Account	Note	2018/19 £	2017/18 £
Animal Welfare Van		-	10,000
Councillor Samuel Turpin Mercer Portrait		1	1
Neil Shawcross "Writers of Belfast" collection		430,000	-
		430,001	10,001

Capital Receipts Unapplied	Note	2018/19 £	2017/18 £
Opening balance		250,000	-
Add: new capital grants received in advance (condition of use not met)		-	250,000
Less: amounts released		(133,188)	0
		116,812	250,000

The amount of £250k in capital receipts unapplied relates to the proceeds from a disposal to the NIHE of which £133k has been used to finance a playground.

22	Capital Grants Received in Advance	Note	2018/19 £	2017/18 £
	Opening balance		997,132	623,323
	Add: new capital grants received in advance (condition of use not met)		-	437,058
	Less: amounts released to the Comprehensive Income and Expenditure Statement other projects		(52,829)	
	Less: amounts released to the Comprehensive Income and Expenditure Statement		(42,432)	(63,249)
			901,871	997,132

#### Analysis of Capital Grants Receipts in Advance Balance

The balance of Capital Grants Receipts in Advance represents grants received that have yet to be recognised as income, as they have conditions attached to them, which will require the grant to be repaid, if conditions are not met. The balances at the year end are as follows:

Capital Grants Receipts in Advance	Note	2018/19 £	2017/18 £
Whiterock Community Garden Allotments		483	483
BSC 7 Alleygates Lenadoon		-	5,705
BSC Alleygates Divis		499	10,147
BSC Bikes Lower Oldpark		6,700	14,127
BSC Bikes Lower Falls		9,744	24,416
BSC Bikes Lower Shankill		9,859	17,286
BSC 26 Alleygates Lenadoon		769	10,417
Lisnashamagh Leisure Centre		500,000	500,000
Springfield Dam		373,817	414,551
		901,871	997,132

#### 23 Contingencies

##### Residential Waste Treatment Project

The arc21 Joint Committee has, with the approval of their Participant Councils, entered into a Contingent Liability Undertaking with the bidding consortium in the procurement for the Residential Waste Treatment Project. Payments made, if any, in accordance with this undertaking will be funded by the Participant Councils.

##### Landfill Site

The financial provision for the capping and annual monitoring cost of the landfill site, required to meet the Council's environmental obligations under the NIEA licence, has been agreed on a Local Authority Deed and disclosed in Note 18. The remaining area not covered by NIEA licence may require specific capping depending on the future use of this land. The impact of any future capping of this area on the liabilities of Belfast City Council is uncertain and therefore no provision for any such costs has been made.

24 Other cash flow disclosures  
a Analysis of Adjustments to Surplus/Deficit on the Provision of Services

Adjustment to surplus or deficit on the provision of services for noncash movements	Notes	2018/19 £	2017/18 (Restated) £
Depreciation	11	18,313,014	16,626,647
Impairment & downward revaluations (& non-sale derecognitions)	11	(6,312,957)	3,291,888
Amortisation (included with depreciation above)		-	-
(Increase)/Decrease in inventories		49,874	(30,449)
(Increase)/Decrease in Debtors		1,345,562	4,517,259
Increase/(decrease) in impairment provision for bad debts		(170,658)	36,777
Increase/(Decrease) in Creditors		4,911,557	(1,841,256)
Increase/(Decrease) in Interest Creditors		-	-
Payments to NILGOSC	20	24,489,000	10,071,000
Carrying amount of non-current assets sold	8a, 11e	350,000	8,612,078
AIC/WIP written off to Net Cost of Services		-	-
Contributions to Other Reserves/Provisions		3,572,747	1,684,026
Movement in value of investment properties-included above in Impairment & downward revaluations (& non-sale derecognitions)		-	-
Amounts posted to CIES from Donated Assets Account	21	(10,000)	-
Contract Costs		-	-
Contract Assets		-	-
Contract Liabilities		-	-
Deferred revenue		-	-
		46,538,139	42,967,970

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing	Notes	2018/19 £	2017/18 £
Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		89,928	276,792
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		-	-
Proceeds from the sale of PP&E, investment property and intangible assets		(430,080)	(3,445,146)
Capital grants included in "Taxation & non-specific grant income"		(3,052,865)	(2,541,228)
		(3,393,017)	(5,709,582)

**b Cash and Cash Equivalents**

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in bank and short term deposits and investments (considered to be cash equivalents), net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the Balance Sheet as follows:

	2018/19	2017/18
	£	£
Cash and Bank balances	6,574,416	1,918,212
Short Term Deposits (considered to be Cash Equivalents)	17,000,000	8,500,000
Short Term Investments (considered to be Cash Equivalents)	-	-
Bank Overdraft	-	-
	<b>23,574,416</b>	<b>10,418,212</b>

There is currently a balance of £1,806,778 held within an escrow bank account with the BIG Lottery Fund in relation to the funding of the Connswater Greenway project. This balance is intended for future use within this wider project and funding will be drawn down accordingly. This balance is not included in the above total.

**d Cash flows from Investing Activities**

	2018/19	2017/18
	£	£
Purchase of PP&E, investment property and intangible assets	39,773,615	21,019,574
Purchase of Short Term Investments (not considered to be cash equivalents)	-	-
Purchase of Long Term Investments	89,928	276,792
Other Payments for Investing Activities	1,733,342	1,682,860
Proceeds from the sale of PP&E, investment property and intangible assets	(430,080)	(3,445,146)
Proceeds from Short Term Investments (not considered to be cash equivalents)	-	-
Proceeds from Long Term Investments	-	-
Capital Grants and Contributions Received	(3,052,865)	(2,541,228)
Other Receipts from Investing Activities	-	-
<b>Net Cash flows from Investing Activities</b>	<b>38,113,940</b>	<b>16,992,852</b>

e Cash flows from Financing Activities	2018/19	2017/18
	£	£
Cash Receipts from Short and Long Term Borrowing	65,000,000	5,000,000
Other Receipts from Financing Activities	-	-
Cash payments for the reduction of the outstanding liability relating to a finance lease and on-Balance Sheet PFI contracts	-	-
Repayment of Short and Long Term Borrowing	(38,874,042)	(4,844,736)
Other payments for Financing Activities	-	-
<b>Net Cash flows from Financing Activities</b>	<b>26,125,958</b>	<b>155,264</b>

## 25 Usable Reserves

### a Capital Receipts Reserve

These are capital receipts which have originated primarily from the sale of assets which have not yet been used to finance capital expenditure.

The Capital Receipts Reserve is credited with the proceeds from fixed asset sales and other monies defined by statute as capital receipts. These are originally credited to the Comprehensive Income and Expenditure Statement as part of the gain/loss on disposal and posted out via the Movement in Reserves Statement to the Capital Receipts Reserve. The reserve is written down when resources are applied to finance new capital expenditure or set aside to reduce an authority's capital financing requirement (or used for other purposes permitted by statute).

Capital Receipts Reserve	Notes	31/03/2019	31/03/2018
		£	£
<b>At 1 April</b>		4,739,457	1,632,457
<b>Movement</b>			
Transfers between statutory & other reserves & the General Fund		-	-
Disposal of Non Current Assets/ Capital Sales	8e	400,000	3,107,000
Capital Receipts used to finance capital expenditure		-	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		-	(26,160)
Other Movements		61,000	26,160
<b>At 31 March</b>		<b>5,200,457</b>	<b>4,739,457</b>

### b Capital Grants Unapplied Account

Where a capital grant or contribution (or part thereof) has been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant or contribution shall be transferred to the Capital Grants Unapplied Account (within the usable reserves section of the balance sheet), reflecting its status as a capital resource available to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

When, at a future date, the expenditure to be financed from the grant or contribution is incurred, the grant or contribution (or part thereof) shall be transferred from the Capital Grants Unapplied Account to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer is also reported in the Movement in Reserves Statement or in the notes to the accounts.

