

STATEMENT OF ACCOUNTS

Belfast City Council

For the period ended 31st March 2015

Belfast City Council
Financial Statements

For the period ended 31st March 2015

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Explanatory Foreword

Introduction

As part of local government reform 11 New Councils in Northern Ireland were established under the Local Government Act (Northern Ireland) 1972 as amended by the Local Government (Boundaries) Act (Northern Ireland) 2008.

The Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations (Northern Ireland) 2014 made transitional provision for the New Councils, which came into existence on 26th May 2014 and operated in shadow form until they took over full responsibility for local government on the 1st April 2015 when the 26 predecessor councils ceased to exist.

Under the Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations (Northern Ireland) 2014, during the transitional period a New Council shall:

- Prepare for the discharge of its functions after the 31st March 2015, and shall, in particular, establish such committees and sub-committees, appoint such staff, and prepare such budgets, plans, schemes and other things as are, or will be, required for that purpose; and
- Liaise with any existing council for the purposes of ensuring continuity in the exercise of its functions on and after the 1st April 2015.

It is the purpose of this foreword to explain, in an easily understandable way, the financial facts in relation to the New Council for this period.

Financial Report

New Councils operated in shadow form, and therefore had limited activity, until they took over full responsibility for local government on 1st April 2015. As such they were not required to observe all the relevant accounting and disclosure requirements given in the Code of Practice during the period ended 31st March 2015.

The Financial Statements for the period ended 31st March 2015 have been prepared in line with the Department of the Environment (DOE) Accounts Direction, Circular LG 13/2015.

The Financial Statements explain the New Council's finances during the financial period ended 31st March 2015 and its financial position at the end of that period.

The following statements provide further information:

- The Movement in Reserves Statement, as set out on page 28 shows the movement in the period on the reserves held by the New Council.
- The Comprehensive Income and Expenditure Statement, as set out on page 29, shows the income earned and the expenditure incurred during the period by the New Council in accordance with generally accepted accounting practices. This includes details of funding received from Government bodies and Predecessor Councils, together with details of administrative expenditure incurred by the New Council.
- The Balance Sheet, as set out on page 30, shows the value as at the Balance Sheet date of the New Council's assets and liabilities. The net assets of the New Council (assets less liabilities) are matched by the reserves held by the New Council.
- The Cash Flow Statement, as set out on page 31, shows the changes in cash and cash equivalents of the New Council during the reporting period. The statement shows how the New Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

For the period ended 31st March 2015 the New Council accounted for grant income of £875,185, Predecessor Council contributions of £199,710 and incurred total costs of £1,077,295. The financial activities of the New Council are wholly funded by Government Bodies and the Predecessor Councils, and as such did not show a deficit for the period.

Post Balance Sheet Events

From 1st April 2015, Predecessor councils cease to exist and their functions and balances transferred to the New Council.

On this date, Central Government have also transferred specified services/functions to the New Council.

Legislative Context for Preparation and Audit of the Financial Statements

As provided for by Article 3 of the Local Government (Northern Ireland) Order 2005, the accounts of every local government body shall be:

- a) made up to the end of each financial year; and
- b) audited by a local government auditor designated by the Department, after consultation with the Comptroller and Auditor General for Northern Ireland.

Article 24 of the Local Government (Northern Ireland) Order 2005 provides that the Department may, by regulations, provide for the Statement of Accounts to be in a form directed by the Department. In this regard the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 were made on 7 March 2006.

These accounts are prepared in compliance with the Departments' Accounts Direction, Issued under Regulation 4(1) of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006. Since the New Council came into existence on 26th May 2014, they have been prepared from that date to 31st March 2015.

Statement of the Belfast City Council's and the Chief Financial Officer's responsibilities for the Statement of Accounts

The New 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 (CFO). Arrangements made by a council for the proper administration of its financial affairs shall be carried out under the supervision of its Chief Financial Officer.

Under Regulation 5 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 the New Council operating in shadow form is required by resolution to approve the accounts. In Belfast City Council the accounts were approved by the Strategic Policy and Resources Committee and signed by its Chair.

These accounts were approved by the Strategic Policy and Resources Committee on 19 June 2015.

The Chief Financial Officer's Responsibilities

Under Regulation 4(1) of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006, the Chief Financial Officer is responsible for the preparation of the New Council's Statement of Accounts in the form directed by the Department of the Environment.

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

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

- observe the Accounts Direction issued by the Department of the Environment;
- 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.

Schedule 1 of the Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations (Northern Ireland) 2014 disapplies provisions of existing local government legislation in respect of the new councils during the transitional period. For example, the Chief Financial Officer is not required to report on the adequacy of reserves. With the exception of the disapplied provisions, Chief Financial Officers should ensure the New council is compliant with the Local Government Finance Act (NI) 2011 and the Prudential Code for Capital Finance in Local Councils ("the Prudential Code"), and ensure that this is reflected where appropriate in the financial statements.

CIPFA recently issued Guidance on *Prudential Indicators and the impact of Local Government Reform* to provide councils with guidance on the issues that surround setting and reviewing the prudential indicators for the newly formed council. Chief Financial Officers should ensure they are compliant on matters such as the quality of the report on the robustness of estimates, the annual investment strategy approved by Council and reporting on the indicators contained in the Prudential Code.

Annual Governance Statement 2014/2015

The Council's Annual Governance Statement (AGS) follows the guidance issued by DOE Local Government Division in 2008, DOE 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
- Significant governance issues

Scope of responsibility

The Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations (Northern Ireland) 2015 provides that, during the transitional period, a New Council should:

- (i) prepare for the discharge of its functions after 31 March 2015 and, in particular, establish such committees and sub-committees, appoint such staff, and prepare such budgets, plans, schemes and other things as are, or will be, required for that purpose; and
- (ii) Liaise with any existing council for the purposes of ensuring continuity in the exercise of its functions on and after 1 April 2015.

