

# Belfast City Council

## Financial Report 2016



**BELFAST CITY COUNCIL**  
**Financial Statements**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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## **Narrative Report**

### **Introduction**

The Council's financial performance for the year ended 31st March 2016 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 2016 (the Code) and the Department of the Environment Accounts Direction, Circular LG 04/2016. 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 2015/16 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 does not have material interests in such bodies and accordingly is not required to prepare group financial statements.

### **The Movement in Reserves Statement**

This Statement, as set out on page 26, 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 Statement. 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 statutory and other reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from statutory and other reserves undertaken by the Council.

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

This statement, as set out on page 27, 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 Balance Sheet**

The Balance Sheet, as set out on page 28, 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 Council. 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'.

### **The Cash Flow Statement**

The Cash Flow Statement, as set out on page 29, 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.

## Financial Report

For the year ended 31 March 2016, the Council reduced its General Fund reserve by £2,869k to £19,181k. The reduction in the General Fund is due to costs that were committed in prior years that were agreed to be funded from reserves in the year ended 31 March 2016. The Council's budget of £148,208k was supplemented by £774k for prior year finalisation payment of district rates. The Council reported £778k under budget on service expenditure in year. The Costs of Services on Continuing Operations £175,514k, 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 income reported in the Comprehensive Income and Expenditure Statement is £17,081k and includes allocations of £7,038k to fund capital expenditure.

For the 2015/16 year the Council had an authorised borrowing limit of £140.5m. 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 £62m, this ensures that the Council only borrows for capital purposes. During the year the Council repaid external loans of £3.9m. The Council borrowed £11m to fund ongoing capital projects. At 31 March 2016, the total amount outstanding on external loans was £34.8m, of this total £4.5m 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.

Expenditure on capital projects during the year amounted to £83m, the most significant spend was on Belfast Waterfront Exhibition and Conference Centre £22.8m, Connswater Community Greenway £11.3m, Council Accommodation £11.2m, Innovation Centre £6.9m, Pitches Strategy £6m, North Foreshore £5.8m, Olympia/Windsor Regeneration £5m and Girdwood Hub £4.7m.

## Local Government Reform

From 1 April 2015, under the Reform of Local Government, the number of Councils in Northern Ireland reduced from 26 existing to 11 new Councils, established under the Local Government Act (Northern Ireland) 1972 as amended by the Local Government (Boundaries) Act (Northern Ireland) 2008. From that date the Northern Ireland Executive transferred some functions previously carried out by NI Government Departments and gave some new responsibilities to the 11 new Councils.

## Leisure Transformation Programme

The Council introduced a new leisure trust model which led to the establishment of Active Belfast Limited. Greenwich Leisure Limited (GLL), a charitable social enterprise, was appointed as a strategic operating partner to manage the leisure facilities and its operations from 1 January 2015 by Active Belfast Limited and the Council, as a tri-partite agreement. GLL is working towards the delivery of annual operating savings to be reinvested back to the leisure estate and community.

## Belfast Waterfront and Ulster Halls

In September 2015 the Council gave permission to create a Council owned company to operate the Belfast Waterfront and Ulster Halls. Responsibility for managing the operations of the Waterfront and Ulster Halls was transferred to the newly formed Belfast Waterfront and Ulster Hall Ltd (BWUH) company from 1 April 2016. BWUH is working towards the delivery of annual operations savings to be reinvested back to finance the capital expenditure incurred on the extension.

## Pension arrangements

The Council participates in the Northern Ireland Local Government Officers' Pension Fund administered by the Northern Ireland Local Government Officers' Superannuation Committee. Transactions relating to retirements benefits are included in Note 20 to these Statement of Accounts. The Gas Pension Fund is now consolidated within the Council's Balance Sheet and the relevant disclosures are also included in Note 20.

As a result of Local Government 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. Transactions relating to this scheme are disclosed in Note 6e.



#### **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 Financial Officer on 23 September 2016.

##### **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 of the Environment.

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 of the Environment 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 2015/2016**

The Council's Annual Governance Statement (AGS) follows the guidance issued by DOE namely Circular LG 30/2015, 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**

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 CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. This statement explains how the Council has complied with the code and also meets the requirements of the Local Government Accounts and Audit Regulations (Northern Ireland 2015) in relation to the publication of a statement on internal control.

## **The Purpose of the Governance Framework**

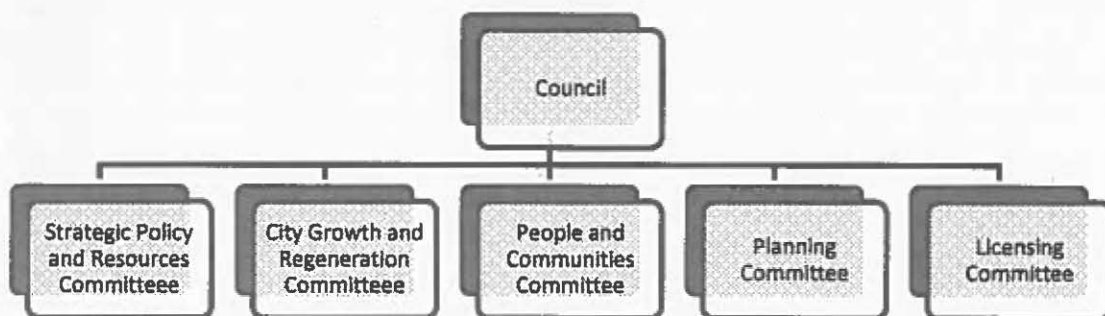
The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and the activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives 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 2016 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**

Following a review of its decision-making arrangements in March 2015, the council approved a new committee structure, which is based on the full council and five standing committees. The new structure is illustrated and described below.



Through the work of committees, our councillors 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.

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 & 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 Audit & Risk Panel met eight times during 2015/16.

The Council's Code of Governance is based on the six core principles set out in the CIPFA/SOLACE Framework. How we meet these six 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:

#### Focus on purpose and outcomes

We will do this through the following:

- Community planning and the Belfast Agenda
- Belfast City Centre Regeneration Strategy and Investment Plan
- Local Development Plan
- 'One Council' corporate communication guidelines
- Corporate complaints, comments and compliments procedure
- Corporate and operational planning process
- Focus on service delivery at a local level
- Leisure transformation programme
- Delivery of services through a partnership arrangements
- Establishment of Council owned company to operate Belfast Waterfront Conference and Exhibition Centre and Ulster Hall
- 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
- Political governance structures
- Committee and operational planning process
- 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
- The Belfast Agenda
- 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
- Codes of conduct for 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
- Governance arrangements with partners

#### 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
- Political governance structures
- Committee reporting system, including agenda setting and Committee support frameworks
- 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)
- Development of a political skills framework
- Elected member development working group
- Organisational development programme
- Personal development planning
- Learning and development policy
- Appraisal framework
- 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:

- Community planning and the Belfast Agenda
- Local Development Plan
- Consultation and engagement work
- Communication of corporate plan, capital programme and financial report
- Strategic Performance Management Framework
- Area Working Groups
- Open council and committee meetings
- Webcasts of Council meetings
- Audio recordings of Committee meetings
- Online minutes system (Modern.gov)
- Our website and use of social media
- 'My Belfast' app
- Public surveys completed every 2 years
- Corporate complaints, comments and compliments process
- City Matters magazine
- Negotiation and discussion with trade unions
- Disability Support Network
- Internal communications

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 (2010) as set out in the Application Note to Delivering Good Governance in Local Government: Framework.

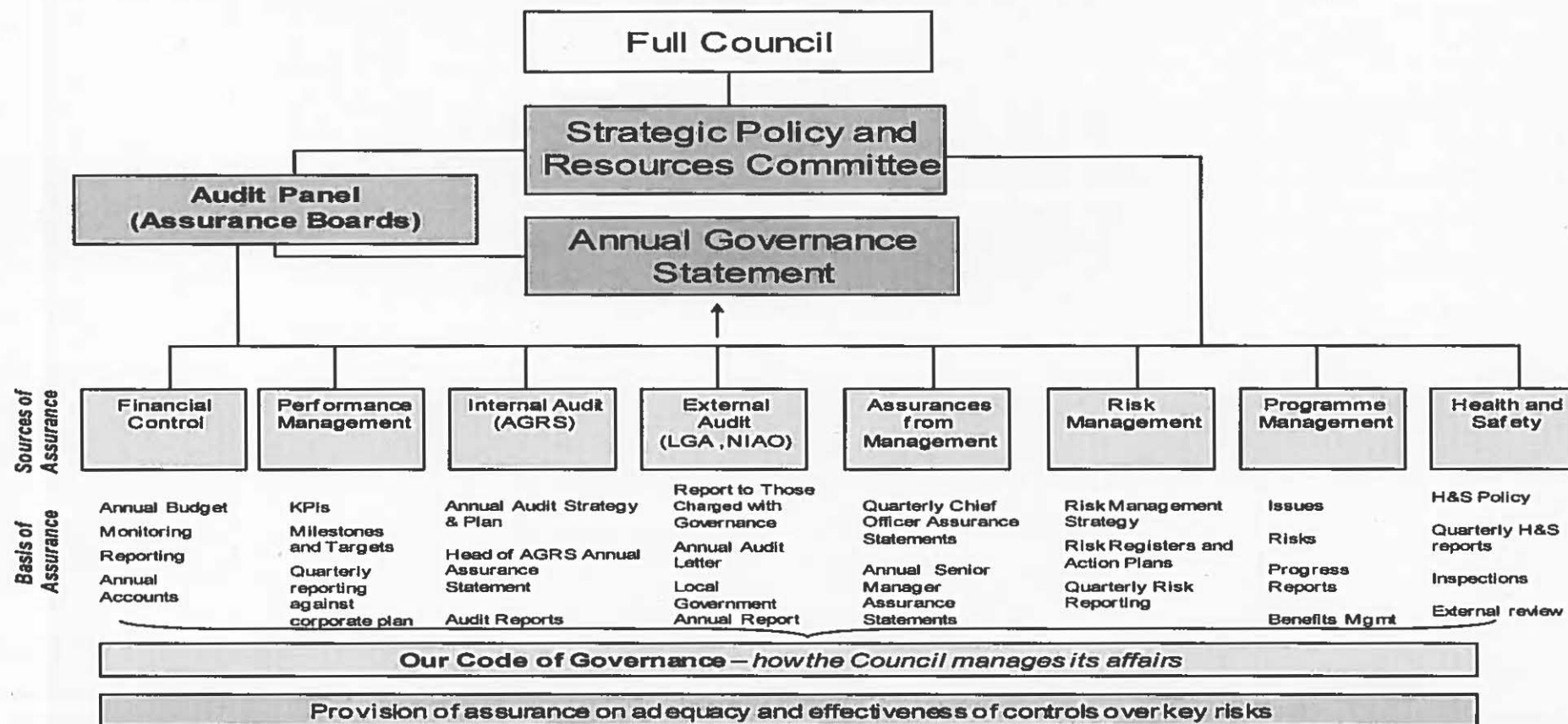
The CIPFA Statement on the Role of the Head of Internal Audit (2010) sets out the five principles that define the core activities and behaviours that belong to the role of the Head of Internal Audit (HIA) in public service organisations and the organisational arrangements needed to support them.

The Head of 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 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 Council's Governance Framework, 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.

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 2015/16, 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 2015/16 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 audit assignments that areas subject to detailed internal audit during 2015/16, in that AGRS has been able to provide positive statements of assurance*
- *improvements in the implementation of audit recommendations, in particular in relation to financial control*
- *application of risk management and quarterly management assurance processes*
- *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.*

*Some weaknesses and areas for improvement have been identified through our audit work. These have been reported in detail to the Council's Assurance Board and Audit Panel during 2015/16 through our quarterly progress reports.*

*With regard to risk management, a fundamental review of corporate risks has been undertaken by Chief Officers (late 2015 / early 2016). This has enabled production of a risk map / assessment and related action plans which reflect the Council's new responsibilities, key programmes of work as well as key 'business as usual' risks. This review should result in improved corporate risk management and, in particular, improved assurance reporting to Members through the Committee structures. Given the range of risks facing the Council, I*

*would highlight the importance of the implementation of agreed risk action plans arising from this review during 2016/17.*

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;
- 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.

#### **Significant Governance Issues**

The significant governance issues for 2015/16 were identified through the review of the red risks in the Corporate Risk Register for the year ending 31 March 2016, consideration of significant events / issues and also review of the Directors' Annual Assurance Statements.