Capital Grants Unapplied account	Notes	31/03/2019	31/03/2018
		£	£
<b>At 1 April</b>		-	-
<b>Movement</b>			
Unapplied Capital Grants received in year		-	-
Unapplied Capital Grants transferred to CAA in year		-	-
<b>At 31 March</b>		<b>-</b>	<b>-</b>

## c Capital Fund

This fund is authorised under Section 9 of Part 1 of the Local Government Finance Act (Northern Ireland) 2011.

Capital Fund	Notes	31/03/2019 £	31/03/2018 £
At 1 April		25,669,445	24,567,205
Transfers between statutory & other reserves & the General Fund	4b	(247,604)	1,514,399
Financing from CCIF		(43,762)	(135,367)
Transfers between Capital Fund & CAA to finance Capital Expenditure	12	(89,928)	(276,792)
<b>At 31 March</b>		<b>25,288,151</b>	<b>25,669,445</b>
		£	£
Local Investment Fund		1,425,280	2,301,028
Belfast Investment Fund		5,559,723	4,080,715
City Centre Investment Fund		15,154,012	15,287,702
Social Outcomes Fund		3,149,136	4,000,000
<b>Total</b>		<b>25,288,151</b>	<b>25,669,445</b>

The movement and purpose of these funds is outlined below:

Local Investment Fund		31/03/2019 £	31/03/2018 £
Opening balance		2,301,028	4,056,629
Add: new contributions to fund			-
Less: financing drawn down from fund	4b	(875,748)	(1,755,601)
<b>At 31 March</b>		<b>1,425,280</b>	<b>2,301,028</b>

Local Investment Fund (LIF) is a key part of the Investment Programme that provides funding for smaller initiatives focusing on physical work on buildings or facilities within communities. The balance on this fund as at 31 March 2019 is £1,425,280.

Belfast Investment Fund		31/03/2019 £	31/03/2018 £
Opening balance		4,080,715	3,810,715
Add: new contributions to fund	4b	3,270,000	3,270,000
Less: financing drawn down from fund	4b	(1,790,992)	
Less: transfer to Social Outcomes fund			(3,000,000)
<b>At 31 March</b>		<b>5,559,723</b>	<b>4,080,715</b>

There is a balance of £5,559,723 on the Belfast Investment Fund at year end 31 March 2019. This fund was established to support partnership projects across the City.

City Centre Investment Fund			31/03/2019	31/03/2018
			£	£
Opening balance			15,287,702	15,699,861
Add: new contributions to fund				
Less: amounts drawn down from fund			(133,690)	(412,159)
At 31 March			15,154,012	15,287,702

City Centre Investment Fund (CCIF) is a fund to support the Belfast City Centre Regeneration Investment Plans. The proposed investment principles for the CCIF are as follows:

- the project should make a significant impact on the City Centre economy in terms of "gross value added" and job creation
- the project should make positive and net contribution to the business rates income received by Belfast City Council

During the year Belfast City Council used this fund to support ongoing and potential City Centre regeneration projects. The balance on CCIF at year end 31 March 2019 is £15,154,012.

Social Outcomes Fund			31/03/2019	31/03/2018
			£	£
Opening balance			4,000,000	1,000,000
Add: transfer from Belfast Investment fund				3,000,000
Less: amounts drawn down from fund		4b	(850,864)	-
At 31 March			3,149,136	4,000,000

Social Outcomes Fund is set up to support City Centre projects which might not generate a direct financial return but which would enhance the overall City Centre offer and support the attraction of investment into the City Centre. The balance on this fund as at 31 March 2019 is £3,149,136.

#### d Leisure Mobilisation Fund

This fund is authorised under Section 9 of Part 1 of the Local Government Finance Act (Northern Ireland) 2011.

Leisure Mobilisation Fund		Notes	31/03/2019	31/03/2018
			£	£
At 1 April			1,704,334	1,945,000
Transfers between statutory & other reserves & the General Fund		4b	(262,632)	(240,666)
Transfers between Renewal & Repair Fund & CAA to finance Capital Expenditure		12	-	-
At 31 March			1,441,702	1,704,334

The Leisure Mobilisation Fund is a fund to support the Leisure Transformation Programme. This fund will cover programme level costs including communications, engagements and procurement costs.

**e Other Balances & Reserves**

Other Balances & Reserves		Notes	31/03/2019	31/03/2018
			£	£
At 1 April			867,527	640,929
Transfers between statutory & other reserves & the General Fund		4b	160,688	156,401
Transfer to BWUH Subvention Fund			153,029	169,638
Transfer to BWUH Subvention Fund			(117,325)	(99,441)
At 31 March			1,063,919	867,527

			£	£
Election Fund			674,607	513,919
BWUH Subvention Fund			322,667	169,638
BWUH Sinking Fund			66,645	183,970
Total			1,063,919	867,527

The movement and purpose of these funds is outlined below:

Election Fund			31/03/2019	31/03/2018
			£	£
Opening balance			513,919	357,518
Add: new contributions to fund		4b	160,688	156,401
Less: financing drawn down from fund			-	-
At 31 March			674,607	513,919

This reserve is used to equalise (smooth) the cost of elections by building up a fund to cover the costs of future elections by making contributions, as and when required, to the reverse.

BWUH Subvention Fund			31/03/2019	31/03/2018
			£	£
Opening balance			169,638	-
Add: new contributions to fund			300,903	300,903
Less: amounts drawn down from fund			(147,874)	(131,265)
At 31 March			322,667	169,638

BWUH Subvention Fund was established to support national and international corporate organisations in bringing their conferences to Belfast.

BWUH Sinking Fund			31/03/2019	31/03/2018
			£	£
Opening balance			183,970	283,411
Add: new contributions to fund			-	57,242
Less: amounts drawn down from fund			(117,325)	(156,683)
At 31 March			66,645	183,970

BWUH Sinking Fund is a fund to support planned maintenance and future capital works of the new exhibition centre at Waterfront Hall.

## f General Fund

This reserve shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from District Rates. Councils raise rates to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

General Fund	Notes	2018/19 £	2017/18 (Restated) £
At 1 April		24,408,596	20,989,452
Prior year adjustment			
Applied Capital Grants	10, 12	(3,052,865)	(2,541,228)
Unapplied Capital Grants received in year		-	-
Direct Revenue Financing	4, 12	(9,239,567)	(5,518,199)
Depreciation and Impairment adjustment	4	12,000,057	19,918,535
Statutory Provision for financing Capital Investment	4	(5,874,116)	(5,876,183)
Net Revenue expenditure funded from capital under statute	4, 12	-	-
Surplus/(Deficit) on the Provision of Services	CIES	(18,000,936)	(17,319,854)
Transfers between Statutory and Other Reserves and the General Fund	4	349,548	(1,430,134)
Net movements on Pension Reserve	4, 20	24,489,000	10,071,000
Disposal of Fixed Assets/Capital Sales	3, 4, 11, 23	(80,080)	5,166,932
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		71,299	213,542
Other Movements		726,052	734,733
At 31 March		25,796,988	24,408,596

This fund represents the surplus of income over expenditure. It can be used to supplement income and unexpected expenditure in future years. Of the £25,797k, £12,957k relates to expenditure committed at the year end (17/18 £24,408k, £10,738k committed).

**26 Unuseable Reserves**  
**Capital Adjustment Account**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement, with reconciling postings from the Revaluation Reserve to convert fair value figures to an historic cost basis.