The New 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 New Council also has a duty under the Local Government (Best Value) Act (Northern Ireland) 2002 to make arrangements for continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the New 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 New Council has prepared an Annual Governance Statement which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. This statement explains how the New Council has complied with the code and also meets the requirements of the Local Government Accounts and Audit (Amendment) Regulations (Northern Ireland 2006) in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

The governance framework has been in place at the New Council for the financial period ended 31 March 2015 and up to the date of approval of the financial statements. The governance framework comprises the systems and processes, and culture and values, by which the New Council is directed and controlled and the activities through which it accounts to, engages with and leads its communities. It enables the New 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 New 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 Chief Executive for the New Council has responsibility for maintaining a system of sound internal controls and risk management processes to support the New Council in the achievement of its objectives, and for reviewing their effectiveness. The systems of controls are based on a continual process designed to identify the principal risks to the achievement

of the project objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

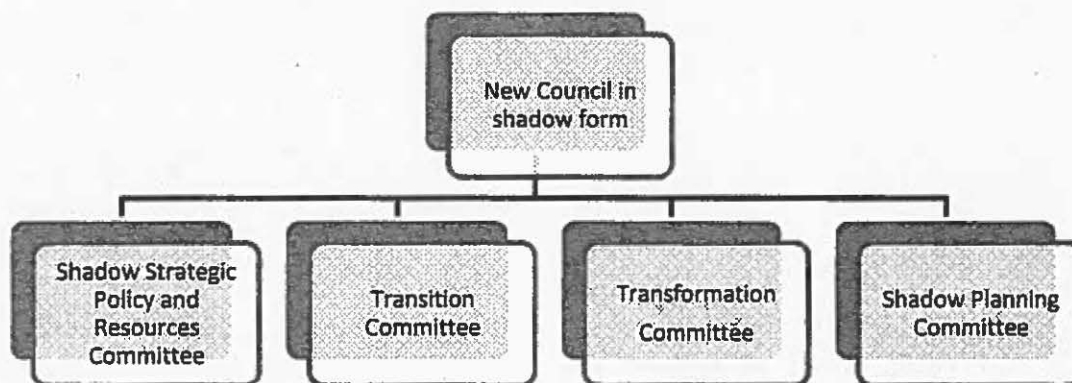
The following section sets out the key elements of the systems and processes that comprise the New Council's arrangements.

The Governance Framework

The New Council relied on the key systems, processes and procedures of the Administration Council. This section of the Annual Governance Statement provides a brief description of the key elements of that governance framework, and in particular the unique political governance arrangements of the New Council.

To prepare for reform, each of the new 11 district council areas was required to establish a statutory transition committee. The Belfast Statutory Transition Committee was operational from December 2013 and was responsible for providing political leadership and direction in preparations for the new Belfast Council. Following the local government elections on 22 May 2014, the Statutory Transition Committee was replaced by the new Belfast District Council – referred to internally as the shadow Council on 19 June 2014. The New Council was made up of 60 elected members, an increase of nine from the previous 51 members, to reflect the extended council boundary area. A dual council operated until 31 March 2015. The Council of 51 members continued to oversee the day to day running under the departmental committee structure of the council until 1 April 2015. The New Council of 60 elected members prepared our organisation for our new roles and responsibilities, ensuring we're ready to continue service delivery on day one of the New Council.

The New Council's purpose was to prepare for reform and its committee structure reflected the purpose of their work, as illustrated and described below.



The Shadow Strategic Policy and Resources Committee made decisions or recommendations in relation to: budgets; post 2015 governance arrangements; organisational development and design; and corporate planning and performance processes. In compliance with expenditure controls, the New Council provided consent to the Administrative Council for material decisions regarding disposal of land, capital expenditure and revenue expenditure.

The Transition Committee was responsible for ensuring the smooth transfer of services from central government - including planning, off-street parking and the extension of council functions to the new ratepayers from Lisburn and Castlereagh. This included overseeing staff and asset transfers, service standards and accommodation.

The Transformation Committee was responsible for commencing the development of our community plan and local development plan and preparing us for our future role as a regeneration authority. This included initiating city visioning and priority setting, establishing an external partnership reference group and preparing our approach to area working.

The Shadow Planning Committee prepared for the future regulatory and forward planning roles of the council in respect of: spatial planning; and linking council policy to development decisions. This preparation was done through capacity building, awareness raising, case studies, benchmarking and role playing.

Any projects that ran into the new council term of 1 April 2015 and beyond were considered by the New Council as well as the Administrative Council.

There were three notable differences between the operation of the New Council and the Administrative Council during 2014/15, these are described below.

Qualified Majority Voting

The vast majority of decisions were still subject to simple majority voting. However, a number of decisions, taken by the New Council, were subject to Qualified Majority Voting (QMV) – where the support of 80% of members present and voting at a meeting will be required for a specific decision to be agreed. The decisions requiring QMV include:

- decisions around the council's form of governance;
- the method used for appointing councillors to committees;
- the method used for filling positions of responsibility, such as committee chairs and deputy chairs;
- decisions which are 'called-in' on the basis that they may disproportionately adversely affect any section of the city's inhabitants; and
- The suspension of standing orders.

Call in

The second area of difference is where any decision taken may be subject to 'call-in' whereby 15% of all members (9 out of 60) may call for any committee decision or recommendation to be reconsidered on the basis that it was:

- not arrived at after proper consideration of the relevant facts and issues; or
- Would disproportionately adversely affect any section of the city's inhabitants.