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

1. New delivery / operating models
2. Agreement and delivery of the Community Plan / Belfast Agenda
3. City Centre Regeneration
4. Waste management
5. Change management
6. Delivery of the Local Development Plan
7. Delivery of the Leisure Estates Programme

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

#### **1. New delivery / operating models**

The Council has entered into innovative new delivery / operating models since January 2015, namely the long-term agreement with Greenwich Leisure Ltd for the delivery of leisure

services and the contract with Belfast Waterfront & Ulster Hall Ltd for the operation of the new venue. There is a significant challenge for the Council to ensure that these contracts and relationships deliver the intended strategic outcomes.

Regarding the new leisure operating model, it should be possible to reduce this risk in 2016/17 following the appointment of a dedicated BCC Partnership Manager, the continued development and implementation of a monitoring framework, the development and implementation of an agreed approach to partnership relationship management and the full operation of Active Belfast Ltd. Similarly, regarding the new operating model for the BWUH Ltd, the risk will be managed through a review of the governance arrangements, development of a contract management plan and an agreed approach to relationship management along with performance monitoring and reporting.

There are, of course, other economic and sector specific factors that could impact on the management of this risk.

## **2. Agreement and delivery of the Community Plan / Belfast Agenda**

The Belfast Agenda / Community Plan will provide the strategic direction for other plans within the city, and in particular the Local Development Plan. Statutory guidance recommends the community plan is published by April 2017; missing this deadline would result in significant adverse publicity for the Council. The following actions have been agreed to manage the risk:

- secure dedicated resources for the development and implementation of the Belfast agenda
- establish appropriate governance structures and support for the community planning process
- commission specific research and expert assistance to support the development of an action plan detailing SMART actions to ensure meaningful measures and targets are set and monitored
- develop a performance framework to enable reporting on progress of the community plan/Belfast Agenda and key work strands.

## **3. City Centre Regeneration**

There is a risk that we fail to deliver the City Centre Regeneration Strategy. The Strategy and related actions represent a new area of Council activity and there are related, inherent risks



in undertaking investment activity. While there is a clear Strategy and a number of controls in place, there are considerable challenges to trying to achieve £1 billion of investment into the city. The following actions have been agreed to mitigate the risk:

- establish permanent team to deliver strategy
- establish programme governance board (and proposed risk / issue log)
- develop CCIF procedures / governance i.e. management of the fund
- ensure effective risk management in place to help manage programme and specific projects under the strategy.

#### **4. Waste Management**

The impact of cost rises on the Council would be potentially significant as would the financial penalties imposed on the Council as a consequence of failing to meet waste reduction targets. Resource issues in terms of people and fleet have been identified as internal risk factors. A number of external factors have also been identified, including the lack of an appropriate waste infrastructure and commodity price changes. A number of actions have been proposed in order to further mitigate the risk and these include, development of contingency arrangements in relation to residual waste treatment, commissioning of a value for money review of recycling centres, and development of a strategic waste plan 2017-2030, as well as ongoing contract monitoring reviews.

#### **5. Change Management**

There is a significant governance issue around the need to align the organizational structure to the new priorities. The analysis from both the Peer review challenge process and the Decision Making Accountability work has been completed and 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.

There is a significant corporate risk around the delivery of the Belfast Agenda / Community Plan if change is not managed effectively across the organization. A range of controls are in place and key actions to co-ordinate a programme of work have been implemented but work must be prioritized and resourced to ensure effective delivery.

## 6. Delivery of the Local Development Plan

The major risk in relation to the delivery of the Local Development Plan is that the Plan can be subject to challenge from a number of sources at a number of stages during the course of consultation. There are high expectations regarding the delivery of the LDP and there are also timing issues re the enquiry processes. There are a number of other factors that may impact on the council's ability to deliver the plan, including the resourcing and scheduling of appeals and availability of key statutory partners to support to the council's plan. The delivery of the plan is fundamental to the Belfast Agenda, however it is noteworthy that the existing plan, drafted by DOE, commenced in 2004 and has not been formally adopted, as it is currently subject to ongoing legal challenge. In order to mitigate the risk the council has appointed a Development Planning and Policy Manager and committed to providing the adequate resources to ensuring the Local Development Plan is delivered in accordance with legislative timeframes as agreed with DOE; these include the establishment of a Project team and steering group as well as a sinking fund to support the plan.

## 7. Delivery of the Leisure Estates Programme

A key issue for the Council will be the delivery of the £105 million capital investment programme in leisure.

The impact is assessed as severe in terms of (a) Financial, in that if the programme is not properly managed and the costs are not controlled effectively then there will not be enough finance available to complete the whole programme and; (b) Political, in that the principles approved by members for the Leisure Transformation Programme may not be realised. The key action to manage this risk is the implementation of the Leisure Estate Corporate Programme.

Signed:  .....

Chair Strategic Policy and Resources Committee

Signed:  .....

Chief Executive

Signed:  .....

Chief Financial Officer

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

### **REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2016**

#### **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.

Following a review of allowances, carried out by an Independent Councillors' Allowances Remuneration Panel, which was appointed in May 2013, the Minister of the Environment advised the Northern Ireland Assembly in a written statement of the new levels of allowances applicable for councillors from 1 April 2015.

Guidance and determinations on Councillors' Allowances applicable from 1 April 2015 were issued by the Department of the Environment on 24 February 2015 (Circulars LG 04/2015 and LG 05/2015 respectively). The determinations and rates have been updated in LG 29/2015 due to the increase in Dependants' Carer's Allowance from 1 October 2015. Details of the allowances paid to individual councillors are published on council websites.

Following local elections on 22 May 2014, 462 councillors were elected to the 11 new councils for a four year term. Belfast City Council had 60 councillors in 2015/16.

##### **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 Executive Management Team/Senior Management Team.

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 in 2015/16, 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 in 2015/16 (audited information)

Allowance	Total Allowances £	Number of Councillors receiving Allowance
Basic Allowance	849,617	60
Special Responsibility Allowance	103,749	27
Lord Mayor Allowance	34,800	1
Deputy Lord Mayor Allowance	6,250	1
PCSP Allowance	13,560	33
Other Travel Allowance	15,715	27
Employer Costs	221,946	
Subsistence	6,962	24
Mileage	11,670	38
Courses/ Conferences Visits	21,949	30
Telephone rental	4,580	21
Miscellaneous Costs	2,267	7
High Sheriff's Allowance	6,249	1
Severance Payments	16,600	1*
<b>TOTAL ALLOWANCES</b>	<b>1,315,914</b>	

\* Severance payments shown above are made under the Local Government (Severance Payments to Councillors) Regulations (NI) 2013 and are fully funded by the Northern Ireland Executive.

Details of the allowances paid to individual councillors in 2015/16 are published on the council website at [www.belfastcity.gov.uk/council/freedomofinformation/councillorexpenditures.aspx](http://www.belfastcity.gov.uk/council/freedomofinformation/councillorexpenditures.aspx)

The following is a summary of resignations, retirements and appointments of Councillors during 2015/16:

Gavin Robinson was excluded as Councillor on 9 May 2015 and Councillor Brian Kennedy was co-opted to replace him on 16 June 2015. Claire Hanna was excluded as Councillor on 29 June 2015 and Councillor Donal Lyons was co-opted to replace her on 28 July 2015.

Laura McNamee resigned as Councillor on 31 July 2015 and Sian O'Neill was co-opted to replace her on 1 September 2015. Bill Groves resigned as Councillor on 4 September 2015 and Councillor Séanna Walsh was co-opted to replace him on 14 September 2015.

# **REMUNERATION OF SENIOR EMPLOYEES (audited information)**

The remuneration of senior employees covers the Executive Management Team/Senior Management Team. The following table provides details of the remuneration paid to senior employees in 2015/16:

Officers	2015/16			
	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	120-125			120-125
Director of Finance & Resources - Ronan Cregan	100-105			100-105
Director of Property & Projects - Gerry Millar	100-105			100-105
Director of Organisational Development - Jill Minne	95-100			95-100
Director of City & Neighbourhood Services - Nigel Grimshaw (FYE)	90-95			90-95
*Director of Planning & Place - Phil Williams (FYE)	90-95			90-95
Town Solicitor - John Walsh	85-90			85-90

\*The Director of Planning & Place is employed under a fixed term contract for two years with the option to extend for 1 year.

Councils are required to disclose the relationship between the remuneration of the highest paid member of the Executive Management Team/Senior Management Team and the median remuneration of the Council's workforce.

The banded remuneration of the highest paid member of the Executive Management Team/Senior Management Team in the financial year 2015/16 was £120k - £125k. This was 6.2 times the median remuneration of the workforce, which was £19,742.

**Table 3: Relationship between the remuneration of the highest paid member of the Executive Management Team/Senior Management Team and the median remuneration of the Council's workforce**

	2015/16 £'000
Salary band of highest paid member of the Executive Management Team/ Senior Management Team	120-125
Median Total Remuneration	19.8
Ratio	6.2

In 2015/16, no employees received remuneration in excess of the highest paid member of the Executive Management Team/Senior Management Team.

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

## **Salary**

"Salary" includes gross salary, overtime, and any 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 during 2015/16, together with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Table 4: Exit Packages in 2015/16 (audited information)

Severance Package Cost Band	Number of Compulsory Redundancies	Number of Other departures	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band £'000
£0 - £20,000		15	15	176
£20,001 - £40,000		13	13	366
£40,001 - £60,000		9	9	417
£60,001 - £80,000		3	3	192
£80,001 - £100,000				
£100,001 - £150,000				
£150,001 - £200,000				
<b>Total</b>		<b>40</b>	<b>40</b>	<b>1,151</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 of the Environment in April each year in accordance with the increase applied to a pension in payment. The bands, effective from 1 April 2015, were as follows:



Table 5: Employee Contribution Rates

Band	Range	Employee Contribution Rate
1	£0 - £14,000	5.50%
2	£14,001 - £21,300	5.80%
3	£21,301 - £35,600	6.50%
4	£35,601 - £43,000	6.80%
5	£43,001 - £85,000	8.50%
6	More than £85,000	10.50%

Employers' contribution rates are determined by the fund's actuary every three years at the triennial valuation. The 2013 triennial valuation was undertaken as at 31 March 2013 and an employer contribution rate of 20% for those employers whose participation in the Scheme is deemed to be indefinite has been set for the following three years, effective from 1 April 2014:

Table 6: Employer Contribution Rates

Year	Employer Contribution Rate
1 April 2014 - 31 March 2015	20%
1 April 2015 - 31 March 2016	20%
1 April 2016 - 31 March 2017	20%

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 2015/16 was £175,718.

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 2015/16 (audited information)

Officers	Accrued Pension at pension age as at 31/3/16 £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/16 £'000	CETV at 31/3/15 £'000	Real increase in CETV £'000
Suzanne Wylie	45-50	7.5-10	723	652	61
Ronan Cregan	35-40	5-7.5	662	601	51
Gerry Millar	45-50	5-7.5	1087	989	105
Jill Minne	25-30	2.5-5	428	392	26
Nigel Grimshaw	0-5	0-2.5	4	0	2
Phil Williams	0-5	0-2.5	26	0	18
John Walsh	30-35	17.5-20	502	378	114

#### 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 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.

**Certificate of the Chief Financial Officer**

I certify that:

- (a) the Statement of Accounts for the year ended 31st March 2016 on pages 26 to 103 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on pages 30 to 59.
- (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 2016.

Chief Financial Officer



Date

23/9/16

**Council Approval of Statement of Accounts**

These accounts were approved by resolution of the Strategic Policy and Resources Committee on 23 September 2016.

Chairman



Date

23/9/16

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

I have audited the financial statements of Belfast City Council for the year ended 31 March 2016 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 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.

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.

### **Respective responsibilities of the Chief Financial Officer and the independent auditor**

As explained more fully in the Statement of the 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. 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. 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 and the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16, of the financial position of Belfast City Council as at 31 March 2016 and its income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Department for Communities (formerly Department of the Environment) directions issued thereunder.

### **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 Narrative Report for the financial year ended 31 March 2016 is consistent with the financial statements.

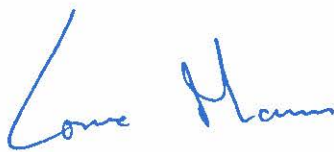
#### **Matters on which I report by exception**

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

- in my opinion:
  - the Annual Governance Statement:
    - does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16 ;
    - 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.



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

26 September 2016

**Belfast City Council**

**Movement in Reserves Statement for the year ended 31 March 2016**

This Statement 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 Statement. 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 statutory and other reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from statutory and other reserves undertaken by the Council.