The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Capital Adjustment Account	Notes	2018/19	2017/18 (Restated)
		£	£
At 1 April		460,487,377	470,929,509
Applied Capital Grants	10, 12	3,052,865	2,541,228
Unapplied Capital Grants transferred to CAA in year		-	-
Direct Revenue Financing	4, 12	9,239,567	5,518,199
Depreciation & Impairment adjustment	11	(12,000,057)	(19,918,535)
Statutory Provision for financing Capital Investment	4, 12	5,874,116	5,876,183
Net Revenue expenditure funded from Capital under	4, 12	-	-
Disposal of Fixed Assets/ Capital Sales	4, 11	(350,000)	(8,612,078)
Capital Receipts used to finance capital expenditure	4, 12	-	-
Other Movements		4,565,457	3,876,079
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure	12	89,928	276,792
<b>At 31 March</b>		<b>470,959,253</b>	<b>460,487,377</b>

## b Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The reserve is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2008, the date the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

The purpose of this account is to build up a balance based on the revaluation (upwards or downwards) of individual assets. All such revaluations (excluding impairment losses that have been debited to Surplus/(Deficit) on the Provision of Services are mirrored in Other Comprehensive Income and Expenditure. It is a fundamental principle of this account that it never becomes negative. If an asset was held at current value when derecognised, the balance held on the Revaluation Reserve is written off to the Capital Adjustment Account.

Revaluation Reserve	Notes	2018/19	2017/18
		£	£
At 1 April		159,528,493	138,508,289
Revaluation & Impairment	11	9,648,471	24,906,284
Movements from associates & joint ventures			-
Other Movements		(4,565,457)	(3,886,080)
At 31 March		164,611,507	159,528,493

## c Pension Reserve

Pension Reserve	Notes	2018/19	2017/18
		£	£
At 1 April		(136,947,942)	(125,832,942)
Net Movements on Pension Reserve	4, 20	(24,489,000)	(10,071,000)
Revaluation & Impairment	20	15,323,000	(1,014,000)
Gas pension & BWUH movement		(247,000)	(30,000)
At 31 March		(146,360,942)	(136,947,942)

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

**d Accumulated Absences Account**

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year e.g. staff annual leave entitlement carried forward at the end of the financial year. Statutory arrangements are expected to require that the impact on the General Fund is neutralised by transfers to or from this Accumulated Absences Account

Accumulated Absences Account	Notes	31/03/2019	31/03/2018
		£	£
At 1 April		(1,344,230)	(1,374,835)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		(13,595)	30,605
At 31 March		(1,357,825)	(1,344,230)

**e Provisions Discount Rate Reserve**

The Provisions Discount Rate Reserve covers the arrangement, put in place by the Department under its amendment to the 2017/18 accounts direction (see DfC circular LG 05/2018), to accommodate changes in the current value of the annual calculation of long term provisions for landfill costs, which arises as a result of changes to the interest rates used to discount these provisions and landfill cash flows being increased for inflation.

Provisions Discount Rate Reserve	Notes	31/03/2019	31/03/2018
		£	£
At 1 April		(217,987)	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		(57,704)	(217,987)
Other Movements		12,532	-
At 31 March		(263,159)	(217,987)

## 27 Significant Trading Operations

The Council considers a trading operation exists where the service it provides is competitive i.e the user always has the choice to use an alternative supplier to the Council and the Council charges the user on a basis other than a straightforward recharge of the Council's costs in supplying the service. The Council uses a variety of charging mechanisms such as quoted lump sums, fixed periodical charges or rates, or a combination of these.

In deciding whether a trading operation is significant the Council takes both financial and non-financial criteria into account.

Financial criteria taken into account in deciding whether trading operations are significant to the Council are:

- the magnitude of each individual trading operation's turnover when compared with the Council's net revenue budget
- the risk of financial loss the Council may be exposed to in providing the service to the user.

Non-financial criteria taken into account in deciding whether trading operations are significant to the Council are:

- the importance of each individual trading operation to demonstrating the achievement of Council targets and improving performance.
- the exposure of the Council to service reputational loss risk by providing the service
- whether the provision of the service is likely to be of interest to the Council's key stakeholders and their needs.

In applying the aforementioned criteria, the Council considers the letting of industrial estates to be a significant trading operation. The income and expenditure associated with these industrial estates is disclosed below:

Industrial Estate Lettings		2018/19	2017/18
		£	£
Rental Income		5,310,381	6,714,318
Rental Expenditure		(107,713)	(814,519)
<b>Net income</b>		<b>5,202,668</b>	<b>5,899,798</b>

These significant trading operations form part of Note 9e to these financial statements.

## 28 Agency Services

The Council provides administration services to Belfast One BID Ltd, Destination CQ BID Ltd and Belfast Central Business District. These entities pay an administration fee to the Council for these services. This fee amounted to £30,059 across the 3 entities (2017/18 £13k).

## 29 Joint Arrangements

During 2018/19 Belfast City Council made a financial contribution of £89,928 (17/18 £276,792) to Belltel LLP relating to the redevelopment of the Belfast Telegraph Building.

This contribution to LLP is included in the Long term Assets of Belfast City Council. This represents 46% of the net assets of the LLP which is included in Belfast City Council's consolidated balance sheet.

	2018/19	2017/18
	£	£
Long term assets	3,231,429	3,058,283
Current assets	242,435	188,179
Current liabilities	(37,005)	100,469
Long term liabilities	-	-
<b>Net Assets</b>	<b>3,436,859</b>	<b>3,346,931</b>

On 1 April 2016, the operations of Waterfront Hall and Ulster Hall were transferred to a company BWUH Limited. Belfast City Council hold the entire share capital of this company, 1 ordinary share at £1 each. Belfast City Council entered into an agreement with BWUH Limited under which the Council pays the company a management fee for the operation of Belfast Waterfront and Ulster Hall. Payments to and from the company are outlined in Note 30 f.

## 30 Related Party Transactions

A Related Party Transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related Party Transaction exclude transactions with any other entity that is a related party solely because of its economic dependence on the Council or the Government of which it forms part. A related party is one that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes cases where the related party entity and another entity are subject to common control but excludes providers of finance in the course of their normal business with the Council and Trade Unions in the course of their normal dealings with the Council. In addition where the relationship with the Council and the entity is solely that of an Agency (see note 28) these are not deemed to be Related Party Transactions.

As part of their duties, Councillors are appointed to represent the Council in a range of other organisations and further details of these arrangements can be found on the Council's website.

Transactions with related parties not disclosed elsewhere in these financial statements are set out below.

Councillors have direct control over the Council's financial and operating policies. In the 2018/19 financial year the Council commissioned £3,019,697 (2017/18 £2,412,431) of works and services from Visit Belfast in which Councillors have an interest. The Council entered into these contracts in full compliance with the Council's standing orders and codes of conduct.

The Council also paid grants of £1,403,026 (2017/18 £1,066,516) to a number of organisations in which Councillors and Council officers had an interest. These grants were made with proper consideration of declaration of interests.

During 2018/19 the Council had expenditure of £531,913 (2017/18 £263,533) with other Councils and income received of £1,508,972 (2017/18 £980,249) from other Councils, of which £58,122 (2017/18 £159,488) was outstanding at 31 March 2019. These amounts mainly related to services provided.

The Council also borrowed £30m from other Local Authorities within the UK. These loans were fully repaid by 31 March 2019.