An ad hoc committee made up of committee chairs and deputy chairs will be required to meet to consider the validity of call-in requests as and when they arise.

Admission of the public

All council and committee meetings must be open to the public – except where confidential information is being discussed.

In addition to the Committees listed in the diagrams above there are a number of Working Groups established which include the Audit Panel, Budget and Transformation Panel and a number of Area Working Groups.

The Audit Panel provides an independent assurance on the adequacy of the Administrative Council's risk management framework and associated control environment, which were relied upon by the New Council. It provides an independent scrutiny of the Council's financial and non-financial performance, which is relied upon by the New Council, to the extent that it exposes it to risk and weakens the control environment. The Audit Panel met six times during 2014/15. The Audit Panel was reconstituted for the new council from 1 April 2015, and renamed the Audit and Risk Panel.

The New Council relied on the Administrative Council's Code of Governance, which is based on the six core principles set out in the CIPFA/SOLACE Framework. How these six core principles were met, is reviewed and updated annually and a summary of the key elements of the governance framework are set out in the following table:

Focus on purpose and outcomes

We will do this through the following:

- Community planning, the Belfast Conversation and the Belfast Agenda
- Belfast City Centre Regeneration Strategy and Investment Plan
- Local Development Plan
- 'One Council' corporate communication guidelines
- Regular surveys for public, officers and members
- Corporate complaints, comments and compliments procedure
- Corporate and departmental planning process
- Leisure transformation programme
- Investment programme
- Performance management system
- Annual financial report
- Integrated financial planning
- Strategic financial management framework
- Efficiency programme and value for money work
- Procurement policies, procedures and guidelines

Working together

We will do this through the following:

- Our corporate values
- Consultation and engagement work
- Council constitution

- Council Standing Orders
- Scheme of Delegation
- Financial regulations
- Committee structure and protocols
- Committee reporting system
- Party Group briefings
- Members remuneration scheme
- Job descriptions
- Terms and conditions of employment

Promoting values of good governance

We will do this through the following:

- Our corporate values
- Standing orders
- Financial regulations
- Good relations plan
- Equality scheme and action plan
- Disability strategy and action plans
- Lesbian, Gay, Bisexual and Transgender Action Plan
- Race Action Plan
- Sustainable development action plan
- Mandatory codes of conduct for both members and officers
- Appraisal framework
- Fraud and corruption and whistle blowing policies
- Declarations of interests is a standing agenda item for committees and working groups
- Register of Members Declarations and Gifts and Hospitality Register
- Policy and guidance for officers on gifts and hospitality and conflicts of interest
- Development of DPA / FOI policy framework

Taking informed, transparent decisions and managing risk

We will do this through the following:

- Community planning and the Belfast Agenda
- Local Development Plan
- Council Constitution
- Standing orders
- Scheme of delegation
- Committee structure and protocols
- Committee reporting system
- Online minutes system (modern.gov)
- Performance management system
- Audit and Risk Panel with an external independent member
- Internal audit service
- Risk management framework
- Quarterly Assurance Statements
- Development of Health and Safety Assurance Framework
- Budgetary control and reporting framework
- Financial Regulations and accounting manual

- Business continuity management policy
- Town Solicitor and Legal Services

Developing capacity and capability

We will do this through the following:

- Member development programme (we became the first local authority to be awarded the Northern Ireland Charter for elected member development)
- Organisational development programme
- Personal development planning
- Learning and development policy
- Appraisal framework
- Development of the Belfast Manager profile
- Investors in people award
- Performance management system
- Recruitment and selection procedures
- Corporate induction courses

Community engagement and making accountability real

We will do this through the following:

- The Belfast Conversation
- Community planning and the Belfast Agenda
- Local Development Plan
- Consultation and engagement work
- Communication of corporate plan, capital programme and financial report
- Open council and committee meetings and live webcasts
- Online minutes system (Modern.gov)
- Our website and use of social media
- 'My Belfast' app
- Regular surveys for public, officers and members
- Corporate complaints, comments and compliments process
- City Matters magazine
- Performance management system
- Negotiation and discussion with trade unions
- Creation of advisory member area working groups

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 Administrative Council's financial affairs and supporting the Chief Executive in the proper administration of the financial affairs of the New Council.

The Administrative Council's financial management arrangements, which are relied upon by the New Council, conform to the governance requirements of the CIPFA Statement on the

Role of the Chief Financial Officer in Local Government (2010) as set out in the Application Note to Delivering Good Governance in Local Government: Framework.