	Note	General Fund Summary £	Other Fund Balances and Reserves £	Capital Receipts Reserve £	Total Usable Reserves £	Total Unusable Reserves £	Total Council Reserves £
Balance as at 1 April 2015 per Opening Balance Sheet Note	24	22,050,670	27,591,981	1,243,065	50,885,716	398,038,464	448,924,180
<b>Movement in reserves during the year</b>							
Surplus/ (Deficit) on the provision of services		17,080,585	-	-	17,080,585	-	17,080,585
Other Comprehensive Income and Expenditure		-	-	-	-	46,220,358	46,220,358
<b>Total Comprehensive Income and Expenditure</b>		<b>17,080,585</b>	<b>-</b>	<b>-</b>	<b>17,080,585</b>	<b>46,220,358</b>	<b>63,300,943</b>
Adjustments between accounting basis & funding under		(16,550,269)	(3,500,000)	(26,046)	(20,076,315)	20,988,032	911,717
<b>Net increase / (decrease) before transfers to Statutory and Other Reserves</b>		<b>530,316</b>	<b>(3,500,000)</b>	<b>(26,046)</b>	<b>(2,995,730)</b>	<b>67,208,390</b>	<b>64,212,660</b>
Transfers to / from Statutory and Other Reserves		(3,665,045)	3,618,695	46,350	-	-	-
Other movements		265,293	(31,354)		233,939	91,000	324,939
<b>Increase / (decrease) in year</b>		<b>(2,869,436)</b>	<b>87,341</b>	<b>20,304</b>	<b>(2,761,791)</b>	<b>67,299,390</b>	<b>64,537,599</b>
Balance as at 31 March 2016		19,181,234	27,679,322	1,263,369	48,123,925	465,337,854	513,461,779

**Belfast City Council**

**Comprehensive Income and Expenditure Statement for the year ended 31 March 2016**

This 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 regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

		2015/16			2014/15		
		Gross Expenditure	Gross Income	Net Cost	Gross Expenditure	Gross Income	Net Cost
Service Expenditure	Notes	£	£	£	£	£	£
Leisure and Recreational Services	2	86,668,706	(9,669,218)	76,999,488	-	-	-
Environmental Services	2	69,198,058	(8,950,545)	60,247,513	-	-	-
Planning and Development Services	2	26,572,728	(11,303,953)	15,268,775	-	-	-
Highways and Transport Services	2	2,208,650	(2,192,260)	16,390	-	-	-
DRM and Corporate	2	20,392,280	(1,024,276)	19,368,004	1,077,295	1,077,295	-
Other Services	2	8,122,541	(4,508,933)	3,613,608	-	-	-
<b>Cost of Services on Continuing Operations</b>		<b>213,162,963</b>	<b>(37,649,185)</b>	<b>175,513,778</b>	<b>1,077,295</b>	<b>1,077,295</b>	<b>-</b>
Other Operating Expenditure	7	125,870	-	125,870	-	-	-
Financing and Investment Income and Expenditure	8	5,690,842	(9,190,683)	(3,499,841)	-	-	-
Surplus or Deficit on Discontinued Operations							-
<b>Net Operating Expenditure</b>		<b>218,979,675</b>	<b>(46,839,868)</b>	<b>172,139,807</b>	<b>1,077,295</b>	<b>1,077,295</b>	<b>-</b>
Taxation and Non-Specific Grant Income	9	-	(189,220,392)	(189,220,392)	-	-	-
<b>(Surplus)/Deficit on the Provision of Services</b>		<b>218,979,675</b>	<b>(236,060,260)</b>	<b>(17,080,585)</b>	<b>1,077,295</b>	<b>1,077,295</b>	<b>-</b>
(Surplus)/Deficit on revaluation of non-current assets	11			(22,566,358)			-
Surplus/(Deficit) arising on revaluation of available-for-sale financial assets				-			-
Remeasurements of the Net Defined Benefit (Asset) Liability	20			(23,654,000)			-
<b>Other Comprehensive (Income) and Expenditure</b>				<b>(46,220,358)</b>			<b>-</b>
<b>Total Comprehensive (Income) and Expenditure</b>				<b>(63,300,943)</b>			<b>-</b>



Belfast City Council  
Balance Sheet as at 31 March 2016

The Balance Sheet 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 Council. 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'.

	Note	31st March 2016	31st March 2015
		£	£
<b>Fixed Assets</b>	<b>11</b>	<b>618,434,227</b>	<b>-</b>
Long Term Investments		-	-
Investment in Associates and Joint Ventures		-	-
Long Term Debtors	15	6,191,192	-
<b>LONG TERM ASSETS</b>		<b>624,625,419</b>	<b>-</b>
Short Term Investments		-	-
Inventories	14	296,504	-
Short Term Debtors	15	26,739,301	402,490
Cash and Cash Equivalents	25	31,705,507	-
Assets Held for Sale	11	1,500,000	-
<b>CURRENT ASSETS</b>		<b>60,241,312</b>	<b>402,490</b>
Bank Overdraft		-	-
Short Term Borrowing	16	-	-
Short Term Creditors	17	35,418,808	402,490
Provisions	18	6,303,800	-
<b>CURRENT LIABILITIES</b>		<b>41,722,608</b>	<b>402,490</b>
Long Term Creditors	17	94,146	-
Provisions	18	2,963,742	-
Long Term Borrowing	16	34,761,509	-
Other Long Term Liabilities	5,20	91,099,942	-
Donated Assets Account	21	410,000	-
Capital Grants Receipts in Advance	22	353,005	-
<b>LONG TERM LIABILITIES</b>		<b>129,682,444</b>	<b>-</b>
<b>NET ASSETS</b>		<b>513,461,779</b>	<b>-</b>
<b>USABLE RESERVES</b>			
Capital Receipts Reserve	26	1,263,369	-
Capital Grants Unapplied Account	26	0	-
Capital Fund	26	25,475,756	-
Leisure Mobilisation Fund	26	2,000,000	-
Other Balances and Reserves	26	203,566	-
General Fund	26	19,181,234	-
<b>UNUSABLE RESERVES</b>		<b>48,173,825</b>	<b>-</b>
Capital Adjustment Account	26	433,923,306	-
Financial Instruments Adjustment Account	26	-	-
Revaluation Reserve	26	123,817,218	-
Available for Sale Financial Instruments Reserve	26	-	-
Pensions Reserve	26	(91,099,942)	-
Capital Receipts Deferred Account	26	-	-
Accumulated Absences Account	26	(1,302,728)	-
Landfill Regulations Reserve	26	-	-
Provisions Discount Rate Reserve	26	-	-
<b>NET WORTH</b>		<b>513,461,779</b>	<b>-</b>

Belfast City Council  
Cash Flow Statement at 31 March 2016

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.

	Note	2015/16	2014/15
		£	£
Net Surplus on the provision of services		17,080,585	-
Adjustment for non-cash movements		40,206,407	-
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(40,361,749)	-
<b>Net cash flows from operating activities</b>	<b>25</b>	<b>16,925,243</b>	<b>-</b>
Cash flows from Investing Activities	25	(38,420,257)	-
Net Cash flows from Financing Activities	25	7,062,251	-
<b>Net increase or decrease in cash and cash equivalents</b>		<b>(14,432,763)</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period as per Opening Balance Sheet note	24	46,138,270	-
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>31,705,507</b>	<b>-</b>

**Belfast City Council  
Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2016**

**1 Accounting Policies**

**a General Principles**

The Statement of Accounts summarises the Council's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. The Council is required to prepare an annual Statement of Accounts in a form directed by the Department of the Environment 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 2015/16 and the Service Reporting Code of Practice 2015/16 (SeRCOP), 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 the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- 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 payable on borrowings and receivable on investments is accounted for 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) Acquisitions**

As a result of the boundary change under Local Government reform, Belfast City Council has acquired functions and services from Lisburn City Council and Castlereagh Borough Council on 1st April 2015. The assets and liabilities have been transferred at their carrying values as at the transfer date and the balances are reflected in the Opening Balance Sheet Note to the accounts (Note 24).

Belfast City Council also acquired balances in respect of the transfer of the Planning Function from the Department of the Environment and Off-Street Parking from the Department of Regional Development on 1st April 2015. The assets and liabilities associated with the functions were transferred through absorption accounting and the carrying value of the assets and liabilities were brought into the financial statements of Belfast City Council from 1 April 2015.

The non-current assets which transferred to Belfast City Council on 1 April 2015 following Reform of Local Government were recognised initially within the same asset classification as that of the transferor organisation. After initial recognition, all such assets were assessed and reclassified where appropriate in line with Belfast City Council accounting policies.

**iii) 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 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. Bank overdrafts are shown within current liabilities on the balance sheet.

**iv) Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

**v) 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.

**vi) Employee Benefits**

Short-term employee benefits are those due to be settled 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 earned by employees but not taken before the year-end and which employees can carry forward into the next financial year.

**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 and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of:

- a) when the offer cannot be withdrawn or
- b) when the related restructuring costs are incurred.

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.

As a result of Local Government 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 of the Environment 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 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Resource Accounts as at 31 March 2016.

### **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 of 3.4%. A discount rate is required to be set equal to the current rate of return on an AA Rated (or equivalent) corporate bond "of equivalent currency and term to the scheme liabilities". The discount rate is based on the AON Hewitt GBP Select AA Curve using the duration of the Council's liability.

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 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.

**Any change in the Effect of the Asset Ceiling** – (where applicable) excluding amounts included in the Net Interest on the Net Defined Benefit Liability (Asset).

#### 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, appropriations are made 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.

**vii) 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:

a. 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

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

**viii) 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.

**ix) 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 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.

**x) Financial Instruments**

Most financial instruments held by Councils would fall to be classified into just one class of financial liability and two classes of financial assets:

Financial Liabilities  
Amortised Cost

Financial Assets  
Loans and Receivables  
Available for Sale

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.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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 District 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 into two types:

- a. loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- b. available-for-sale assets – that have a quoted market price and/or do not have fixed or determinable payments.

## **Loans and Receivables**

Loans and receivables 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 then 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 loans that the Council has made, 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 Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

## **Available-for-Sale Assets**

Available-for-sale assets 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. Where the asset has fixed or determinable payments, 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 amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g., dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- a. instruments with quoted market prices – the market price
- b. other instruments with fixed and determinable payments – discounted cash flow analysis
- c. equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).



**xi) 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.

**xii) 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:

- a. the Council will comply with the conditions attached to the payments, and
- b. 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 acquired using 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.

**xiii) 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 lines in Cost of Services on Continuing Operations 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 lines in Cost of Services on Continuing Operations 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 £5k) the Capital Receipts Reserve.

**xiv) 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 First In First Out (FIFO) basis as recommended by International Accounting Standard 2 Inventories (IAS2).

Long Term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the value of works and services received under the contract during the financial year.

**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, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Investment 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) 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.

**xvii) 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 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 – 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.

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 provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and impairment losses are therefore replaced by a revenue provision 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 asset (long term 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 will be 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 charge for the acquisition of the interest in the property is used to write down the lease asset (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 council tax, as the cost of fixed 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.

#### **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. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as 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 decommissioned i.e. 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 fixed 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) Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2015/16 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

a. Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.

b. Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

**xx) 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 and 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 assessed.

## **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 will not increase the cash flows of the Council. In the latter case, where the 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 and assets under construction – depreciated historical cost
- community assets - at a nominal value as advised by the Independent Chartered Surveyor
- short life assets, including road vehicles, plant and equipment, fixtures and fittings, office equipment, and IT and IS equipment depreciated historic cost as an estimate of fair value
- surplus assets - fair value (at highest and best use)
- investment properties are measured initially at cost and subsequently at fair value as outlined in accounting policy note (xv)
- 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), with any excess charged to the service line in the Comprehensive Income and Expenditure Statement.
- b. where there is no balance in the Revaluation Reserve, 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 charged 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 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.

**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 2014/15 and 2015/16 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) Doubtful Debts**

A review of debt recoverability is undertaken at year end to determine the level of doubtful debts and an impairment loss is recognised in respect of specific debts where recoverability is uncertain.

#### **xxiii) 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.

#### **xxiv) Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. 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 appropriated back into the General Fund Balance in the Movement in Reserves Statement 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 and retirement benefits and do not represent usable resources for the Council – these reserves are explained in the relevant note to the accounts.

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

Charges to revenue for non-current assets e.g. services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed 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 provision 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 amortisations are therefore replaced by minimum revenue provision [MRP] 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.

**xxvi) 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.

**xxvii) Value Added Tax**

All expenditure and income, irrespective of whether it is revenue or capital in nature, is shown net of Value Added Tax, unless it is irrecoverable.



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

The Council is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. 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.

**xxix) 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. The income for 2015/16 is £974k which is before deduction of relevant expenses, resulting in net income of £262k. 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.