### a Other Organisations

	Councillors	2018/19	Restated 2017/18
		£	£
Association of Port Health Authorities	1	222	1,248
Belfast City Centre Management Board	2	238,260	259,842
Belfast Harbour Commissioners	3	36,369	87,892
Belfast Hills P'ship	1	36,900	37,601
Board of Ulster Orchestra Society Ltd	1	319,253	308,363
Cathedral Quarter Trust	2	396,989	62,380
Concorde Community Centre Committee	2	240	600
Donegall Pass Community Centre Committee	3	600	0
Duncairn Community Centre Committee	4	0	600
Finaghy Community Centre Committee	2	0	600
Grand Opera House Trust	1	35,000	35,000
Greater Shankill Partnership Board	4	49,414	34,096
Highfield Community Centre Committee	2	0	600
Knocknagoney Community Centre Committee	5	1,420	2,329
Lagan Valley Regional Park Advisory Committee	2	0	2,360
Ligoniel Community Centre Committee	1	0	600
Linenhall Library Board	1	35,835	35,357
Local Strategic Partnership on Travellers Issues	2	1,000	0
Lyric Theatre Education Advisory Panel	2	150,978	100,000
Morton Community Centre Committee	4	0	600
National Association of Councillors	6	3,560	3,560
NI Amenity Council	1	4,660	0
NI Local Government Association	9	90,434	91,088
Somme Advisory Council	3	1,894	1,200
Visit Belfast	4	3,019,697	2,412,431
Woodvale Community Centre Committee	2	0	600
<b>At 31 March</b>		<b>4,422,723</b>	<b>3,478,947</b>

**b Payments to Community Groups**

Belfast City Council made payments to the following Community Groups that have Councillors as part of their committee structure;

Councillors		2018/19	2017/18
		£	£
East Belfast Partnership Board	8	20,500	32,500
South Belfast Partnership Board	5	20,220	32,937
West Belfast Partnership Board	7	8,784	3,872
		49,504	69,309

**c Joint Committees**

Belfast City Council made payments to the following Joint Committees;

Councillors		2018/19	2017/18
		£	£
Arc 21	1	7,517,584	7,989,377

The origins of arc21 can be traced back to June 1999, when a small number of Council representatives agreed that a joint approach was the best way to deliver an effective waste management strategy for the region. By 2000, 11 Councils had joined together from the eastern Region Waste Management Group, which was eventually renamed arc21.

**d Active Belfast Limited**

Belfast City Council with Active Belfast Limited entered into an agreement with GLL for the provision of leisure services. These financial statements include expenses of £7,269,390 (2017/18 £8,606,329) for the provision of these services in the year ended 31 March 2019.

**e Car Loans to Council Officers**

The Council makes car loans available to employees who are designated essential car users. The total amount outstanding in respect of car loans to designated employees as at 31 March 2019 was £116,107 (2017/18 £117,698).

**f Belfast Waterfront and Ulster Hall Limited**

With effect from 1 April 2016 the Council transferred the operations of Belfast Waterfront Hall and Ulster Hall to a new company BWUH Limited with the Council being the sole shareholder in this new company. During 2018/19 the Council invoiced BWUH Ltd for £2,189,993 for expenditure incurred on its behalf and also received invoices from the Company for £3,359,644 mainly for the management fee. At 31 March 2019, £182,811 was owed to the company by the Council and £132,142 receivable from the company.

**g Beitel LLP**

During 2018/19, Belfast City Council made a financial contribution of £89,928 (17/18 £276,792) to Beitel LLP relating to the redevelopment of the Belfast Telegraph Building (as outlined in Note 29). The Council is represented by two officers on the Management Board of the LLP and Timec 1523 Limited is also represented by two members on the Management Board.

Community assets are assets that the Council intends to hold in perpetuity, that have no determinable useful life, and which may, in addition, have restrictions on their disposal. The Council includes in this class of assets such properties as allotments and community gardens, cemeteries, some monuments, open ground spaces, parks and playgrounds. These comprise substantial areas within the Council area and form a significant amenity value to the life of the local community.

In financial years up to and including the financial year 2017-18, which ended on 31 March 2018, the council's accounting policy for the recognition and measurement of community assets was at a nominal value of £1 per asset, under the valuation option contained in the "Code of Practice on Local Authority Accounting in the United Kingdom" (the Code). The effect of this policy was that any capital expenditure on community assets was not reflected in their carrying value.

During the course of financial year 2018-19, the Council reviewed its accounting policy for community assets and so adopted the historic cost option, where applicable, for the recognition and measurement of community assets as set out in the Code. This was to present more clearly to users of the Council's financial statements the amount of resources invested by the Council in its community assets.

The revised accounting policy on community assets is intended to take effect from the earliest presented balance sheet contained in the 2018-19 financial statements. Thus, from 1 April 2017, community assets will be recognised, measured and accounted for at their depreciated historic cost. Community assets that consist of land or that have an indeterminate useful life will not be depreciated but will be subject to annual review for impairment. Community assets that are depreciable and have a determinable useful life will be depreciated systematically at a constant (straight line) rate over their useful lives, as well as being subject to impairment review if there is evidence of excessive deterioration or that their value to the Council is below their then carrying value. Depreciation will be charged on an annual basis to the relevant service of the Council that controls the community asset, and so will form part of the annual depreciation charge to the CIES for that service.

Due to the difficulty in determining a reliable estimate of the useful lives of these assets, the Council has decided on a pragmatic approach to re-life depreciable assets as at the commencement of the new policy from 1 April 2017, until these assets fall to be included in the annual property asset inspection cycle as part of the council's property valuation approach. Community assets with depreciable components will be re-lifed from 1 April 2017 as follows: 10 years for playgrounds, 30 years for infrastructure assets; an appropriate period for other depreciable assets dependent on individual characteristics.

The Code states that "historical cost is deemed to be carrying amount of an asset as at 1 April 2007 or at the date of acquisition, whichever date is the later, and adjusted for subsequent depreciation or impairment (if applicable)". The amount of capital expenditure on community assets that was previously written off to the CIES but has now been reinstated to the historic cost of these assets is £44.8 million, being the sum of: (a) capital expenditure on community assets recognised between when the Code came into operation on 1 April 2007 and 31 March 2017; plus (b) the historic cost of assets transferred to Belfast City Council from other local authorities on 1 April 2015 as part of Local Government Reorganisation.

The Balance Sheet values of community assets as recognised and measured at their restated depreciated historic cost values are presented below as at 1 April 2017 and 31 March 2018, along with the impact that these restated values would have had on the CIES.

	2017/18 £
<b><u>COST OR VALUATION</u></b>	
Carrying value of community assets as at 31 March 2017 as previously reported	257
Write back cumulative capital expenditure 1 April 2007 to 31 March 2017	<u>43,106,852</u>
<b>Carrying value of community assets as at 31 March 2017 restated</b>	<b>43,107,109</b>
Add: additions for the year and transfers in from work in progress	1,322,426
Add: assets reclassified to community assets from other asset classes	437,569
Less: asset transferred from community assets to other asset class	-1
Less: assets derecognised during the year	-3
Less: write out revaluation reserve on assets transferred from operational assets held at current valuation to community assets held at historic cost	<u>0</u>
<b>Gross book value of community assets as at 31 March 2018 restated</b>	<b><u>44,867,100</u></b>
<b><u>DEPRECIATION</u></b>	
Less: accumulated historic cost depreciation on asset reclassified to community assets from other asset classes	-77,064
Less: historic cost depreciation for the year 2017-18	<u>-1,366,827</u>
<b>Accumulated historic cost depreciation on community assets as at 31 March 2018 restated:</b>	<b><u>-1,443,891</u></b>
<b>Net book value of community assets as at 31 March 2018 restated</b>	<b><u>43,423,209</u></b>