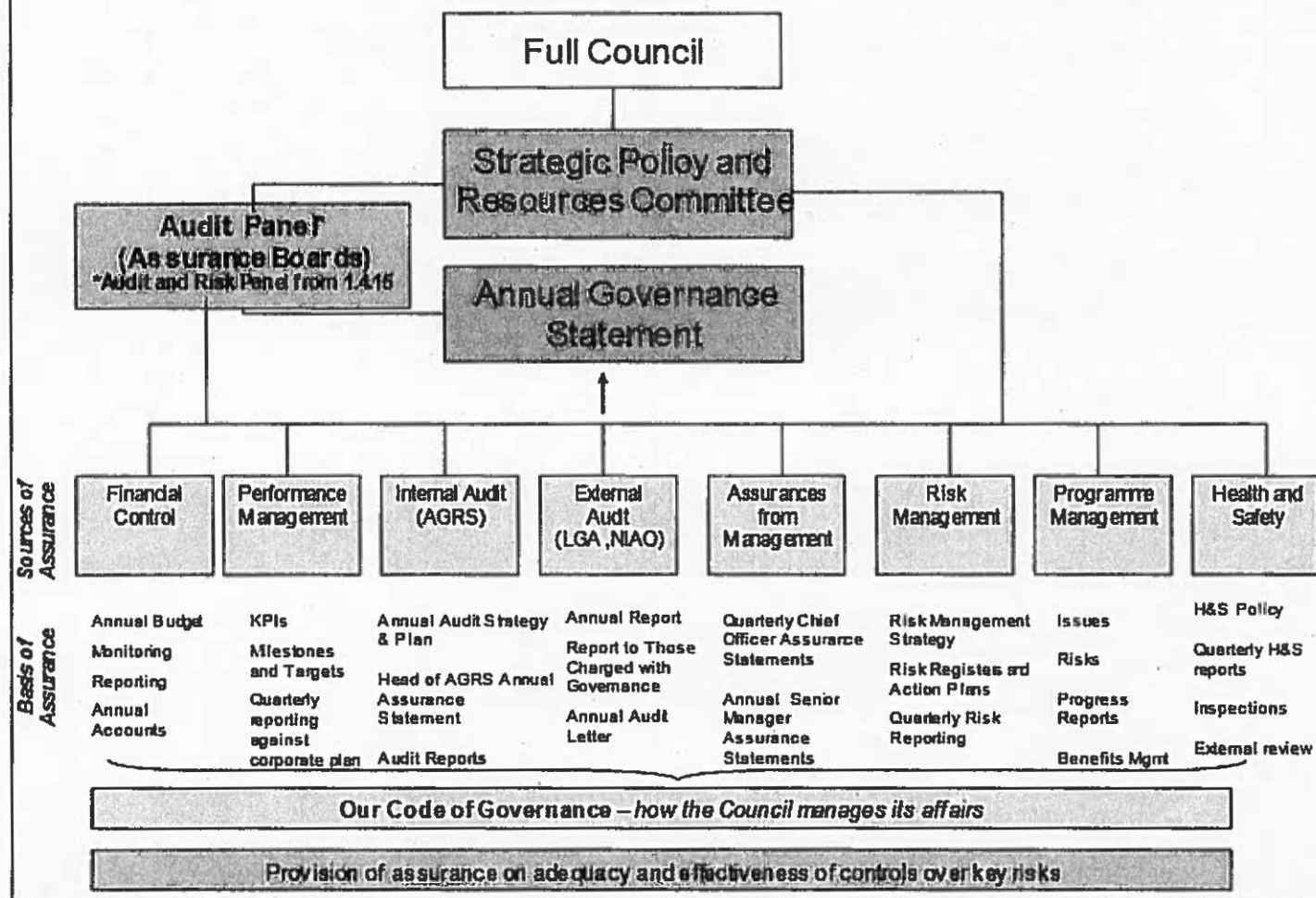
The CIPFA Statement on the Role of the Head of Internal Audit (2010) sets out the five principles that define the core activities and behaviours that belong to the role of the Head of Internal Audit (HIA) in public service organisations and the organisational arrangements needed to support them.

The Head of Audit, Governance and Risk Services (AGRS) and the supporting operational arrangements in place, conform to the 5 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 New 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, Audit and Risk Panel before being 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 Administrative Council's Governance Framework, which are relied upon by the New Council, including performance reports, health and safety reports, finance reports, internal audit reports and risk management reports.

Belfast City 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.

Overall control of the governance framework and the system of internal control is the responsibility of the New Council. Regular meetings, policy documents and periodic progress reports enabled the New Council to examine and evaluate the progress made and address issues affecting the implementation of the Corporate Plan for the New Council in shadow form.

The New Council has responsibility for conducting a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness was informed by the work of the officers of the Administrative Council by:

- the annual review and update of the Code of Governance;
- the Head of Audit Governance and Risk Services (AGRS) annual assurance statement for the period ending 2014/15, which gives an opinion on the Administrative Council's risk and control environment, which is relied upon by the New Council.

In addition, the review of effectiveness is informed by any comments or recommendations made by the external auditors during their annual audit.

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

- evidence from audit work that the Council's key corporate risks have been identified, assessed and are being actively managed
- evidence from audit work that, in the case of the majority of functional areas / systems subject to detailed internal audit during 2014/15, AGRS has been able to provide a positive statement of assurance
- 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. In particular, audit work during 2014/15 has confirmed that appropriate governance arrangements to meet the requirement of the Local Government Act 2014 have been put in place.

Some weaknesses and areas for improvement were identified through our audit work. These have been reported in detail to the Council's Assurance Board and Audit Panel during 2014/15. The Head of AGRS highlighted the following key issues:

- AGRS was unable to provide a positive statement of assurance for the internal audit of the capital programme. Management has established a project to review this area and implement improvements.
- while it is understandable that the focus of management in the last year has been on local government reform, the level of outstanding audit actions / recommendations remains high, albeit that a number of recommendations are in the process of being implemented. The outstanding issues will be discussed further with Directors in the context of the priorities of the new Council. AGRS will continue to monitor and report to the Audit and Risk Panel on the progress being made to implement outstanding actions during 2015/16.
- audit and investigation work has identified areas where enabling (internal) policies and related procedures / processes, need more effective 'custodianship' i.e. clear roles and responsibilities and arrangements to ensure that they are regularly reviewed, managed and monitored.
- while it has improved in recent years, there is a degree of inconsistency in the quality of the risk management process across the council. It has been used effectively to help manage local government reform related risks and the Corporate Management Team has regularly reviewed the key corporate risks during 2014/15. However, our review of the management of key risks has identified areas where further action is required to reduce risk exposure. We have also identified non-compliance issues with the timely completion of the quarterly risk reviews and the application of the process to 'business as usual' risks.