## xxx) Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties 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 authority 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 authority'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.

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

**Amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions)**

In November 2013 the IASB issued its amendments to IAS 19. CIPFA/LASAAC considered the options in the standard for accounting for employee contributions are concluded that if the amount of the contributions is independent of the years of service a council is permitted to recognise such contributions as a reduction to service cost in the period in which the related service is rendered. This is consistent with the approach currently adopted and therefore there will not be any significant change in accounting practice for the council.

**Annual Improvements to IFRS 2010 - 2012 Cycle and 2012 - 2014 Cycle**

The IASB carries out cyclical work to identify and implement improvements in IFRS's. The 2010 - 2012 cycle was issued in November 2013 and the 2012 - 2014 cycle was issued in December 2013. These amendments have not yet been endorsed by the European Union and this endorsement would be required to be adopted into the Code. There are no significant issues affecting the council emanating from the annual improvements work.

**Amendment to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)**

When the acquisition of an interest in a joint operation in which the joint operation constitutes a business, as defined by IFRS 3, it shall apply, all of the principles on business combinations accounting in IFRS 3 and disclose the information required. This is applicable to the acquisition of both the initial interest and additional interests in a joint operation in which the activity of the joint operation constitutes a business. The exception of the principles that conflict with guidance in IFRS 11.

**Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)**

These changes apply to local authorities though CIPFA/LASAAC considers that local authorities do not use the depreciation and amortisation methods prohibited by the amendments to the standard. This amendment clarifies the treatment as it is the IASB's view that the restatement of the accumulated depreciation is not always proportionate to the change in the gross carrying amount. The amendment sets out that the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

**Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative)**

Under the IASB Disclosure Initiative, in December 2014 changes were published on IAS 1 Financial Statements. The presentation of financial statements has amended the reporting requirements for the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement. Improvements in the presentation of the financial statements will take effect in 2016/17 Code.

**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.

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

**(i) 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 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 2016 and the projected service cost for the year ending 31 March 2017 is set out in Note 20.

## 2 Segmental Reporting

### a Segmental Reporting Analysis

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is specified by the Service Reporting Code of Practice. The segmental reporting notes within the financial statements are based on the summary first page of the General Fund – Service Income and Expenditure Analysis in the Department of Environment's Accounts Direction.

The General Fund – Service Income and Expenditure Analysis as presented to the Department of Environment is as follows:

Services	2015/16			2014/15			Net
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Expenditure	£
	£	£	£	£	£	£	£
Culture and Heritage	9,390,665	(2,256,402)	7,134,263	-	-	-	-
Recreation and Sport	62,670,317	(4,757,714)	57,912,603	-	-	-	-
Tourism	8,213,779	(2,325,427)	5,888,352	-	-	-	-
Community Services	6,393,945	(329,675)	6,064,270	-	-	-	-
<b>Leisure and Recreational Services</b>	<b>86,668,706</b>	<b>(9,669,218)</b>	<b>76,999,488</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cemetery, Cremation & Mortuary	3,663,313	(2,460,163)	1,203,150	-	-	-	-
Environmental Health	16,982,652	(2,236,523)	14,746,129	-	-	-	-
Flood Defence and Land Drainage	-	-	-	-	-	-	-
Public Conveniences	347,522	(488)	347,034	-	-	-	-
Licensing	1,005,177	(250,978)	754,199	-	-	-	-
Other Cleaning	16,447,588	(172,260)	16,275,328	-	-	-	-
Waste Collection	20,548,461	(3,825,158)	16,723,303	-	-	-	-
Waste Disposal	10,203,345	(4,975)	10,198,370	-	-	-	-
Other Community Assets	-	-	-	-	-	-	-
Minor Works	-	-	-	-	-	-	-
<b>Environmental Services</b>	<b>69,198,058</b>	<b>(8,950,545)</b>	<b>60,247,513</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Community Planning	698,581	-	698,581	-	-	-	-
Economic Development	12,326,007	(4,260,955)	8,065,052	-	-	-	-
EU Rural Development	-	-	-	-	-	-	-
Urban Regeneration and Community Development	5,805,529	(1,787,754)	4,017,775	-	-	-	-
Planning Policy	-	-	-	-	-	-	-
Development Control	3,249,996	(2,286,611)	963,385	-	-	-	-
Building Control	4,492,615	(2,968,633)	1,523,982	-	-	-	-
Environmental Initiatives	-	-	-	-	-	-	-
<b>Planning and Development Services</b>	<b>26,572,728</b>	<b>(11,303,953)</b>	<b>15,268,775</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-street Parking Services</b>	<b>2,208,650</b>	<b>(2,192,260)</b>	<b>16,390</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Highways and Transport Services</b>	<b>2,208,650</b>	<b>(2,192,260)</b>	<b>16,390</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Democratic Representation and Management	5,499,873	(21,325)	5,478,548	888,076	888,076	-	-
Corporate Management	14,892,407	(1,002,951)	13,889,456	189,219	189,219	-	-
<b>DRM and Corporate Management</b>	<b>20,392,280</b>	<b>(1,024,276)</b>	<b>19,368,004</b>	<b>1,077,295</b>	<b>1,077,295</b>	<b>-</b>	<b>-</b>
Trading Services	4,424,244	(3,448,308)	975,936	-	-	-	-
Non Distributed Costs	1,596,185	160,000	1,756,185	-	-	-	-
Central Services to the Public	2,102,112	(1,220,625)	881,487	-	-	-	-
<b>Other Services</b>	<b>8,122,541</b>	<b>(4,508,933)</b>	<b>3,613,608</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONTINUING OPERATIONS</b>	<b>213,162,963</b>	<b>(37,649,185)</b>	<b>175,513,778</b>	<b>1,077,295</b>	<b>1,077,295</b>	<b>-</b>	<b>-</b>

**b Reconciliation to Net Cost of Services in the Comprehensive Income and Expenditure Statement**

This reconciliation shows how the figures in the analysis of portfolio income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement

	2015/16	2015/16	2014/15	2014/15
	£	£	£	£
<b>Net Cost of Services in Service Analysis</b>		<b>175,513,778</b>		<b>-</b>
<b>Items excluded from Service Analysis:</b>				
Add amounts not reported in Service Analysis but included in Net Cost of Services in the Comprehensive Income and Expenditure Statement	-		-	
Remove amounts reported in Service Analysis but not included in Net Cost of Services in the Comprehensive Income and Expenditure Statement	-	-	-	-
<b>Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement</b>		<b>175,513,778</b>		<b>-</b>
<b>Items included in Net Operating Expenditure excluded from Service Analysis:</b>				
Other Operating Expenditure	125,870		-	
Financing and Investment Income and Expenditure	(3,499,841)		-	
Surplus or Deficit on Discontinued Operations	-		-	
		<b>(3,373,971)</b>		<b>-</b>
<b>Net Operating Expenditure per the Comprehensive Income and Expenditure Statement</b>		<b>172,139,807</b>		<b>-</b>

### 3 Adjustment between an Accounting Basis and Funding Basis under Regulations

**a** 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:

		2015/16	2015/16	2014/15	2014/15
	Notes	£	£	£	£
<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		(1,014,809)		-	
Derecognition (other than disposal) of non-current assets	11	20,859		-	
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	11	16,369,138		-	
Depreciation charged in the year on non-current assets	11	11,697,623	27,072,811	-	-
Net Revenue expenditure funded from capital under statute	11		-		-
Carrying amount of non current assets sold	7	198,655		-	
Proceeds from the sale of PP&E, investment property and intangible assets	25,26	(72,785)	125,870	-	-
Difference between finance costs calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	26		-		-
Net charges made for retirement benefits in accordance with IAS 19	20		19,831,000		-
Direct revenue financing of Capital Expenditure	12,26		(7,038,503)		-
Capital Grants and Donated Assets Receivable and Applied in year	9b		(40,288,964)		-
Capital Grants Receivable and Unapplied in year	9c		-		-
Rates Claw-Back Reserve	26		-		-
Adjustments in relation to Short-term compensated absences	17		40,580		-
Adjustments in relation to Lessor Arrangements			46,350		-
Landfill Regulations Reserve Adjustment	26		-		-
Provisions Discount Rate Reserve Adjustment	26		-		-
<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	26		(2,886,413)		-
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	20		(13,453,000)		-

**Net transfers to / from Accumulated Absences -**

Adjustments in relation to Short-term compensated absences

(16,550,269)

**b** Net transfers (to)/from statutory and other earmarked reserves

		2015/16	2015/16	2014/15	2014/15
	Notes	£	£	£	£
<b>Capital Fund</b>					
Interest		-		-	
From Capital		-		-	
Other	26	(1,418,027)	(1,418,027)	-	-
<b>Leisure Mobilisation Fund</b>					
Interest		-		-	
Other	26	(2,000,000)	(2,000,000)	-	-
<b>Capital Receipts Reserve</b>					
Interest		-		-	
Other	26	-	-	-	-
<b>Other Funds and earmarked reserves</b>					
Interest		(668)		-	
From Other funds		-		-	
Other	26	(200,000)	(200,668)	-	-
			(3,618,695)		-



#### 4 Cost of Services on Continuing Operations

##### a General Power of Competence

Prior to Local Government Reform on 1st April 2015, expenditure for special purposes was limited under Section 40 of the Local Government Finance Act (Northern Ireland) 2011. This section was repealed by Schedule 10 of the Local Government Act (Northern Ireland) 2014.

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.

No expenditure has been incurred in the year under the new 'general power of competence' provisions of s79 of the 2014 Act.

##### b External Audit Fees

The Council has accrued the following costs relating to the annual audit of the Statement of Accounts.

	2015/16	2014/15
	£	£
External Audit Fees	80,000	-
Grant Claim Certification Fees	-	-
Other Fees	-	-
	80,000	-

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

5 Operating and Finance Leases  
Council as Lessor

a Finance Leases (Council as lessor)

The Council has leased out property to a local bank on a finance lease with a remaining term of 63 years.

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.

Gross receivables from finance leases	2015/16	2014/15
	£	£
<b>Long Term Debtors</b>		
Finance leases- gross receivables	2,873,700	-
Less - Unearned finance income	(2,248,215)	-
Less - Unguaranteed residual value of property	-	-
<b>Net Present Value</b>	<b>625,485</b>	<b>-</b>
<b>Short Term Debtors</b>		
Finance leases- gross receivables	46,350	-
Less - Unearned finance income	(45,808)	-
Less - Unguaranteed residual value of property	-	-
<b>Net Present Value</b>	<b>542</b>	<b>-</b>
<b>Gross receivables from finance leases</b>		
No later than 1 year	46,350	-
Later than 1 year and no later than 5 years	185,400	-
Later than 5 years	2,688,300	-
<b>Total gross receivables</b>	<b>2,920,050</b>	<b>-</b>
Less-Unearned future finance income on finance leases	(2,294,023)	-
Less-Unguaranteed residual value of property	-	-
<b>Net investment in finance leases</b>	<b>626,027</b>	<b>-</b>

The net investment in finance leases may be analysed as follows:

	2015/16	2014/15
	£	£
No later than 1 year	542	-
Later than 1 year and no later than 5 years	-	-
Later than 5 years	625,485	-
<b>Total gross receivables</b>	<b>626,027</b>	<b>-</b>

The unguaranteed residual values of the assets leased under finance leases at the end of the year are estimated at £Nil.

The accumulated allowance for uncollectable minimum lease payments receivable is £Nil.

No contingent rents were recognised as receivable by the Council.

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average interest rate contracted is approximately 7.32%.

**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 £6,774,888. 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 999 years. Future minimum lease income is set out below:

	2015/16		2014/15	
	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	6,123,740	-	-	-
Later than 1 year and no later than 5 years	20,136,015	-	-	-
Later than 5 years	394,168,195	-	-	-
	<b>420,427,950</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	2015/16		2014/15	
	Land and Buildings £	Vehicles, Plant and Equipment £	Land and Buildings £	Vehicles, Plant and Equipment £
Cost	81,934,500	-	-	-
Accumulated depreciation and impairments at 1 April	-	-	-	-
Depreciation charge for the year	-	-	-	-
Impairments	(500,000)	-	-	-
Revaluations	2,210,500	-	-	-
	<b>83,645,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

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.