<b>SUMMARY MOVEMENTS ON RESTATEMENT</b>	2017/18 £
<b><u>COST OR VALUATION</u></b>	
Carrying value of community assets as at 31 March 2017 as previously reported	257
Write back cumulative capital expenditure 1 April 2007 to 31 March 2017	43,106,852
Movement in 2017/18	<u>316,100</u>
<b>Net book value of community assets as at 31 March 2018 restated</b>	<b><u>43,423,209</u></b>

**Belfast City Council**  
**Group Movement in Reserves Statement for the year ended 31 March 2019**

	General Fund Summary £ Restated	Other Fund Balances and Reserves £	Capital Receipts Reserve £	Total Usable Reserves £ Restated	Total Unusable Reserves £	Total Council Reserves £ Restated
<b>Balance as at 1 April 2017</b>	<b>20,985,750</b>	<b>27,153,134</b>	<b>1,632,457</b>	<b>49,771,341</b>	<b>482,230,021</b>	<b>532,001,362</b>
<b>Movement in reserves during the year</b>						
Surplus/ (Deficit) on the provision of services	(17,743,656)	-	-	(17,743,656)	-	(17,743,656)
Other Comprehensive Income and Expenditure	-	-	-	-	23,892,284	23,892,284
<b>Total Comprehensive Income and Expenditure</b>	<b>(17,743,656)</b>	<b>-</b>	<b>-</b>	<b>(17,743,656)</b>	<b>23,892,284</b>	<b>6,148,628</b>
Adjustments between accounting basis & funding under regulations	21,853,201	(276,792)	3,107,000	24,683,409	(24,368,607)	314,802
<b>Net increase before transfers to Statutory and Other Reserves</b>	<b>4,109,545</b>	<b>(276,792)</b>	<b>3,107,000</b>	<b>6,939,753</b>	<b>(476,323)</b>	<b>6,463,430</b>
Transfers to / from Statutory and Other Reserves	(1,430,134)	1,430,134	-	-	-	-
Other movements	739,734	(65,170)	-	674,564	(247,987)	426,577
<b>Increase/ Decrease in year</b>	<b>3,419,145</b>	<b>1,088,172</b>	<b>3,107,000</b>	<b>7,614,317</b>	<b>(724,310)</b>	<b>6,890,007</b>
<b>Balance as at 31 March 2018</b>	<b>24,404,895</b>	<b>28,241,306</b>	<b>4,739,457</b>	<b>57,385,658</b>	<b>481,505,711</b>	<b>538,891,369</b>
<b>Movement in reserves during the year</b>						
Surplus/ (Deficit) on the provision of services	(18,469,670)	-	-	(18,469,670)	-	(18,469,670)
Other Comprehensive Income and Expenditure	-	-	-	-	24,971,471	24,971,471
<b>Total Comprehensive Income and Expenditure</b>	<b>(18,469,670)</b>	<b>-</b>	<b>-</b>	<b>(18,469,670)</b>	<b>24,971,471</b>	<b>6,501,801</b>
Adjustments between accounting basis & funding under regulations	18,744,640	(89,928)	400,000	19,054,712	(18,583,644)	471,068
<b>Net increase before transfers to Statutory and Other Reserves</b>	<b>274,970</b>	<b>(89,928)</b>	<b>400,000</b>	<b>585,042</b>	<b>6,387,827</b>	<b>6,972,869</b>
Transfers to / from Statutory and Other Reserves	349,548	(349,548)	-	-	-	-
Other movements	774,052	(8,058)	61,000	826,994	(304,704)	522,290
<b>Increase in year</b>	<b>1,398,570</b>	<b>(447,534)</b>	<b>461,000</b>	<b>1,412,036</b>	<b>6,083,123</b>	<b>7,495,159</b>
<b>Balance as at 31 March 2019</b>	<b>25,803,465</b>	<b>27,793,772</b>	<b>5,200,457</b>	<b>58,797,694</b>	<b>487,588,834</b>	<b>546,386,528</b>

**Belfast City Council**

Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2019

		2018/19			2017/18		
		Gross	Gross Income	Net Expenditure	Gross Restated	Gross Income	Net Expenditure Restated
	Notes	£	£	£	£	£	£
<b>Service Expenditure</b>							
Strategic Policy & Resources	2	78,594,231	(11,644,878)	66,949,353	62,655,671	(9,437,721)	53,217,950
City Growth & Regeneration	2	39,095,072	(15,365,940)	23,729,132	36,703,673	(15,897,316)	20,806,357
People & Communities	2	112,535,363	(16,091,022)	96,444,341	106,581,903	(15,984,609)	90,597,294
Planning & Licensing	2	8,527,144	(6,208,226)	2,318,918	7,835,696	(5,595,361)	2,240,335
<b>Cost of Services on Continuing Operations</b>		<b>238,751,810</b>	<b>(49,310,066)</b>	<b>189,441,744</b>	<b>213,776,943</b>	<b>(46,915,007)</b>	<b>166,861,936</b>
Other Operating Expenditure	8	-	(30,080)	(30,080)	5,166,932	-	5,166,932
Financing and Investment Income and Expenditure	9	6,122,753	(13,984,884)	(7,862,131)	10,651,076	(6,894,671)	3,756,405
<b>Net Operating Expenditure</b>		<b>244,874,563</b>	<b>(63,325,030)</b>	<b>181,549,533</b>	<b>229,594,951</b>	<b>(53,809,678)</b>	<b>175,785,273</b>
Taxation and Non-Specific Grant Income	10	(91,683)	(162,988,180)	(163,079,863)	(21,440)	(158,020,177)	(158,041,617)
<b>(Surplus)/Deficit on the Provision of Services</b>		<b>244,782,880</b>	<b>(226,313,210)</b>	<b>18,469,670</b>	<b>229,573,511</b>	<b>(211,829,855)</b>	<b>17,743,656</b>
(Surplus)/Deficit on revaluation of non-current assets	11			(9,648,471)			(24,906,284)
Surplus/(Deficit) arising on revaluation of available-for-sale financial assets	27			-			-
Remeasurements of the Net Defined Benefit Liability (Asset)	21			(15,323,000)			1,014,000
<b>Other Comprehensive Income and Expenditure</b>				<b>(24,971,471)</b>			<b>(23,892,284)</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>(6,501,801)</b>			<b>(6,148,628)</b>