The Head of AGRS has raised the latter two issues with the Deputy Chief Executive and Director of Finance and Resources who has indicated that these issues are to be addressed during 2015/16 through the emerging performance accountability framework and ongoing Organisational Development work.

Continued effort has been put into developing and implementing the key elements of an assurance framework within the Administrative 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;
- 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 CIPFA Code of Practice for Internal Audit in Local Government; and
- a Health & Safety Assurance Board.

The Chief Executive of the New Council has been advised on the implications of the result of the review of effectiveness of the governance framework as outlined above, and a plan to address weaknesses and ensure continuous improvements of the system is in place.

The Chief Executive of the New Council has responsibility for the preparation of this Annual Governance Statement. In preparing this statement, consideration has been given to the governance framework, the system of internal controls in place, and best practice guidance.

Significant Governance Issues

As a result of Local Government Reform and related legislation, the old Belfast City Council ceased to operate on 31 March 2015. From 1 April 2015 the New Council was responsible for providing services to the extended council boundary area and delivering new functions transferred from central government along with new powers and responsibilities.

The significant governance issues facing the New Council were identified through the review of the red risks in the Corporate Risk Register for the year ending 31 March 2015, consideration of significant events / issues and also review of the Directors' Annual Assurance Statements.

The most significant issues for the New Council are in relation to the following long-term, strategic issues:

1. Local Government Reform
2. Belfast Agenda
3. Organisational Development
4. Medium Term Financial Plan
5. European Regional Development Fund
6. Waterfront Hall Operating Model
7. Management of leisure contract and capital investment
8. Information Management
9. Robinson Centre

A description of the significant governance issues listed above is detailed on the following pages.

1. Meeting the challenges and maximising the benefits presented by Local Government Reform (Phase II)

The New Belfast Council became operational from 1 April 2015, serving an additional 53,000 residents with an overall population of 333,000 and taking on responsibility for delivering new place-shaping powers including land-use planning, community planning and off-street parking. New governance and political management arrangements have been successfully introduced in-line with legislative requirements and political agreement. Detailed planning and resources had been put in place to ensure the smooth integration of the new areas transferring into the City and the effective extension of council services into these areas. Over the next year, a key focus for the Council will be the delivery of Phase II of the local government reform programme moving towards transformation (e.g. service redesign, enhanced efficiency and effectiveness, embedding new governance arrangements etc) in addition to getting ready for the transfer of regeneration and community development powers and a significant asset portfolio from the Department for Social Development on 1 April 2016. A key challenge will be ensuring the effective integration with other organisational priorities including the Belfast Agenda and City Centre Regeneration Strategy and Investment Plan. A summary of the key controls in place to manage this risk include:

- A Corporate Board (i.e. Transition Management Team) has been set up to oversee Phase II of the local government reform and wider transformation programme.
- Joint Partnership Panel established with senior DSD officials. Provides a single forum for joint oversight and accountability for programme delivery against key milestones and ensures alignment to broader Council and DSD priorities and processes.
- Dedicated programme management resources allocated to support and coordinate the Councils preparations and delivery of phase II of local government reform and associated work streams.
- Detailed programme plans in place with ongoing monitoring and reporting to Board and Committee.
- Specialist expert support secured to assist and advise on specific elements of the programme.
- Direct political engagement with the Minister for Social Development regarding the transfer of powers and wider city development issues.

2. The Belfast Agenda

On 1 April 2015 and as a result of local government reform, the council obtained the new power of community planning. We will lead the community planning process in Belfast and will work with a wide range of partners, including representatives from the statutory, business, higher education, community and voluntary sectors, to develop a long-term plan to improve the social, economic and environmental wellbeing of the city. Our community plan will be known as the Belfast Agenda and will be the city's strategic plan for the future, providing a simple and clear framework for a wide range of plans and strategies which we'll take forward at both a city and local area level with our partner organisations. As the lead organisation in the community planning process in Belfast, we are required, by law, to initiate, maintain, facilitate and participate in community planning for Belfast and having published an agreed community plan, review it at least every four years thereafter. In addition, the council and its partners need to ensure that appropriate monitoring exists to provide a report on progress every two years. We have been preparing for community planning over a number of years, through pilot programmes and existing partnerships which have provided us with a strong platform for the future. Our preparation has included:

- the city centre regeneration strategy and investment plan;
- the Belfast Masterplan review;
- the IBM Smarter Cities Challenge;

- the big lottery funded community planning pilot which established a model for future work;
- Area Working Groups supporting local regeneration;
- Belfast Strategic Partnership established to tackle life inequalities;
- Police and Community Safety Partnership; and
- Good Relations Partnership.

We propose over the coming year to take steps to ensure that our statutory responsibilities with regards to community planning are met to further enhance our governance arrangements. To that end we will initiate and progress a joint consultation and engagement programme with our community planning partners to develop a shared vision and outcomes for the city. We have agreed to take an outcomes based accountability approach which will provide a performance framework to ensure that appropriate monitoring arrangements are in place. Within Belfast City Council, community planning is being coordinated and managed politically by the Strategic Policy and Resources Committee and strategically by the council's Corporate Management Team.

3. Organisational Development

There is a significant governance issue around the need to realign the organisation to ensure it is fit to deliver the new priorities. This element has been included within the corporate risk that 'the council fails to effectively manage, develop and align staff resources to deliver corporate objectives in the most economic and efficient way.' The analysis from both the Peer review challenge process which was recently completed and the Decision Making Accountability work we are undertaking, together with the work on setting the strategic direction of the council will give us best practice, evidence-based options for an efficient and effective council structure with the capacity to maximise the benefit of the council's new powers and ambition. This includes a need to have a strategic approach to communications aligned to the corporate priorities.