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

The Council has acquired some office copiers and printers by entering into operating leases with typical lives of 5 years. The Council is also leasing a number of office buildings with lease terms up to 17 years and vehicles 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:

	2015/16		2014/15	
	Land and Buildings £	Vehicles, Plant and Equipment £	Land and Buildings £	Vehicles, Plant and Equipment £
Minimum lease payments	1,448,405	472,434	-	-
Contingent rentals	-	-	-	-
Less: Sublease payments receivable	-	-	-	-
<b>Total</b>	<b>1,448,405</b>	<b>472,434</b>	<b>-</b>	<b>-</b>

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:

	2015/16		2014/15	
	Land and Buildings £	Vehicles, Plant and Equipment £	Land and Buildings £	Vehicles, Plant and Equipment £
<b>Minimum lease rentals payable:</b>				
No later than 1 year	1,349,138	477,530	-	-
Later than 1 year and no later than 5 years	4,209,581	297,675	-	-
Later than 5 years	1,992,999	-	-	-
<b>Total</b>	<b>7,551,718</b>	<b>775,205</b>	<b>-</b>	<b>-</b>

6 Employee Costs and Member Allowances			
a Staff Costs	2015/16	2014/15	
	£	£	
Salaries and Wages	65,249,895	-	
Employers NIC	4,602,551	-	
Employers Superannuation	12,569,541	-	
Total staff costs	82,421,987	-	

The above staff costs do not include the costs of the voluntary redundancies in 2015/16. These costs are disclosed separately in Table 4 of the Remuneration Report.

In addition to the above, agency costs during the year amounted to £4,217,572.

The Council's current contribution rate to NILGOSC scheme is 20%. At the last actuarial valuation, dated 31 March 2013, the Fund's assets as a whole were sufficient to meet 91% of the liabilities accrued up to that date.

Average Number of Employees - where FTE represents fulltime equivalent employees

b Average Number of Employees	2015/16	2014/15	
	FTE	FTE	
Parks	398	-	
Environmental Services	809	-	
Planning and Place	137	-	
Highways and Transport Service	-	-	
Other	971	-	
Total Number	2,315	-	

Actual Number of Employees	2015/16	2014/15	
	Actual Numbers	Actual Numbers	
Full-time numbers employed	2,090	-	
Part-time numbers employed	354	-	
Total Number	2,444	-	

On 1 April 2016, 77 employees transferred to Belfast City Council from Lisburn & Castlereagh City Council, and 44 employees from the Planning Service, under the Reform of Local Government.

c Senior Employees' Remuneration	2015/16	2014/15	
	£	£	
£50,001 to £60,000	47	-	
£60,001 to £70,000	12	-	
£70,001 to £80,000	9	-	
£80,001 to £90,000	2	-	
£90,001 to £100,000	2	-	
£100,001 to £110,000	2	-	
£120,001 to £130,000	1	-	
Total Number	75	-	

d Members' Allowances	2015/16	2014/15	
	£	£	
Employer Costs	221,946	-	
Basic allowance	849,617	-	
Mayor's & Deputy Mayor's Allowance	41,050	-	
Special Responsibility Allowances	103,749	-	
High Sheriff's Allowance	6,249	-	
Travel	15,715	-	
Mileage	11,670	-	
Subsistence	6,962	-	
PCSP Allowance	13,560	-	
Conferences and Courses	21,949	-	
Telephone rental	4,580	-	
Miscellaneous Costs	2,267	-	
Severance Payments*	16,600	-	
Total	1,315,914	-	

\* Severance payments shown above are made under the Local Government (Severance Payments to Councillors) Regulations (NI) 2013 and are fully funded by the Northern Ireland Executive.

#### a Northern Ireland Civil Service Pension Arrangements

As a result of Local Government 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 of the Environment 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 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Resource Accounts as at 31 March 2016.

For 2015-16, employers' contributions of £271,269 were payable to the NICS pension arrangements at one of four 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. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2015-16. 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 2015-16 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £2,838 were paid to one or more of a panel of three appointed stakeholder pension providers.

On 1st April 2015, Castlereagh Borough Council was transferred between Belfast City Council and Lisburn City Council with staff transferring between each New Council. The number of staff which transferred to Belfast City Council that were active members of the NILGOS pension scheme is outlined in Note 20 Retirement Benefits. The impact on the pension scheme assets and liabilities as provided by our actuary AON Hewitt is included in Note 24 Opening Balance Sheet.

### 7 Other Operating Expenditure

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

	2015/16	2014/15
	£	£
Proceeds from sale	(72,785)	-
Carrying amount of non-current assets sold (excl Investment Properties)	198,655	-
	<b>125,870</b>	<b>-</b>

#### b Other Operating Income/Expenditure

	2015/16	2014/15
	£	£
Income	-	-
Expenditure	-	-
	<b>-</b>	<b>-</b>

Other Operating Expenditure	2015/16	2014/15
	£	£
(Surplus) / Deficit on Non Current Assets	<b>125,870</b>	<b>-</b>
Other Operating (Income) / Expenditure	<b>-</b>	<b>-</b>
	<b>125,870</b>	<b>-</b>

## 8 Financing and Investment Income and Expenditure

### a Interest Payable and Similar Charges

	2015/16	2014/15
	£	£
Lease/hire purchase interest	-	-
Bank interest	-	-
Loan interest	1,844,895	-
Interest on funds	143,489	-
	1,988,384	-

### b Interest and Investment Income

	2015/16	2014/15
	£	£
Bank interest	207,232	-
Employee car loan interest	7,054	-
NIHE Loan interest receivable	410,341	-
<i>Investment income on Fund Balances</i>		
Capital Fund	-	-
Repairs & Renewals Fund	-	-
Other Funds	668	-
Other investment income	-	-
	625,295	-

### c Pensions interest costs

	2015/16	2014/15
	£	£
Net interest on the net defined benefit liability (asset)	3,287,000	-
	3,287,000	-

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

	2015/16	2014/15
	£	£
Income from trading	-	-
Expenditure	-	-
(Surplus)/Deficit for the year	-	-

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

	2015/16	2014/15
	£	£
<b>Income/Expenditure from Investment Properties:</b>		
Income including rental income	(6,774,888)	-
Expenditure	415,458	-
De-recognition in relation to amounts written off	-	-
<i>Net income from investment properties</i>	(6,359,430)	-
<b>Surplus/deficit on sale of Investment Properties</b>		
Proceeds from sale	-	-
Carrying amount of investment properties sold	-	-
<i>(Surplus)/deficit on sale of Investment Properties:</i>	-	-
<b>Changes in Fair Value of Investment Properties</b>	(1,790,500)	-
	(8,149,930)	-



Financing and Investment Income and Expenditure						
	2015/16			2014/15		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Interest Payable and Similar Charges	1,988,384	-	1,988,384	-	-	-
Interest and Investment Income	-	625,295	(625,295)	-	-	-
Pensions interest cost	3,287,000	-	3,287,000	-	-	-
Surplus/(Deficit) on trading operations	-	-	-	-	-	-
Other Investment Income	415,458	6,774,888	(6,359,430)	-	-	-
Changes in Fair Value of Investment Properties	-	1,790,500	(1,790,500)	-	-	-
	5,690,842	9,190,683	(3,499,841)	-	-	-

## 9 Taxation and Non Specific Grant Income

### a Revenue Grants

	2015/16	2014/15
	£	£
General	(5,091,162)	-
Other	-	-
	(5,091,162)	-

### b Capital Grants and Donated Assets - Applied

	2015/16	2014/15
	£	£
Government & Other Grants - Conditions met and applied in year	(40,284,204)	-
Government & Other Grants - Transfer from receipts in advance	(4,760)	-
Donated Assets - Conditions met	-	-
Donated Assets - Transfer from donated assets creditor	-	-
	(40,288,964)	-

The above capital grant amount includes £20.5m from EU funding bodies.

### c Capital Grants - Unapplied

	2015/16	2014/15
	£	£
Government & Other Grants - Conditions met and not applied in year	-	-
Other	-	-
	-	-

### d District Rates

	2015/16	2014/15
	£	£
Current year	(143,116,491)	-
Finalisation - current year	(774,146)	-
Transitional Relief	-	-
Finalisation - previous year	50,371	-
	(143,840,266)	-

Taxation and Non Specific Grant Income		
	2015/16	2014/15
	£	£
District Rate Income	(143,840,266)	-
Revenue Grants	(5,091,162)	-
Capital Grants and Contributions	(40,288,964)	-
	(189,220,392)	-

## **10 Acquired and Discontinued Operations**

Local Government reform was implemented on 1st April 2015, when 11 New Councils took over from the previous 26 Councils. As a result of reform a number of functions which were previously delivered by NI Executive Departments are now carried out by Local Councils. These include:

### **Planning**

Local development plan functions  
Development control and enforcement

### **Roads**

Off-street parking (except Park and Ride)

### **Local economic development**

Start a Business Programme and Enterprise Shows  
Youth entrepreneurship  
Social entrepreneurship  
Investing for Women  
Neighbourhood renewal funding relating to enterprises initiatives

### **Local tourism**

Small-scale tourism accommodation development  
Providing business support including business start-up advice  
Providing advice to developers on tourism policies and related issues

### **Heritage**

Control of alterations, extension and demolition of listed buildings  
Conservation area designation and management  
Listed building enforcement notices  
Compensation where listed building consent has been revoked or modified  
Issuing of Building Preservation Notices  
Issuing notices to require Urgent Works to preserve a building  
Community listing of buildings of special architectural or historic interest

Due to geographical boundary changes from Local Government Reform, the city boundary of Belfast City Council expanded to take in around 53,000 additional residents, 21,000 households and 1,000 business premises. The new areas were formally parts of Lisburn City Council, Castlereagh Borough Council and North Down Borough Council. Belfast City Council has taken over responsibility for over 177 assets with a net value of £24.6m, located in the transferring areas of the city, which were previously held by Lisburn and Castlereagh councils and off-street car parks previously held by Department of Regional Development. These assets are now managed by the services they've transferred into. All of these assets and any associated liabilities, which transferred to Belfast City Council on 1 April 2015, are included in Note 24 Opening Balance Sheet.

Belfast City Council  
Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2016

11 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	Investment Properties	Intangible Assets	Assets Held for Sale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
<b>Balance as at 1 April 2015</b>	99,433,937	300,781,604	3,110	-	39,604,071	50,198	34,612,410	2,347,501	476,832,831	4,002,169	84,829,500	18,585,740	1,695,001	585,945,241
Adjustments between cost/value & depreciation/impairment	-	(947,196)	-	-	-	-	-	-	(947,196)	-	-	-	-	(947,196)
<b>Balance as at 1 April 2015</b>	99,433,937	299,834,408	3,110	-	39,604,071	50,198	34,612,410	2,347,501	475,885,635	4,002,169	84,829,500	18,585,740	1,695,001	584,998,045
Additions	8	982,461	-	-	2,353,410	443,664	79,119,164	1	82,898,708	139,084	-	87,765	-	83,125,557
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/ decreases to Revaluation Reserve	2,392,258	12,461,225	-	-	-	(727,730)	-	(340,632)	13,785,121	(14)	-	-	-	13,785,107
Revaluation increases/ decreases to Surplus or Deficit on the Provision of Services	(3,665,056)	(1,903,190)	-	-	-	(8,721,933)	(5,539)	(3,947,715)	(18,243,433)	-	1,790,500	-	(20,000)	(16,472,933)
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	(178,543)	(8,701)	-	-	(3,578,122)	-	-	(1)	(3,765,367)	-	-	-	-	(3,765,367)
Derecognition - Other	-	-	-	-	-	-	(20,859)	-	(20,859)	-	-	-	-	(20,859)
Reclassifications & Transfers	1,354,749	40,692,103	(3,110)	-	938,455	8,956,054	(54,404,107)	4,751,848	2,285,992	-	(2,500,000)	117,437	-	(96,571)
Reclassified to(-) / from(+) Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	(1)	(1)
<b>Balance as at 31 March 2016</b>	99,337,353	352,058,306	-	-	39,317,814	253	59,301,069	2,811,002	552,825,797	4,141,239	84,120,000	18,790,942	1,675,000	661,552,978

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	Investment Properties	Intangible Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2015	-	1,361,747	193	-	26,134,495	-	-	-	27,496,435	27,261	-	18,311,181	-	45,834,877
Adjustments between cost/value & depreciation/impairment	-	(947,196)	-	-	-	-	-	-	(947,196)	-	-	-	-	(947,196)
Balance as at 1 April 2015	-	414,551	193	-	26,134,495	-	-	-	26,549,239	27,261	-	18,311,181	-	44,887,681
Depreciation Charge	-	9,381,968	-	-	2,205,916	-	-	-	11,587,884	-	-	109,739	-	11,697,623
Depreciation written out on Revaluation Reserve	-	(8,773,367)	-	-	-	(7,870)	-	-	(8,781,237)	-	-	-	-	(8,781,237)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	-	-	-	-	(103,795)	-	-	(103,795)	-	-	-	-	(103,795)
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	(1,014,809)	-	-	-	-	-	-	(1,014,809)	-	-	-	-	(1,014,809)
Derecognition - Disposals	-	(4,350)	-	-	(3,562,362)	-	-	-	(3,566,712)	-	-	-	-	(3,566,712)
Derecognition - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications & Transfers	-	(3,993)	(193)	-	(107,479)	111,665	-	-	-	-	-	-	-	-
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2016	-	-	-	-	24,670,570	-	-	-	24,670,570	27,261	-	18,420,920	-	43,118,751

#### Net Book Values

Balance as at 31 March 2016	99,337,353	352,058,306	-	-	14,647,244	253	59,301,069	2,811,002	528,155,227	4,113,978	84,120,000	370,022	1,675,000	618,434,227
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## 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 originally valued at 1 April 1997 by the Valuation and Lands Agency, in accordance with the statements of asset valuation practice and guidance notes of the Royal Institute of Chartered Surveyors. The Council is operating a rolling programme for its revaluation of land and buildings with approximately 25% of these being discreetly revalued by physical inspection each year and the remainder being discreetly revalued by desktop exercise.