**Belfast City Council**  
**Group Balance Sheet as at 31 March 2019**

	Note	31st March 2019	31st March 2018 Restated	31st March 2017 Restated
		£	£	£
Fixed Assets		750,563,883	714,213,624	692,339,626
Long Term Investments		431,000	433,000	445,585
Investment in Associates and Joint Ventures		-	-	-
Long Term Debtors		603,659	1,137,030	1,296,062
Contract Assets		-	-	-
<b>LONG TERM ASSETS</b>		<b>751,598,542</b>	<b>715,783,654</b>	<b>694,081,273</b>
Short Term Investments		-	-	-
Inventories		276,291	326,164	295,715
Short Term Debtors		16,367,024	16,772,757	22,063,079
Cash and Cash Equivalents		27,866,068	14,490,997	11,052,247
Assets Held for Sale		266,607	-	3,197,000
Contract Assets		1,947,969	1,503,004	767,259
Contract Costs		-	-	-
<b>CURRENT ASSETS</b>		<b>46,723,959</b>	<b>33,092,922</b>	<b>37,375,300</b>
Bank Overdraft		-	-	-
Short Term Borrowing		4,000,000	4,158,529	163,482
Short Term Creditors		36,502,814	30,300,049	31,997,062
Provisions		2,894,851	2,906,973	2,584,680
Contract Liabilities		-	-	-
<b>CURRENT LIABILITIES</b>		<b>43,397,665</b>	<b>37,365,551</b>	<b>34,745,224</b>
Long Term Creditors		50,386	60,848	82,707
Provisions		1,789,315	1,749,239	1,716,737
Long Term Borrowing		58,888,981	32,604,494	36,444,276
Other Long Term Liabilities		146,360,942	136,947,942	125,832,942
Contract Liabilities		-	-	-
Donated Assets Account		430,001	10,001	10,001
Capital Grants Receipts in Advance		1,018,683	1,247,132	623,323
<b>LONG TERM LIABILITIES</b>		<b>208,538,308</b>	<b>172,619,656</b>	<b>164,709,986</b>
<b>NET ASSETS</b>		<b>546,386,528</b>	<b>538,891,369</b>	<b>532,001,363</b>
<b>USABLE RESERVES</b>				
Capital Receipts Reserve		5,200,457	4,739,457	1,632,457
Capital Fund		25,288,151	25,669,445	24,567,205
Leisure Mobilisation Fund		1,441,702	1,704,334	1,945,000
Other Balances and Reserves		1,063,919	867,527	640,929
General Fund		25,803,465	24,404,895	20,985,750
		<b>58,797,694</b>	<b>57,385,658</b>	<b>49,771,341</b>
<b>UNUSABLE RESERVES</b>				
Capital Adjustment Account		470,959,253	460,487,377	470,929,510
Revaluation Reserve		164,611,507	159,528,493	138,508,289
Pensions Reserve		(146,360,942)	(136,947,942)	(125,832,942)
Accumulated Absences Account		(1,357,825)	(1,344,230)	(1,374,835)
Provisions Discount Rate Reserve		(263,159)	(217,987)	-
		<b>487,588,834</b>	<b>481,505,711</b>	<b>482,230,022</b>
<b>NET WORTH</b>		<b>546,386,528</b>	<b>538,891,369</b>	<b>532,001,363</b>

Belfast City Council  
Group Cash Flow Statement at 31 March 2019

	Note	2018/19	2017/18
		£	£
Net Deficit on the provision of services		(18,469,670)	(17,743,656)
Adjustment for non-cash movements		48,275,099	44,163,622
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(3,393,017)	(5,709,582)
<b>Net cash flows from operating activities</b>		<b>26,412,412</b>	<b>20,710,384</b>
Cash flows from Investing Activities		(39,163,299)	(17,426,898)
Net Cash flows from Financing Activities		26,125,958	155,264
<b>Net increase or decrease in cash and cash equivalents</b>		<b>13,375,071</b>	<b>3,438,750</b>
Cash and cash equivalents at the beginning of the reporting period		14,490,997	11,052,247
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>27,866,068</b>	<b>14,490,997</b>

**Belfast City Council**  
**Notes to the Group Financial Statements**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**G1 Group Accounts**

The Group Accounting Policies are the same as the Council policies and have not been repeated again in these Notes. The exception to this is in relation to Retirement Benefits which have been treated in BWUH Limited as a defined contribution scheme as the liabilities of the NILGOSC scheme remain with Belfast City Council and have been disclosed in Belfast City Council's financial statements.

Since there are no significant changes to the Consolidated Group Balance Sheet as compared to the Council's Balance Sheet, only those notes affected by group transactions have been included.

**G2 Combining Entities**  
**Belfast Waterfront Ulster Hall Limited ( BWUH Ltd)**

Belfast Waterfront Ulster Hall Limited is a company incorporated under the terms of the Companies Acts to operate the Belfast Waterfront and Ulster Hall. The Authority is the principal shareholder in the company holding 1 ordinary £1 shares and representing 100% of the issued share capital. Under accounting standards, the Authority has a controlling interest in this company. The financial results for the company have been included in the group accounts as a subsidiary.

Net assets of the company were £6.5k at 31 March 2019. The profit on ordinary activities before taxation for the period to 31 March 2019 was £19.9k. No dividend payments were due to, or received by, the Authority in respect of its investment.

As noted in Note 20, the pension liability of BWUH Limited is included in the pension liability of Belfast City Council.

The latest set of accounts is for the year to 31 March 2019 has an unqualified audit certificate.

**BELTEL LLP**

For the purposes of economic regeneration as part of the City Centre Regeneration objectives the Council made a financial contribution in the form of a loan of now totalling £3,436,859 as at year ended 31 March 2019, to Beltel LLP relating to the redevelopment of the Belfast Telegraph building. This contribution represents 46% of the net assets of Beltel LLP which have been included in the Council's group balance sheet and the breakdown of the net assets is included in Note 29 Joint Arrangements.

**Gas Pension Fund**

The asset of £21,000 in respect of the Gas Pension Fund is disclosed and recognised in Belfast City Council's balance sheet and Note 20 Retirement Benefits disclosures. The Group balance sheet has included the assets and liabilities giving rise to this asset:

	£
Long term assets	431,725
Current assets	633,368
Long term liabilities	1,044,093
Net asset	21,000

The Council has not consolidated its interests in Active Belfast Limited, Belfast Gasworks Management Co Ltd and Arc21 as the Council's share of these balance sheets is not deemed material to the group accounts at this point in time.

**Financial Impact of combination**

The effect of the inclusion of the subsidiaries and associates in 2018/19 was to increase the Council's reserves and net assets by £6.5k representing the net asset in the consolidating entities.

**G3 Adjustments between an Accounting Basis and Funding Basis under Regulations**

Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:

Notes	2018/19		2017/18	
	£	£	£	£
<b>Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:</b>				
Impairments (losses & reversals) of non-current assets	-	-	-	-
Derecognition (other than disposal) of non-current assets	-	-	-	-
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	(6,312,957)		3,291,888	
Depreciation charged in the year on non-current assets funded from capital under statute	18,382,926	12,069,969	16,640,449	19,932,337
Carrying amount of non current assets sold	350,000		8,612,078	
Proceeds from the sale of PP&E, investment property and intangible assets	(430,080)	(80,080)	(3,445,146)	5,166,932
Difference between finance costs calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		-		-
Net charges made for retirement benefits in accordance with IAS 19		39,630,000		24,417,000
Direct revenue financing of Capital Expenditure		(9,239,567)		(5,518,199)
Capital Grants and Donated Assets Receivable and Applied in year		(2,919,677)		(2,541,228)
Capital Grants Receivable and Unapplied in year		(133,188)		-
Rates Claw-Back Reserve		-		-
Adjustments in relation to Short-term compensated absences		13,595		(30,605)
Adjustments in relation to Lessor Arrangements		-		26,160
Provisions Discount Rate Reserve Adjustment		57,704		217,987
<b>Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the General Fund Balance for the year</b>				
Statutory Provision for the financing of Capital Investment		(5,874,116)		(5,876,183)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners		(14,780,000)		(13,941,000)
		18,744,640		21,853,201

Belfast City Council  
Notes to the Group Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2019

G4 Fixed Assets

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Sale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2018	100,840,501	414,305,914	5,774,607	-	42,003,695	44,867,100	25,304,135	7,129,001	640,224,953	8,631,550	-	648,856,503
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2018	100,840,501	414,305,914	5,774,607	-	42,003,695	44,867,100	25,304,135	7,129,001	640,224,953	8,631,550	-	648,856,503
Additions	-	385,480	-	-	4,285,412	1,385,146	32,950,225	19,828	39,026,091	530,977	-	39,557,068
Donations	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation Increases/ (decreases) to Revaluation Reserve	339,640	(3,703,588)	-	-	-	-	893,060	(60,000)	(2,530,888)	(3,700)	-	(2,534,588)
Revaluation Increases/ (decreases) to Surplus or Deficit on the Provision of Services	263,860	(2,116,266)	-	-	-	(2)	5,539	(19,828)	(1,866,697)	-	-	(1,866,697)
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(2,226,653)	-	-	-	(2,226,653)	-	-	(2,226,653)
Derecognition - Other	-	-	-	-	(994,916)	-	-	-	(994,916)	-	-	(994,916)
Reclassifications & Transfers	-	9,912,975	-	-	125,610	960,127	(10,998,711)	(1,300,000)	(1,299,999)	-	-	(1,299,999)
Reclassified to (-) / from (+) Held for Sale	-	-	-	-	-	(186,607)	-	(80,000)	(266,607)	-	-	(266,607)
Balance as at 31 March 2019	101,444,001	418,784,515	5,774,607	-	43,193,148	47,025,764	48,154,248	5,689,001	670,065,284	9,158,827	-	679,224,111

Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2018	-	-	320,679	-	25,363,069	1,443,891	-	-	27,127,639	35,467	-	27,163,106
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2018	-	-	320,679	-	25,363,069	1,443,891	-	-	27,127,639	35,467	-	27,163,106
Depreciation Charge	-	13,337,713	192,492	-	3,134,219	1,481,337	-	-	18,145,761	98,273	-	18,244,034
Depreciation written out on Revaluation Reserve	-	(12,183,059)	-	-	-	-	-	-	(12,183,059)	-	-	(12,183,059)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	(1,154,654)	-	-	-	-	-	-	(1,154,654)	-	-	(1,154,654)
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(1,884,805)	-	-	-	(1,884,805)	-	-	(1,884,805)
Derecognition - Other	-	-	-	-	(994,916)	-	-	-	(994,916)	-	-	(994,916)
Reclassifications & Transfers Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	-	-	513,171	-	25,617,567	2,925,228	-	-	29,055,966	133,740	-	29,189,706
<b>Net Book Values</b>												
Balance as at 31 March 2019	101,444,001	418,784,515	5,261,436	-	17,575,581	44,100,536	48,154,248	5,689,001	641,009,318	9,025,087	-	650,034,405

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets (Restated)	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2017	103,657,851	403,227,655	5,772,087	-	41,945,063	43,107,109	14,810,877	3,674,001	616,194,643	4,681,022	-	620,875,665
Adjustments between cost/value & depreciation/impairment	-	345	-	-	-	-	-	-	345	-	-	345
Prior Period adjustment	-	-	-	-	-	-	-	-	-	10,000	-	10,000
Balance as at 1 April 2017	103,657,851	403,228,000	5,772,087	-	41,945,063	43,107,109	14,810,877	3,674,001	616,194,988	4,691,022	-	620,886,010
Additions (Note 11)	1	1,850,460	2,520	-	2,254,477	789,413	17,102,625	-	21,999,496	2,210	-	22,001,706
Donations	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/decreases to Revaluation Reserve	219,399	13,619,418	-	-	-	(18,499)	(3,999)	1,254	13,817,573	(770)	-	13,816,803
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	312,250	864,777	-	-	-	258,857	269,998	(527,120)	1,178,762	-	-	1,178,762
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(3,177,753)	-	-	-	(3,177,753)	-	-	(3,177,753)
Derecognition - Other	-	(5,803,680)	-	-	-	(3)	-	-	(5,803,683)	-	-	(5,803,683)
Reclassifications & Transfers	(3,349,000)	546,939	-	-	981,908	730,223	(6,875,366)	3,980,866	(3,984,430)	3,939,088	-	(45,342)
Reclassified to(-) / from(+) Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2018	100,840,501	414,305,914	5,774,607	-	42,003,695	44,867,100	25,304,135	7,129,001	640,224,953	8,631,560	-	648,856,503

Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets (Restated)	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2017	-	-	128,269	-	25,668,486	-	-	-	25,796,755	27,261	-	25,824,016
Adjustments between cost/value & depreciation/impairment	-	345	-	-	-	-	-	-	345	-	-	345
Balance as at 1 April 2017	-	345	128,269	-	25,668,486	-	-	-	25,797,100	27,261	-	25,824,361
Depreciation Charge	-	12,120,981	192,410	-	2,831,676	1,366,827	-	-	16,511,894	8,206	-	16,520,100
Depreciation written out on Revaluation Reserve	-	(11,070,037)	-	-	-	-	-	(19,444)	(11,089,481)	-	-	(11,089,481)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	(559,230)	-	-	-	65,603	-	(31,892)	(525,519)	-	-	(525,519)
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(3,137,093)	-	-	-	(3,137,093)	-	-	(3,137,093)
Derecognition - Other	-	(429,262)	-	-	-	-	-	-	(429,262)	-	-	(429,262)
Reclassifications & Transfers	-	(62,797)	-	-	-	11,461	-	51,336	-	-	-	-
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2018	-	-	320,679	-	25,363,069	1,443,891	-	-	27,127,639	35,467	-	27,163,106

#### Net Book Values

Balance as at 31 March 2018	100,840,501	414,305,914	5,453,928	-	16,640,626	43,423,209	25,304,135	7,129,001	613,097,314	8,596,083	-	621,693,397
Balance as at 31 March 2019	101,444,001	418,784,515	5,261,436	-	17,575,581	44,100,536	48,154,248	5,689,001	641,009,318	9,025,087	-	650,034,405

Belfast City Council  
Notes to the Group Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2019

Intangible Assets	2018/19	2017/18
	£	£
Balance at start of year:		
Gross carrying amounts	19,208,176	18,990,754
Accumulated amortisation	18,651,234	18,530,885
Net carrying amount at start of year	556,942	459,869
Additions	-	172,080
Assets reclassified as held for sale	-	-
Revaluation increases or decreases	-	-
Impairment losses recognised or reversed directly in the Revaluation Reserve	-	-
Impairment losses recognised or reversed directly in the Surplus/ Deficit on the Provision of Services	-	-
Amortisation for the period	(138,892)	(120,349)
Other Changes	-	45,342
Net carrying amount at end of year	418,050	556,942

Investment Properties	2018/19	2017/18
	£	£
Balance at start of the year	91,963,283	96,828,108
Additions	173,146	131,344
Disposals	(350,000)	-
Net gains/losses from fair value adjustments	7,025,000	(4,996,169)
Transfers to/ from inventories	-	-
Transfers to/ from property, plant and equipment	-	-
Other changes	1,300,000	-
Balance at end of the year	100,111,429	91,963,283

Investment Property	2018/19	2017/18
	£	£
Industrial Estates	73,800,000	72,300,000
Commercial Units	26,311,429	19,663,283
Balance at end of the year	100,111,429	91,963,283

G5

Employee Costs and Member Allowances			
Staff Costs	2018/19		2017/18
	£		£
Salaries and Wages	70,725,504		68,177,410
Employers NIC	6,536,203		6,321,447
Employers Superannuation	14,521,573		13,439,009
<b>Total staff costs</b>	<b>91,783,280</b>		<b>87,937,866</b>

The above staff costs include the costs of voluntary redundancies in 2018/19. These costs total £2,003,028 and are disclosed separately in Table 4 of the Remuneration Report. In addition, agency costs during the year amounted to £4,818,572 (2017/18 £4,649,576).

The Council's current contribution rate to NILGOSC scheme is 19% plus a 2% deficit recovery contribution. At the last actuarial valuation, dated 31 March 2016, the Fund's assets as a whole were sufficient to meet 96% of the liabilities accrued up to that date.