4. Rate setting and the development of our Medium term financial plan

The key financial risk facing the Council going forward continues to be the pressures on available financial resources. As part of the rate setting process for 2016/17, the Head of Finance and Performance will be responsible for managing the development of a robust

medium term financial plan which takes into account the potentially significant increased costs including:

- Waste disposal
- Transfer of Regeneration powers and assets and Community Development activities from central government
- Employee pay rise and pensions
- Revenue impact of the increased capital investment in the City including the leisure investment programme
- Non recurring resource requirement to support the organisation development programme
- Rebalancing of resources to enable support for organisational priorities such as community planning, employability, tourism and events
- Impact of reduction in expected income from off-street parking following asset transfer and commercial income relating to Parks Department facilities.

In addition to the consideration of expenditure risks, the medium term financial plan will also consider the income risks facing the Council in the medium term. These include the stability of the rate base and the impact of the economic environment and non domestic rating appeals on the amount of collectable rate in the City as well as Land and Property Services rates collection performance including the level of debt and debt write off. The plan will also consider the temporary impact of the leisure investment programme on leisure income streams and the financial arrangements with Greenwich Leisure Ltd.

The rate setting and medium term financial plan process will be managed using the lessons learnt in the 2015/16 rate setting process and will focus on the agreement of an overarching project plan with a timetable of key milestones and reporting agreed by Chief Officers and the Strategic Policy and Resources Committee.

5. European Regional Development fund (ERDF) Funded Projects

The delay in obtaining letters of offer for a number of these schemes has necessarily extended delivery dates with consequent loss of funding as we move outside the eligible period. There is also a risk of various penalties from non compliance with terms and conditions of grant offers or in some instances the interpretation of those terms and

conditions by the NI Civil Service and its agencies. Legal advice has been obtained on the terms and conditions and negotiations remain ongoing with the relevant parties.

In terms of management of the capital programme and key projects, including those in receipt of ERDF funding, there are a number of key decision making / assurance mechanisms, as follows:

- The Strategic Policy and Resources Committee acts as Investment Decision Maker on whether schemes get funded or not.
- An Oversight Board chaired by the Chief Executive and attended by the Deputy Chief Executive and Director of Property and Projects meets to deal with issues escalated to that level and meets monthly.
- The Finance / Property and Projects Oversight Board where the two key departments meet monthly to prepare progress, expenditure and affordability reports for SP&R Committee.
- Periodic health check reports on key projects, undertaken by external experts to provide continued support in terms of Project Assurance and to assist the Chief Executive in assessing the status of the Capital Programme.

Below this are a range of working groups looking at various issues and schemes. While this level of assurance is in place, we are actively seeking to improve it and have commissioned a number of experts to assist in building more robust processes and practices.

6. Belfast Waterfront Hall - Conference and Exhibition Centre, Exhibition Hall Extension – Operating Model

In order to comply with funding conditions set out by Tourism NI and ERDF and to meet strategic economic objectives for the Waterfront, consideration must be given to the establishment and implementation of a new operating model for the facility. A risk action plan has been developed by management to address the range of scenarios that could cause this risk to materialize and a governance framework agreed to ensure management of the risks and delivery of the projects.

7. Management of Leisure Contract and Capital Investment Programme

During 2014/15 the Council entered into a long-term agreement with Greenwich Leisure Ltd for the delivery of leisure services. There is a significant risk for the Council if it does not

effectively manage the Leisure Contract between the Council, Active Belfast Limited and Greenwich Leisure Limited (GLL) to ensure that key outcomes are achieved. A risk action plan has been prepared with a number of key actions relating to implementation of governance and contract management arrangements due to be implemented by Autumn 2015. In addition, and related to the performance of the contract, a key issue for the Council will be the delivery of the £105 million capital investment programme in leisure. This programme will be subject to the capital programme and project monitoring controls described under issue 5 (above).

8. Information Management

There is a significant governance issue around the need to ensure that the organisation has effective systems and procedures in place with regard to information management. I.e. ineffective information systems and procedures result in non-compliance with legislation and best practice standards e.g. FOI, DPA. All planned information governance general awareness training (DPA, FOIA/EIR and RM), which is mandatory for all staff unless they are attending both modules of the associated decision maker level training, has been completed. All planned Data Protection Decision Maker Level training has been completed and a review is being undertaken by the Records Management Unit to ensure all appropriate officers have attended. Mop up training will be completed by 30 June 2015. FOI/EIR Decision Maker level training has been arranged and delivery will commence in June 2015.

An e-learning tool for refresher Data Protection general awareness training (and possibly decision maker level also) has been identified in liaison with Human Resources and its suitability for the Council's specific needs is being assessed. Since 1 April 2015, all staff from the Records Management Unit deliver the Information Governance module of the Induction Training course attended by new starts: the new IG module is more comprehensive. Work on revising draft policies and procedures on Information Governance has been delayed due to other pressures, but has recommenced and the revised policies will be presented for approval in June 2015. A pilot Data Protection Compliance Audit will commence in July 2015.

9. Robinson Centre

Prior to local government reform, the Council undertook surveys of all buildings that were to be transferred to the new Belfast City Council.

A report into health and safety issues at the Robinson Centre highlighted that extensive work would be required to deal with significant levels of asbestos and legionella present in

the building to make it safe to use. Further extensive improvement works would also be required to bring the building up to a satisfactory operating standard. The cost of refurbishing the centre is estimated to a conservative £5 million.

Subject to the outcome of the judicial review which is scheduled for November, on 22 May 2015 the Strategic Policy and Resources committee recommended that the Council should not reopen the centre, but rather should focus on the provision of a new centre in this area of the city. This was ratified by full Council on 1 June 2015.