In the 2015/16 year all assets have been valued as at 31 March 2016. The revaluation was carried out by Land and Property Services Agency acting as sub-contractors of the Valuations Office Agency.

All property assets transferred to the Council as a result of the Reform of Local Government, and after classification under the relevant accounting policies of Belfast City Council, were inspected and valued as at 31 March 2016 by Land and Property Services acting as the sub-contractor of Valuation Office Agency. These valuations were included in the valuations of the other council properties valued at that date, and their final effects are included in the Fixed Assets Note above.

## Capital Commitments

A total of 16 capital contracts with a value of over £100,000 were entered into during the period with a total commitment value of £48,518,551.

## Effects of Changes in Estimates

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

## Impairment

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

Asset	£	Asset class	Reason
Cliftonville Playing Fields	(748,844)	Building	Valuation at depreciated replacement cost
Girdwood Community Hub	(2,164,764)	Building	Valuation at depreciated replacement cost
Connswater Community Greenway	(5,750,893)	Community Asset	Valuation at nominal value at community asset use
Robinson Centre	(3,963,965)	Surplus Asset	Impairment
Smithfield Market	(500,000)	Investment Property	Market valuation
Sum of material impairments over £500,000	(13,128,466)		

#### Local Government Reform

Non-current assets that were transferred to Belfast City Council on 1 April 2015 following Reform of Local Government were recognised initially within the same asset classification as that of the transferor organisation. After initial recognition, all such assets were assessed and reclassified where appropriate from that date in line with Belfast City Council accounting policies. The movements in asset values after reclassification under the Council's policies are included in the Fixed Assets Note above, and the financial effects are summarised below.

Assets reclassified to community assets under the Council's accounting policies included (at net book values) from land £796,750; from buildings £957,320; from infrastructure assets £2,917; from plant and machinery £126,876; and from surplus assets £10,000. It is the council's policy to carry community assets at a value of £1, due to the restrictions on the use of such assets. These reclassifications therefore resulted in impairments to the assets to reduce them each to £1 valuation.

The Robinson Centre leisure centre was declared to be a surplus asset. This required reclassification of £350,000 from operational land and £4,413,348 from operational buildings to surplus assets, and resulted in an impairment of £4,344,070 net of available revaluation amount.

The transfer of off-street car parking functions required the recategorisation of Smithfield Market Car Park, previously held by Belfast City Council as an investment property, to an operational asset with the Council as owner-occupier of the car park. This resulted in reclassification of £2,500,000 from investment property to operational assets.

Kent Street Car Park transferred from the operation of the Department of Regional Development to the Council but ownership remains with the Department of Social Development; and as a result £182,893 was derecognised by the Council.

There was a reclassification from surplus assets to operational land of £1,500.

# 11 b Intangible Assets

Intangible assets relate to landfill closure costs (net book value £NIL, gross cost before amortisation £16.7m) and purchased licensed software and related implementation costs (net book value £370k, gross cost before amortisation £2,091k)

## c Investment Properties

There were no additions in the year in relation to acquisitions and enhancements.

Investment Properties	31/03/2016	31/03/2015
	£	£
Rental Income from Investment Activities	6,774,888	-
Direct Operating expenses arising from investment properties	(415,458)	-
Net gain/(loss)	6,359,430	-

## d Heritage Assets

### Works of Art and Civic Items

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 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 accurately measured for an item, it is held on the balance sheet at the value of £1 for stewardship purposes. There are currently 160 of these items recorded by Belfast City Council.

Additions of Heritage Assets	2015/16
	£
Boxer Statue - Buoy's Park Cathedral Gardens	29,858
Forget Me Not Sculpture - City Cemetery	66,714
Women in the City Stained Glass Window - City Hall	23,520
Spanish Civil War Stained Glass Window - City Hall	18,983
9 Stained Glass Windows - City Hall	9
	139,084

### Disposals in the financial year:

There were no disposals of Heritage Assets during 2015/16.

This total £139,084 includes an amount of £96,571 which has transferred from PP&E Under Construction in Note 11 to operational Heritage Assets in year.



e Assets Held for Sale

Assets Held for Sale	Current	Non Current	Total
	£	£	£
<b>Cost or Valuation</b>			
Balance as at 1 April 2015	1,500,000	1,695,001	3,195,001
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	-	(20,000)	(20,000)
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	-	(1)	(1)
<b>Balance as at 31 March 2016</b>	<b>1,500,000</b>	<b>1,675,000</b>	<b>3,175,000</b>
<b>Impairment</b>			
Balance as at 1 April 2015	-	-	-
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 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Book Value</b>			
<b>Balance as at 31 March 2016</b>	<b>1,500,000</b>	<b>1,675,000</b>	<b>3,175,000</b>

The Council intends to dispose of property at Maysfield. This has been approved by Committee and a buyer has been found.

The gain/loss on assets classified to held for sale and sold during the year was £NIL.

#### f Fair Value Hierarchy for Surplus Assets

Details of the Council's surplus assets and information about the fair value hierarchy as at 31 March 2016 are as follows:

2015/16 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 2016
	£	£	£	£
Land	1,699,001	-	-	1,699,001
Buildings	380,000	-	-	380,000
Land and Buildings combined	732,001	-	-	732,001
<b>Total</b>	<b>2,811,002</b>	<b>-</b>	<b>-</b>	<b>2,811,002</b>

Surplus assets are valued by reference to market comparable evidence adjusted to location, state and condition and as such are valued using Level 1 inputs.

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

There were no transfers between Levels 1, 2 or 3 during the year.

#### 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.

#### Valuation Techniques

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

The land value of the former Grove Primary School site is measured at development level (previously this was measured at amenity level). There has been no change in the valuation techniques used during the year for all other surplus assets.

#### Valuation Process for Surplus Assets

The fair value of the Council's Surplus Assets is measured at market valuation as at 31 March 2016. All valuations are carried out externally by Land and Property Services acting as sub-contractors for Valuation Office Agency, 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.

## g Fair Value Hierarchy for Investment Properties

Details of the Council's Investment Properties and information about the fair value hierarchy as at 31 March 2016 are as follows

2015/16 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 2016
	£	£	£	£
<b>Commercial Units</b>	84,120,000	-	-	84,120,000
<b>Total</b>	84,120,000	-	-	84,120,000

Investment Properties are valued by reference to market comparable evidence adjusted to location, state and condition and as such are valued using Level 1 inputs.

### Transfers between levels of the fair value hierarchy

There were no transfers between Levels 1, 2 or 3 during the year.

### 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.

### 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 property 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 Property is measured at market valuation as at 31 March 2016. All valuations are carried out externally by Land and Property Services acting as the sub-contractor of Valuation Office Agency, 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

Capital Expenditure	2015/16	2014/15	2013/14
	£	£	£
<b>Opening Capital Financing Requirement</b>	32,930,809	-	-
<b>Capital Investment</b>			
Property, Plant and Equipment	11a	82,920,362	-
Investment Properties		-	-
Intangible Assets		87,765	-
Revenue Expenditure Funded from Capital under Statute		-	-
Investments		-	-
<b>Sources of Finance</b>			
Capital Receipts		-	-
Government Grants and Other Contributions	9	(40,288,964)	-
Transfers from Earmarked Reserves		(3,531,353)	-
<b>Sums set aside from Revenue:</b>			
Direct Revenue Contributions		(7,038,503)	-
Minimum Revenue Provision **		(2,886,413)	-
<b>Closing Capital Financing Requirement</b>	62,193,703	-	-
<b>Explanation of Movements in Year</b>			
	2015/16	2014/15	2013/14
	£	£	£
Increase in underlying need to borrow	29,262,894	-	-
Assets acquired under finance leases	-	-	-
Assets acquired under PFI/PPP contracts	-	-	-
<b>Increase/(decrease) in Capital Financing Requirement</b>	29,262,894	-	-

### 13 Future Capital Commitments

	Gross Cost	Grant Aid	Net Cost
	£	£	£
Schemes underway	129,748,776	43,356,872	86,391,904
Other Commitments	11,100,000	3,700,000	7,400,000
<b>Total</b>	<b>140,848,776</b>	<b>47,056,872</b>	<b>93,791,904</b>

Total expenditure of £30,947,496 has been incurred against these projects in the year ended 31 March 2016.

Inventories	2015/16	2014/15
	£	£
Central Stores	296,504	-
<b>Total</b>	<b>296,504</b>	<b>-</b>

The cost of inventories recognised as an expense and included in 'services' amounted to £607,481.

15 Debtors	2015/16	2014/15
a Long Term Debtors	£	£
Government Departments	-	-
Other Councils	-	-
Public corporations and trading funds	-	-
Bodies external to general government	-	-
Employee car loans	78,534	-
Revenue Grants	-	-
Capital Grants	-	-
Interest Receivable	-	-
Capital Debtors	-	-
Loans and advances	-	-
Finance lease debtors	625,485	-
Trade debtors	1,021,813	-
NIHE Loans	4,465,360	-
Other	-	-
Impairment of loans and receivables	-	-
<b>Total Long Term Debtors</b>	<b>6,191,192</b>	<b>-</b>
b Short Term Debtors	2015/16	2014/15
	£	£
Government Departments	994,830	-
Other Councils	69,696	-
Public corporations and trading funds	-	-
Bodies external to general government	-	-
NIHE loans	-	-
Employee car loans	56,039	-
Revenue Grants	4,226,899	-
Capital Grants	10,562,598	-
Interest Receivable	-	-
Capital Debtors	-	-
Value Added Tax	2,970,165	-
Prepayments	3,439,538	-
Finance lease debtors	542	-
Other	3,367,706	402,490
Trade receivables	1,537,055	-
Impairment loss - Trade receivables	(485,767)	-
<b>Total Short-Term Debtors</b>	<b>26,739,301</b>	<b>402,490</b>
<b>Total Debtors</b>	<b>32,930,493</b>	<b>402,490</b>

<b>16 Borrowings</b>			
<b>a Short Term Borrowing</b>		<b>2015/16</b>	<b>2014/15</b>
		<b>£</b>	<b>£</b>
Loans re-payable within one year		-	-
Finance Lease Principal		-	-
<b>Total Short Term Borrowing</b>		-	-
<b>b Long Term Borrowing</b>		<b>2015/16</b>	<b>2014/15</b>
		<b>£</b>	<b>£</b>
Between 1 and 2 years		168,777	-
Between 2 and 5 years		22,472,045	-
Between 5 and 10 years		9,462,910	-
In more than 10 years		2,657,777	-
<b>Government Loans Fund</b>		<b>34,761,509</b>	<b>-</b>
<b>Total Borrowing</b>		<b>34,761,509</b>	<b>-</b>

Both the short-term and long-term borrowings have been analysed by maturity date.

The total above relates to Government Loans Fund and interest rates on Government Loans range between 1.46% and 11.25%.

<b>17 Creditors</b>				
<b>a Short Term Creditors</b>		<b>2015/16</b>	<b>2014/15</b>	<b>2013/14</b>
		<b>£</b>	<b>£</b>	<b>£</b>
Government Departments		1,473,721	-	-
Other Councils		5,633	-	-
Public corporations and trading funds		-	-	-
Bodies external to general government		-	-	-
Rates clawback		-	-	-
VAT		-	-	-
Remuneration due to employees		370,703	-	-
Accumulated Absences		1,302,728	-	-
Receipts in advance*		6,088,605	-	-
Trade creditors		-	-	-
Other		26,177,418	402,490	-
<b>Total Short Term Creditors</b>		<b>35,418,808</b>	<b>402,490</b>	<b>-</b>

\*This amount includes £633,931 of third party income.