Average Number of Employees - where FTE represents fulltime equivalent employees

Average Number of Employees			
	2018/19		2017/18
	FTE		FTE
Strategic Policy & Resources	627		661
City Growth & Regeneration	289		316
People & Communities	1,225		1,239
Planning and Licencing	145		147
<b>Total Number</b>	<b>2,286</b>		<b>2,363</b>

	2018/19	2017/18	
	Actual Numbers	Actual Numbers	
Full-time numbers employed	2,029	2,086	
Part-time numbers employed	333	354	
<b>Total Number</b>	<b>2,362</b>	<b>2,440</b>	

Senior Employees' Remuneration			
	2018/19		2017/18
	£		£
£50,001 to £60,000	52		50
£60,001 to £70,000	15		10
£70,001 to £80,000	6		11
£80,001 to £90,000	4		2
£90,001 to £100,000	6		4
£100,001 to £110,000	4		2
£110,001 to £120,000	1		-
£130,001 to £140,000	-		1
£140,001 to £150,000	1		-
<b>Total Number</b>	<b>89</b>		<b>80</b>

G6	Debtors		
a	Long Term Debtors	2018/19 £	2017/18 £
	Government Departments	-	-
	Other Councils	-	-
	Public corporations and trading funds	-	-
	Bodies external to general government	-	-
	Employee car loans	59,591	59,587
	Revenue Grants	-	-
	Capital Grants	-	-
	Interest Receivable	-	-
	Capital Debtors	-	-
	Loans and advances	-	-
	Finance lease debtors	-	-
	Trade debtors	285,208	736,633
	NIHE Loans	258,860	340,810
	Other	-	-
	Impairment of loans and receivables	-	-
	Contract Receivables	-	-
	<b>Total Long-Term Debtors</b>	<b>603,659</b>	<b>1,137,030</b>
b	Short Term Debtors	2018/19 £	2017/18 £
	Government Departments	611,491	320,271
	Other Councils	58,122	159,488
	Public corporations and trading funds	-	-
	Bodies external to general government	-	-
	NIHE loans	81,950	76,950
	Employee car loans	56,516	58,110
	Revenue Grants	5,933,912	3,825,967
	Capital Grants	1,733,211	1,411,696
	Interest Receivable	-	-
	Capital Debtors	-	-
	Value Added Tax	1,848,860	1,978,620
	Prepayments	3,527,783	4,480,065
	Finance lease debtors	-	-
	Other	1,726,399	3,192,000
	Trade receivables	1,072,374	1,629,395
	Impairment loss - Trade receivables	(283,594)	(454,252)
	Contract Receivables	1,947,969	1,597,451
	<b>Total Short-Term Debtors</b>	<b>18,314,993</b>	<b>18,275,761</b>
	<b>Total Debtors</b>	<b>18,918,652</b>	<b>19,412,791</b>

<b>G7</b>	<b>Creditors</b>		
<b>a</b>	<b>Short Term Creditors</b>	<b>2018/19</b>	<b>2017/18</b>
		<b>£</b>	<b>£</b>
	Government Departments	1,818,188	1,673,415
	Other Councils	13,010	17,826
	Public corporations and trading funds	-	-
	Bodies external to general government	-	-
	Rates clawback	100,000	350,000
	VAT	-	-
	Remuneration due to employees	583,873	331,117
	Accumulated Absences	1,357,825	1,344,230
	Receipts in advance	4,473,249	4,440,803
	Trade creditors	2,499,735	2,902,153
	Loan Interest	331,903	282,976
	Capital Creditors	1,450,637	2,375,471
	Creditor Accruals	23,874,394	16,582,058
	Contract Payables	-	-
	<b>Total Short Term Creditors</b>	<b>36,502,814</b>	<b>30,300,049</b>
<b>b</b>	<b>Long Term Creditors</b>	<b>2018/19</b>	<b>2017/18</b>
		<b>£</b>	<b>£</b>
	Government Departments	-	-
	Other Councils	-	-
	Public corporations and trading funds	-	-
	Bodies external to general government	-	-
	Rates clawback	-	-
	Remuneration due to employees	-	-
	Accumulated Absences	-	-
	Receipts in advance	-	-
	Trade creditors	-	-
	Other	50,386	60,848
	Contract Payables	-	-
	<b>Total Long Term Creditors</b>	<b>50,386</b>	<b>60,848</b>
	<b>Total Creditors</b>	<b>36,553,200</b>	<b>30,360,897</b>

**G8 Other cash flow disclosures**

**a Analysis of Adjustments to Surplus/Deficit on the Provision of Services**

Adjustment to surplus or deficit on the provision of services for non cash movements			
	Notes	2018/19	Restated 2017/18
		£	£
Depreciation		18,382,926	16,640,449
Impairment & downward revaluations (& non-sale derecognitions)		(6,312,957)	3,291,888
Amortisation (included with depreciation above)		-	-
(Increase)/Decrease in Inventory		49,874	(30,449)
(Increase)/Decrease in Debtors		664,797	4,676,832
Increase/(decrease) in impairment provision for bad debts		(170,658)	36,777
Increase/(Decrease) in Creditors		6,178,708	(1,688,267)
Increase/(Decrease) in Interest Creditors		-	-
Payments to NILGOSC		24,850,000	10,476,000
Carrying amount of non-current assets sold		350,000	8,612,078
AIC/WIP written off to Net Cost of Services		-	-
Contributions to Other Reserves/Provisions		4,292,409	2,148,314
Movement in value of investment properties included above in Impairment & downward revaluations (& non-sale derecognitions)		-	-
Amounts posted to CIES from Donated Assets Account		(10,000)	-
Contract Costs		-	-
Contract Assets		-	-
Contract Liabilities		-	-
Deferred revenue		-	-
		48,275,099	44,163,622

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities			
	Notes	2018/19	Restated 2017/18
		£	£
Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		89,928	276,792
Proceeds from the sale of PP&E, investment property and intangible assets		(430,080)	(3,445,146)
Capital grants included in "Taxation & non-specific grant income"		(3,052,865)	(2,541,228)
		(3,393,017)	(5,709,582)

**b Cash and Cash Equivalents**

	Notes	2018/19	Restated 2017/18
		£	£
Cash and Bank balances		10,866,068	5,990,997
Short Term Deposits (considered to be Cash)		17,000,000	8,500,000
Short Term Investments (considered to be Cash)		-	-
Bank Overdraft		-	-
		27,866,068	14,490,997

c		2018/19	Restated 2017/18
Cash flows from Investing Activities			
		£	£
Purchase of PP&E, investment property and intangible assets		40,481,902	21,297,412
Purchase of Short Term Investments (not considered to be cash equivalents)		-	-
Purchase of Long Term Investments		431,000	433,000
Other Payments for Investing Activities		1,733,342	1,682,860
Proceeds from the sale of PP&E, investment property and intangible assets		(430,080)	(3,445,146)
Proceeds from Short Term Investments (not considered to be cash equivalents)		-	-
Proceeds from Long Term Investments		-	-
Capital Grants and Contributions Received		(3,052,865)	(2,541,228)
Other Receipts from Investing Activities		-	-
<b>Net Cash flows from Investing Activities</b>		<b>39,163,299</b>	<b>17,426,898</b>

d		2018/19	Restated 2017/18
Cash flows from Financing Activities			
		£	£
Cash Receipts from Short and Long Term Borrowing		65,000,000	5,000,000
Other Receipts from Financing Activities		-	-
Cash payments for the reduction of the outstanding		-	-
Repayment of Short and Long Term Borrowing		(38,874,042)	(4,844,736)
Other payments for Financing Activities		-	-
<b>Net Cash flows from Financing Activities</b>		<b>26,125,958</b>	<b>155,264</b>

#### Events after the Balance Sheet Date

Due to the McCloud/Sargeant ruling on pensions account disclosures, the past service cost of the Council's pension scheme has materially changed. Revisions have been made to all relevant prime statements and notes based on an updated IAS 19 Accounting Results Schedule prepared by the Council's actuary AON Hewitt.

#### Date of authorisation for issue

The Chief Financial Officer authorised these financial statements for issue on 30 September 2019.