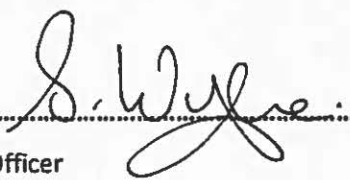
The planning of this work in no way is an acceptance that the transfer of the centre to BCC from CBC under Local Government Reform was correct or lawful. The demolition is therefore approved in the event that the Centre remains with BCC.

The Council has already approved an investment of £105 million in its leisure estate and is committed to ensuring the highest standards in new facilities across the city. Interim measures for the east of the city are also under consideration.

A new centre for the area will represent a significant enhancement in the leisure facilities available in the future. We will be talking to local residents about what is planned and we have written to residents in the area to update them on the issue.

Staff previously employed by Castlereagh Borough Council at the Centre will continue to be paid by BCC, with ongoing efforts being made to deploy them on a temporary basis while legal proceedings are ongoing.

Signed: 
Chair Strategic Policy and Resources Committee

Signed: 
Chief Executive Officer

Signed: 
Chief Financial Officer

Belfast City Council
Financial Statements

For the period ended 31st March 2015

Certificate of the Chief Financial Officer and New Council's Approval of the Statement of Accounts

I certify that :-

- a) The Statement of Accounts for the financial period ended 31st March 2015 on pages 28 to 38 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on page 32.
- b) in my opinion the Statement of Accounts give a true and fair view of the income and expenditure and cash flows for the financial period and the financial position as at the end of the financial period ended 31st March 2015.

Signature


Chief Financial Officer

Date

15/6/15

These accounts were approved by resolution of the Strategic Policy and Resources Committee on 19 June 2015 and subject to the amendments set out on page 39.

Signature


On behalf of Belfast City Council

Date

16/10/15

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

I have audited the statement of accounts of Belfast City Council for the period ended 31 March 2015 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 and the related notes. The statements of account have been prepared under the accounting policies set out within them.

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. Under the transitional arrangements set out in the Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations Northern Ireland) 2014, the new Belfast City Council takes responsibility for the financial statements of the Belfast City Council operating in shadow form.

Respective responsibilities of the Chief Financial Officer and the independent auditor

As explained more fully in the Statement of Belfast City Council's and Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the statement of accounts and for being satisfied that they give a true and fair view of the income and expenditure and cash flows for the financial period and the financial position as at the end of the financial period. My responsibility is to audit the statement of accounts in accordance with the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining 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. This includes an assessment of: whether the accounting policies are appropriate to Belfast City Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Belfast City Council; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view, in accordance with relevant legal and statutory requirements, of the financial position of Belfast City Council as at 31 March 2015 and its income and expenditure for the period then ended; and
- the financial statements have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 and the Department of the Environment directions issued thereunder.

Opinion on other matters

In my opinion the information given in the Explanatory Foreword for the financial period ended 31 March 2015 is consistent with the financial statements.

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 Governance Statement:
 - does not comply with proper practices specified by the Department of the Environment;
or
 - 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 is not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit.

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.



Louise Mason

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

20 October 2015

Belfast City Council
Financial Statements

For the period ended 31st March 2015

Movement in Reserves Statement

	<i>Notes</i>	Total Usable Reserves	Total Unusable Reserves	Total Reserves
		£	£	£
At 26th May 2014		-	-	-
Movement in reserves during the year				
(Deficit) on the provision of services		(0)	-	(0)
Other comprehensive income and expenditure		-	-	-
Total comprehensive income and expenditure		(0)	-	(0)
Adjustment between Accounting and Funding basis	11	-	-	-
At 31st March 2015		(0)	-	(0)

Belfast City Council**Financial Statements****For the period ended 31st March 2015****Comprehensive Income and Expenditure Statement for the period ended 31st March 2015**

	<i>Notes</i>	2014/15 £
Income		
Income from Predecessor Councils	3	199,710
Government Grants	4	875,185
Other Income		2,400
Total Income		1,077,295
Expenditure		
Members Costs	5	799,544
Staff Costs	6	88,532
Other Expenditure	7	189,219
Total Expenditure		1,077,295
(Deficit) on the provision of services		(0)
Other Comprehensive Income and Expenditure		-
Total Comprehensive Income and Expenditure		(0)

Belfast City Council
Financial Statements

For the period ended 31st March 2015

Balance Sheet as at 31st March 2015

	<i>Notes</i>	£
Short Term Debtors	8	402,490
Current Assets		402,490
Short Term Creditors	10	402,490
Current Liabilities		402,490
Net Assets		-
Usable Reserves	11	(0)
Unusable Reserves	11	-
Net Worth		(0)

Belfast City Council**Financial Statements****For the period ended 31st March 2015****Cash Flow Statement for the period ended 31st March 2015**

	<i>Notes</i>	2014/15
		£
(Deficit) on the provision of services		(0)
included in the net surplus		
or deficit on the provision		
of services that are		
investing and financing		
activities	12	-
Net Cash Flows from Operating Activities		(0)
Net Cash Flows from Investing Activities	12	-
Net Cash Flows from Financing Activities	12	-
Net increase / (decrease) in cash and cash equivalents		(0)
Cash and Cash Equivalents at the beginning of the reporting period		-
Cash and Cash Equivalents at the end of the reporting period	9	(0)

1 Accounting Policies

General Principles

The Financial Statements summarise the New Council's transactions for the 2014/15 financial period and its position as at 31st March 2015. The New Council is required to prepare Financial Statements in a form directed by the Department of the Environment in accordance with regulation 4(1), and in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS). As the New Council has had limited activity during the transitional period, it was not required to observe all relevant accounting and disclosure requirements given in the Code of Practice during this period.