Council specific text

<b>b Long Term Creditors</b>		<b>2015/16</b>	<b>2014/15</b>	<b>2013/14</b>
		<b>£</b>	<b>£</b>	<b>£</b>
<b>Other creditors falling due after more than one year</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		94,146	-	-
<b>Total Long Term Creditors</b>		<b>94,146</b>	<b>-</b>	<b>-</b>
<b>Total Creditors</b>		<b>35,512,954</b>	<b>402,490</b>	<b>-</b>

#### c Payment of Invoices

The Council's default target for paying invoices where no other terms are agreed is 30 days. (It is assumed that 30 days will be 30 calendar days and 10 days will be 10 working days). During the year the Council paid 62,112 invoices totalling £206,870,584.

The Council paid 52,477 invoices on 30 day terms and paid 44,484 invoices on 10 day terms.

The Council paid 9,635 invoices outside of the 30 day terms.

The Council has arrangements to calculate the payment interval and for the year it was 20 days.

The Minister at the Department of Finance and Personnel had reduced the target for the payment of invoices for central government departments to 10 working days. This target is not mandatory on local government but the Council endeavours to process invoices as quickly as possible and will keep its performance under review.

Provisions						
Provisions	Balance as at 1 April 2015	Increase in provision during year	Utilised during year	Unused amounts reversed	Interest cost and/or discount rate changes	Balance as at 31 March 2016
	£	£	£	£	£	£
Landfill closure	7,605,248	152,363	88,907	-	1,029	7,669,733
Claims Management	1,536,521	291,163	229,875	-	-	1,597,809
Other 3	-	-	-	-	-	-
Other 4	-	-	-	-	-	-
<b>Total</b>	<b>9,141,769</b>	<b>443,526</b>	<b>318,782</b>	<b>-</b>	<b>1,029</b>	<b>9,267,542</b>

Current Provisions	6,242,512	291,163	229,875	-	-	6,303,800
Long Term Provisions	2,899,257	152,363	88,907	-	1,029	2,963,742
<b>Total</b>	<b>9,141,769</b>	<b>443,526</b>	<b>318,782</b>	<b>-</b>	<b>1,029</b>	<b>9,267,542</b>

#### Landfill closure

The Council has reviewed the capping, gas extraction and infrastructure costs and discounted these accordingly which has resulted in a valuation of £7,669,733. The discount rates applied are based on National Loans Fund borrowing rates.

#### Claims Management

A provision of £1,597,809 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 2016, the total liability for legal cases notified but not processed amounted to an estimated maximum liability of £3,102,738.

## 19 Financial Instruments

The Council has no material exposure to any of the risk types identified below in its dealings with Financial Instruments.

### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council. The provision for bad and doubtful debts reflects the Council's assessment of the risk of non-payment by trade debtors and, as such, there is no further additional estimated exposure to default and inability to collect.

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

Trade debtors, inclusive of VAT, can be analysed by age as follows:		£
Less than three months		2,434,909
Three months to 1 year		166,672
More than one year		1,021,813
		3,623,394

There is no historical experience of default in relation to deposits with banks and other financial institutions. Therefore there is no estimated exposure to risk of default.

### Liquidity Risk

As the Council has ready access to borrowings from the Department of Finance and Personnel's Consolidated Fund, there is no significant risk that it will be unable to raise finance to meet its commitments under Financial Instruments. The maturity analysis of financial liabilities is included in notes 16 to 18. All trade and other payables are due for payment within one year.

### Market Risk

#### Interest rate risk

The Council is not exposed to significant risk in terms of its exposure to interest rate movements on its borrowings as the majority of its borrowings are at fixed rates for the life of the loans. Rates on investments are subject to market movements.

#### Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no material exposure to loss arising from movements in exchange rates.

#### Fair Value of Soft Loans and Government Loans

The Council is in receipt of loans from the Department of Finance and Personnel that differ from the prevailing market rates. The fair value of these loans is £41,852,305, analysed as follows.

	£
Government Loans	41,852,305
<b>Total</b>	<b>41,852,305</b>

The Council has made no loans to voluntary organisations and other external bodies at less than market rates (soft loans).



## 20 Retirement Benefits

### 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 Charges:

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	2015/16	2014/15
	£	£
<b>Net cost of services:</b>		
Current service cost	15,472,000	-
Past service cost/(gain)	160,000	-
Gains and losses on settlements or curtailments	912,000	-
<b>Net operating expenditure:</b>		
Net interest on net defined benefit liability (asset)	3,287,000	-
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>19,831,000</b>	<b>-</b>
<b>Movement in Reserves Statement:</b>		
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code	(19,831,000)	-
<b>Actual amount charged against the general fund balance for pensions in the year:</b>		
Employers' contributions payable to scheme	13,453,000	-
<b>Net charge to the Comprehensive Income and Expenditure Statement</b>	<b>(6,378,000)</b>	<b>-</b>

The service cost figures include an allowance for administration expenses of £188,000.

In addition to the recognised gains and losses recognised in the Comprehensive Income and Expenditure Statement, actuarial gains of £23,654,000 were included in other comprehensive income and expenditure in the Comprehensive Income and Expenditure Statement. The cumulative amount of actuarial gains and losses recognised in other comprehensive income and expenditure is a loss of £21,978,000.

Note	2015/16	2014/15
	£	£
<b>Remeasurements recognised in Other Comprehensive Income and Expenditure</b>		
Liability gains/(losses) due to change in assumptions	21,369,000	-
Liability experience gains/(losses) arising in the year	3,976,000	-
Actuarial gains/(losses) on plan assets	(1,691,000)	-
Other - (if applicable)	-	-
<b>Total gains/(losses) recognised in Other Comprehensive Income and Expenditure</b>	<b>23,654,000</b>	<b>-</b>

**c Assets and liabilities in relation to retirement benefits**

Reconciliation of present value of the scheme liabilities	Note	2015/16	2014/15
		£	£
Balance as at 1 April		551,603,000	-
Current service cost		15,472,000	-
Interest cost		17,481,000	-
Contributions by members		4,186,000	-
Remeasurement (gains) and losses:			
Actuarial gains/losses arising from changes in financial assumptions		(21,369,000)	-
Actuarial gains/losses arising from demographic changes		-	-
Actuarial gains/losses arising on liabilities from experience		(3,976,000)	-
Other (if applicable)		-	-
Past service costs/(gains)		160,000	-
Losses/(gains) on curtailments		-	-
Liabilities extinguished on settlements		-	-
Estimated unfunded benefits paid		(835,000)	-
Estimated benefits paid		(14,312,000)	-
Balance as at 31 March		548,410,000	-

Reconciliation of present value of the scheme assets	Note	2015/16	2014/15
		£	£
Balance as at 1 April		442,224,058	-
Interest Income		14,194,000	-
Contributions by members		4,186,000	-
Contributions by employer		12,618,000	-
Contributions in respect of unfunded benefits		835,000	-
Remeasurement gain/(loss)		(1,691,000)	-
Assets distributed on settlements		-	-
Unfunded benefits paid		(835,000)	-
Benefits paid		(14,312,000)	-
Balance as at 31 March		457,219,058	-

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 is derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 March 2016.

The actual return on scheme assets in the year was a gain of £12,503,000.

Fair Value of Plan Assets	31/03/2016	31/03/2015	31/03/2014
	£	£	£
Equity investments	328,740,461	-	-
Bonds	55,323,499	-	-
Property	60,352,908	-	-
Cash	10,516,037	-	-
Other	2,286,095	-	-
	457,219,000	-	-

	31/03/2016	31/03/2015	31/03/2014
	£	£	£
Fair Value of Employer Assets	457,219,058	-	-
Present value of funded defined benefit obligation	(536,475,000)	-	-
Pension asset/(liability) of Funded Scheme	(79,255,942)	-	-
Pension asset/(liability) of Funded Scheme	(79,255,942)	-	-
Present Value of unfunded defined benefit obligation	(11,935,000)	-	-
Other movement in the liability (asset) (if applicable)	-	-	-
Net asset/(liability) arising from the defined benefit obligation	(91,190,942)	-	-
Amount in the Balance sheet:			
Liabilities	(91,190,942)	-	-
Assets	-	-	-
Net Asset/(Liability)	(91,190,942)	-	-

d Scheme history

Analysis of scheme assets and liabilities	31/03/2016	31/03/2015	31/03/2014
	£	£	£
Fair Value of Assets in pension scheme	457,219,058	-	-
Present Value of Defined Benefit Obligation	(548,410,000)	-	-
Surplus/(deficit) in the Scheme	(91,190,942)	-	-
Amount recognised in Other Comprehensive Income and Expenditure:	31/03/2016	31/03/2015	31/03/2014
	£	£	£
Actuarial gains/(losses)	23,654,000	-	-
Expected Return on Plan Assets	-	-	-
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	-	-	-
Remeasurements recognised in Other Comprehensive Income and Expenditure	23,654,000	-	-
Cumulative actuarial gains and (losses) as at 1 April 2015	(45,632,000)	-	-
Actuarial gain in year	23,654,000	-	-
Cumulative actuarial gains and losses as at 31 March 2016	(21,978,000)	-	-
History of experience gains and losses:			
Experience gains and (losses) on assets	(1,691,000)	-	-
Experience gains and (losses) on liabilities	3,976,000	-	-

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £91,190,942 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a reduction in net worth of 17.8%.

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 2017

	31/03/2017	31/03/2017
	£	%
Projected current cost	15,041,000	84.0%
Net interest on the net defined benefit liability (asset)	2,869,000	16.0%
Past service cost	-	0.0%
Gains and losses on settlements or curtailments	-	0.0%
	17,910,000	100.0%

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 2017 is £13,774,000.

History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve 2015/16 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2016.

	31/03/2016	31/03/2015	31/03/2014
	%	%	%
Experience (gains and (losses) on Assets	-0.4%	0	0
Experience gains and (losses) on Liabilities	-0.7%	0	0

**e Basis for estimating assets and liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit credit 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, 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 2013.

Long term expected rate of return on assets in the scheme:	2015/16	2014/15
<b>Mortality assumptions:</b>		
<i>Longevity at 65 current pensioners:</i>	Years	
Men	22.3	
Women	24.8	
<i>Longevity at 65 for future pensioners:</i>		
Men	24.5	
Women	27.2	
Inflation/Pension Increase Rate	1.80%	
Salary Increase Rate	3.30%	
Discount Rate	3.40%	
Pension accounts revaluation rate	1.80%	
<b>Take-up of option to convert annual pension into retirement lump sum:</b>		
Service to April 2009	75%	
Service post April 2009	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 2016 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

Discount Rate Assumption		
Adjustment to discount rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation	526,541,000	546,596,000
% change in the present value of the total obligation	-1.90%	1.90%
Projected service cost	14,574,000	15,519,000
Approximate % change in projected service cost	-3.10%	-3.20%
Rate of General Increase in Salaries		
Adjustment to salary increase rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation	539,459,000	533,521,000
% change in the present value of the total obligation	0.60%	-0.60%
Projected service cost	15,041,000	15,041,000
Approximate % change in projected service cost	0.00%	0.00%
Rate of Increase to Pensions in Payment and Deferred Pension Assumption		
Adjustment to pension increase rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation	543,582,000	529,465,000
% change in the present value of the total obligation	1.30%	-1.30%
Projected service cost	15,519,000	14,574,000
Approximate % change in projected service cost	3.20%	-3.10%
Post Retirement Mortality Assumption		
Adjustment to mortality age rating assumption*	- 1 Year	+1 Year
Present value of the total obligation	550,518,000	522,432,000
% change in the present value of the total obligation	2.60%	-2.60%
Projected service cost	15,551,000	14,531,000
Approximate % change in projected service cost	3.40%	-3.40%

\* 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

	31/03/2016	31/03/2015	31/03/2014
	%	%	%
Equity Investments	71.90%		
Government Bonds	0.00%		
Corporate Bonds	12.10%		
Property	13.20%		
Cash	2.30%		
Other	0.50%		
Total	100.00%		

#### 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 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Resource Accounts as at 31 March 2016.

On 1st April 2015, Castlereagh Borough Council was transferred between Belfast City Council and Usburn City Council with staff transferring between each New Council. The Actuary has advised that the New Councils will be impacted by the movement of assets and liabilities. Total impact for Belfast City Council is a net liability of £912,000 which has been reflected in the opening balance sheet amounts as at 1 April 2015.