Accruals of Income and Expenditure

The Financial Statements have been prepared on an accruals basis. The accruals basis of accounting requires the non-cash effect of transactions to be reflected in the Financial Statements for the year in which those effects are experienced and not in the year in which the cash is actually received or paid. This ensures that provision has been made for known outstanding debtors and creditors at the period end, estimated amounts being used where actual figures are not available.

Belfast City Council
Financial Statements

For the period ended 31st March 2015

2 The Segmental Report

2014/15

		DOE Funding	Predecessor Council Funding	Other Income	Total
		£	£	£	£
Income from Predecessor Councils	3	-	199,710	-	199,710
Government Grants	4	875,185	-	-	875,185
Other Income		-	-	2,400	2,400
Total Income		875,185	199,710	2,400	1,077,295
Member Costs	5	675,180	124,364	-	799,544
Staff Costs	6	88,532	-	-	88,532
Other change management	7	52,181	47,543	-	99,724
Capacity Building	7	59,292	8,521	-	67,813
Audit fee	7	-	6,000	-	6,000
Other expenses	7	-	15,682	-	15,682
Total Expenditure		875,185	202,110	-	1,077,295
(Deficit) on the provision of services		-	(2,400)	2,400	(0)

Belfast City Council
Financial Statements

For the period ended 31st March 2015

		2014/15
3	Income from Predecessor Councils	£
	Belfast City Council	199,710
		<u>199,710</u>
		2014/15
4	Government Grants	£
	Member Costs	675,180
	Capacity Building	59,292
	Change management	140,713
		<u>875,185</u>
		2014/15
5	Members Costs	£
	Members basic allowances	501,150
	Presiding and Deputy Presiding Councillor's allowances	7,688
	Special responsibility allowances	72,956
	Employer costs	142,236
	Mileage	2,739
	Conferences and Courses	20,168
	Travel and Subsistence costs	12,570
	Miscellaneous costs	40,037
		<u>799,544</u>
		2014/15
6	Staff Costs	£
	Gross salaries	67,123
	Employer's national insurance	5,177
	Employer's superannuation	16,232
		<u>88,532</u>

Belfast City Council
Financial Statements

For the period ended 31st March 2015

	2014/15
	FTE
Total Staff Numbers	2
	Actual Numbers
Full-time numbers employed	2
	<hr/>
	2
	<hr/>
	2014/15
	Actual Numbers
Senior Employee's Remuneration	
£50,001 to £60,000	-
£60,001 to £70,000	-
£70,001 to £80,000	-
£80,001 to £90,000	-
£90,001 to £100,000	-
£100,001 to £110,000	-
£110,001 to £120,000	-
£120,001 to £130,000	-
	<hr/>
	-
	<hr/>
	2014/15
7 Other Expenditure	£
Other change management	99,724
Capacity Building	67,813
Audit fee	6,000
Other expenses	15,682
	<hr/>
	189,219
	<hr/>

Belfast City Council
Financial Statements

For the period ended 31st March 2015

		31st March 2015
8	Short Term Debtors	£
	Government Departments	402,490
		402,490
		31st March 2015
9	Cash and Cash Equivalents	£
	The balance of Cash and Cash Equivalents is made up of the following elements:	
	Cash and Bank Balance	-
	Bank Overdraft	-
		-
		31st March 2015
10	Short Term Creditors	£
	Predecessor Councils	351,553
	Accruals	6,000
	Other Creditors	44,937
		402,490

11 Reserves	Usable reserves	Unusable reserves		Total
	General fund	Capital adjustment account	Accumulated Absences Reserve	
	£	£	£	£
Opening reserve balances at 26th May 2014	-	-	-	-
(Deficit) on the provision of services	(0)	-	-	(0)
Adjustment for depreciation of fixed assets	-	-	-	-
Capitalisation Direction/ REFCUS	-	-	-	-
Accumulated Absences	-	-	-	-
Closing reserve balances at 31st March 2015	(0)	-	-	(0)

Belfast City Council
Financial Statements

For the period ended 31st March 2015

12 Cash Flow Note	2014/15
Adjustment to deficit on the provision of services for non cash movements	
	£
Increase in debtors	(402,490)
Increase in creditors	402,490
	2014/15
Cash flows from operating activities include:	£
Interest received	-
Interest paid	-
	<hr/>
	<hr/>
	<hr/>
Total adjustments for financing activities	<hr/>

13 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 Transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the New 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 New Council and Trade Unions in the course of their normal dealings with the New Council.

In addition where the relationship with the New Council and the entity is solely that of an Agency, these are not deemed to be Related Party Transactions.

Transactions with related parties not disclosed elsewhere in these financial statements are set out below, where a description of the nature and the amount of the transaction is as follows:

During the year Belfast City Council provided services to the New Council operating in shadow form at no cost. This would have included administrative support, use of council premises, provision of training and capacity building and equipment.

Accounts Authorised for the Issue Certificate

In accordance with International Accounting Standard (IAS 10) this Statement of Accounts, which contains a number of material amendments from the Accounts approved on 19 June 2015, are at today's date hereby authorised for issue. Any material amendments will be explained and reported in accordance with Regulation 12 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006.

IAS 10 sets out

- The period during which an entity should adjust its financial statements for events after the balance sheet date as being the period between the date the financial statements were prepared and the date of this authorisation; and
- In the event of adjustments the disclosures that should be made.

Material Amendments made:

- Employer costs, other change management, capacity building expenses and audit fee increased in total by £94,533, with a corresponding increase in predecessor council funding
- The balance sheet now comprises short term debtors and short term creditors for an amount of £402,490

These amendments have no net impact on the Statement of Accounts.

Signed


.....
Chief Financial Officer

Dated

17/10/15