## h Gas Pension Fund

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

Reconciliation of present value of the scheme liabilities:	Note	31/03/2016	31/03/2015
		£	£
Balance as at 1 April		2,039,000	-
Current service cost		-	-
Interest cost		58,000	-
Contributions by members		-	-
Remeasurement (gains) and losses:			
Actuarial gains/losses arising from changes in financial assumptions		(26,000)	-
Actuarial gains/losses arising from demographic changes		-	-
Actuarial gains/losses arising on liabilities from experience		(31,000)	-
Other (if applicable)		-	-
Past service costs/(gains)		-	-
Losses/(gains) on curtailments		-	-
Liabilities extinguished on settlements		-	-
Net benefits paid		(346,000)	-
		-	-
Balance as at 31 March		1,694,000	-

Reconciliation of present value of the scheme assets:	Note	31/03/2016	31/03/2015
		£	£
Balance as at 1 April		1,973,000	-
Interest income		58,000	-
Contributions by members		-	-
Contributions by employer		150,000	-
Contributions in respect of unfunded benefits		-	-
Remeasurement gain/(loss)		(50,000)	-
Assets distributed on settlements		-	-
Net benefits paid		(346,000)	-
		-	-
Balance as at 31 March		1,785,000	-

	Note	31/03/2016	31/03/2015
		£	£
Fair Value of Employer Assets		1,785,000	-
Present value of funded defined benefit obligation		1,694,000	-
Net Asset/(Liability) recognised on the balance sheet		91,000	-

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

<b>Discount Rate Assumption</b>			
Adjustment to discount rate		+0.1%p.a.	-0.1%p.a.
Present value of the total obligation		1,685,000	1,703,000
% change in the present value of the total obligation		-0.50%	0.50%

<b>Rate of Increase to Pensions in Payment and Deferred Pension Assumption, and rate of revaluation of pension accounts assumption</b>			
Adjustment to pension increase rate		+0.1%p.a.	-0.1%p.a.
Present value of the total obligation		1,703,000	1,685,000
% change in the present value of the total obligation		0.50%	-0.50%

<b>Post Retirement Mortality Assumption</b>			
Adjustment to mortality age rating assumption*		- 1 Year	+1 Year
Present value of the total obligation		1,807,000	1,584,000
% change in the present value of the total obligation		6.70%	-6.50%

\* 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 them.

Major categories of Gas Pension Fund assets as percentage of total plan assets		31/03/2016	31/03/2015
		%	%
Equity Investments		0.00%	
Government Bonds		51.60%	
Corporate Bonds		0.00%	
Property		0.00%	
Cash		48.40%	
Other		0.00%	
<b>Total</b>		<b>100.00%</b>	
<b>Mortality assumptions:</b>			
<b>Members aged 85 at accounting date</b>		<b>Years</b>	
Men		6.5	
Women		7.7	
<b>Inflation/Pension Increase Rate</b>			
		1.70%	
<b>Discount Rate</b>			
		3.30%	
<b>Summary Net Asset/Liability recognised on the Balance Sheet</b>			
		31/03/2016	31/03/2015
		£	£
Northern Ireland Local Government Officer's Pension Fund		(91,190,942)	
Gas Pension Fund		91,000	
<b>Total Net Asset/Liability recognised on the Balance Sheet</b>		<b>(91,099,942)</b>	

#### 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 2016 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 2016.

At 31 March 2016 there were 38 pensioners left in the Gas Pensions Fund.

INCOME AND EXPENDITURE STATEMENT		31/03/2016	31/03/2015
		£	£
<b>INCOME:</b>			
Investment Income		21,064	20,741
<b>EXPENDITURE</b>			
Pensions Paid		(339,826)	(353,789)
Administration Expenses		(5,675)	(5,945)
<b>Surplus/(Deficit) for the Year</b>		<b>(324,437)</b>	<b>(338,993)</b>
<b>NET ASSET MOVEMENTS</b>			
Brought forward balance at 01.04.2015		1,728,723	1,654,178
Unrealised gain at 01.04.2015		400,263	675,428
<b>Opening Value of Fund</b>		<b>2,128,986</b>	<b>2,329,606</b>
Add Contribution from City Council			150,000
Add surplus/(deficit) for the year		(324,437)	(338,993)
<b>CHANGE IN MARKET VALUES OF INVESTMENTS</b>			
Realised gain for year			
Unrealised gain/(loss) for year		(14,119)	(11,626)
<b>Closing value of fund</b>		<b>1,790,430</b>	<b>2,128,987</b>
<b>FINANCED BY:</b>			
UK Index Linked Investments		920,399	934,518
Cash deposits and at bank		864,335	1,038,774
Debtors		5,696	155,696
		1,790,430	2,128,987
Bank Balance		0	0
Creditors		0	0
<b>Closing value of fund</b>		<b>1,790,430</b>	<b>2,128,987</b>



21	Donated Assets Account	Note	2015/16	2014/15
			£	£
	Opening balance		410,000	0
	Add: new donated assets received (condition of use not met)		0	0
	Less: amounts released to the District Fund - Comprehensive Income and Expenditure Account		0	0
			410,000	0

#### 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	2015/16	2014/15
		£	£
Big Screen TV at City Hall		400,000	0
Animal Welfare Van		10,000	0
		0	0
		410,000	0

22	Capital Grants Received in Advance	Note	2015/16	2014/15
			£	£
	Opening balance		21,827	0
	Add: new capital grants received in advance (condition of use not met)		335,938	0
	Less: amounts released to the Comprehensive Income and Expenditure Statement		(4,760)	0
			353,005	0

#### 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	2015/16	2014/15
		£	£
Whiterock Community Garden Allotments		483	
BSC 7 Alleygates Lenadoon		20,295	
BSC Alleygates Divis		33,080	
BSC Bikes Lower Oldpark		76,716	
BSC Bikes Lower Falls		76,716	0
BSC Bikes Lower Shankill		76,716	0
BSC 26 Alleygates Lenadoon		68,999	0
		353,005	0

#### 23 Contingencies

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. No further information on this agreement can be disclosed due to the commercial sensitivity of the procurement process.

Guaranteed Minimum Pension (GMP) is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension prior to 6 April 1997. Although the Government intends that GMP should be equalised, at present it is not clear how this equalisation will be implemented. The impact of GMP on the liabilities is uncertain and as such no allowance for GMP equalisation has been made.

Belfast City Council  
Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2016

24 Opening Balance Sheet Note as at 1st April 2015

	Belfast City Council	Elimination of inter council balances	Shadow Council	Transfers as a result of Boundary change	Transfers from Central Government	Balance as at 1 April 2015
	£		£	£	£	£
Property Plant & Equipment	425,887,219	-	-	16,380,640	7,068,537	449,336,396
Heritage Assets	3,257,665	-	-	717,243	-	3,974,908
Investment Properties	84,445,000	-	-	384,500	-	84,829,500
Intangible Assets	274,559	-	-	-	-	274,559
Assets Held for Sale	1,695,001	-	-	-	-	1,695,001
Long Term Investments	-	-	-	-	-	-
Investment in Associates and Joint Ventures	-	-	-	-	-	-
Long Term Debtors	7,707,676	-	-	-	-	7,707,676
<b>LONG TERM ASSETS</b>	<b>523,267,120</b>			<b>17,482,383</b>	<b>7,068,537</b>	<b>547,818,040</b>
Short Term Investments	-	-	-	-	-	-
Inventories	288,677	-	-	-	-	288,677
Short Term Debtors	24,826,050	(402,490)	402,490	-	26,885	24,852,935
Cash and Cash Equivalents	45,677,256	-	-	-	461,014	46,138,270
Assets Held for Sale	1,500,000	-	-	-	-	1,500,000
<b>CURRENT ASSETS</b>	<b>72,291,983</b>	<b>(402,490)</b>	<b>402,490</b>		<b>487,899</b>	<b>72,779,882</b>
Bank Overdraft	-	-	-	-	-	-
Short Term Borrowing	3,073,373	-	-	181,414	-	3,254,787
Short Term Creditors	24,357,382	(402,490)	402,490	105,584	464,834	24,927,800
Provisions	6,242,512	-	-	-	-	6,242,512
Liabilities in Disposal Groups	-	-	-	-	-	-
<b>CURRENT LIABILITIES</b>	<b>33,673,267</b>	<b>(402,490)</b>	<b>402,490</b>	<b>286,998</b>	<b>464,834</b>	<b>34,425,099</b>
Long Term Creditors	-	-	-	94,146	-	94,146
Provisions	2,899,257	-	-	-	-	2,899,257
Long Term Borrowing	20,084,871	-	-	4,359,600	-	24,444,471
Other Long Term Liabilities	108,466,942	-	-	912,000	-	109,378,942
Capital Grants Receipts in Advance	21,827	-	-	-	-	21,827
Donated Assets Account	410,000	-	-	-	-	410,000
<b>LONG TERM LIABILITIES</b>	<b>131,382,897</b>			<b>5,365,746</b>		<b>137,248,643</b>
<b>NET ASSETS</b>	<b>430,002,939</b>			<b>11,829,639</b>	<b>7,091,602</b>	<b>448,924,180</b>
<b>USABLE RESERVES</b>						
Capital Receipts Reserve	1,243,065	-	-	-	-	1,243,065
Capital Grants Unapplied Account	-	-	-	-	-	-
Capital Fund	27,589,083	-	-	-	-	27,589,083
Renewal and Repairs Fund	-	-	-	-	-	-
Other Balances and Reserves	2,898	-	-	-	-	2,898
General Fund	22,027,605	-	-	-	23,065	22,050,670
<b>TOTAL USABLE RESERVES</b>	<b>50,862,551</b>				<b>23,065</b>	<b>50,885,716</b>
<b>UNUSABLE RESERVES</b>						
Capital Adjustment Account	388,840,756	-	-	8,446,625	7,068,537	404,355,918
Financial Instruments Adjustment Account	-	-	-	-	-	-
Revaluation Reserve	100,028,623	-	-	4,295,014	-	104,323,637
Available for Sale Financial Instruments Reserve	-	-	-	-	-	-
Pensions Reserve	(108,466,942)	-	-	(912,000)	-	(109,378,942)
Capital Receipts Deferred Account	-	-	-	-	-	-
Accumulated Absences Account	(1,262,149)	-	-	-	-	(1,262,149)
Landfill Regulations Reserve	-	-	-	-	-	-
Provisions Discount Rate Reserve	-	-	-	-	-	-
<b>TOTAL UNUSABLE RESERVES</b>	<b>379,140,288</b>			<b>11,829,639</b>	<b>7,068,537</b>	<b>398,038,464</b>
<b>NET WORTH</b>	<b>430,002,939</b>			<b>11,829,639</b>	<b>7,091,602</b>	<b>448,924,180</b>

25 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	2015/16	2014/15
		£	£
Depreciation	11	11,697,623	-
Impairment & downward revaluations (& non-sale derecognitions)	11	15,354,329	-
Amortisation (included with depreciation above)		-	-
(Increase)/Decrease in Stock		(7,827)	-
(Increase)/Decrease in Debtors		(507,351)	-
Increase/(decrease) in impairment provision for bad debts		110,594	-
Increase/(Decrease) in Creditors		10,915,332	-
Increase/(Decrease) in Interest Creditors		-	-
Payments to NILGOSC	20	6,378,000	-
Carrying amount of non-current assets sold	11	198,655	-
AIC/WIP written off to Net Cost of Services	11	20,859	-
Contributions to Other Reserves/Provisions		(3,953,807)	-
Movement in value of investment properties included above in Impairment & downward revaluations (& non-sale derecognitions)		-	-
Amounts posted to CIES from Donated Assets Account	21	-	-
		40,206,407	-

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	Notes	2015/16	2014/15
		£	£
Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		-	-
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		(72,785)	-
Capital grants included in "Taxation & non-specific grant income"		(40,288,964)	-
		(40,361,749)	-

## 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:

	2015/16	2014/15	2013/14
	£	£	£
Cash and Bank balances	5,705,507	-	-
Short Term Deposits (considered to be Cash Equivalents)	26,000,000	-	-
Short Term Investments (considered to be Cash Equivalents)	-	-	-
Bank Overdraft	-	-	-
	31,705,507	-	-

c Cash Flow Statement: Operating Activities	2015/16	2014/15
	£	£
The cash flows from operating activities include:		
Interest received	206,460	-
Interest paid	-	-

d Cash flows from Investing Activities	2015/16	2014/15
	£	£
Purchase of PP&E, investment property and intangible assets	81,478,125	-
Purchase of Short Term Investments (not considered to be cash equivalents)	-	-
Loans transferred 1 April 2015	(4,541,014)	-
Other Payments for Investing Activities	1,844,895	-
Proceeds from the sale of PP&E, investment property and intangible assets	(72,785)	-
Proceeds from Short Term Investments (not considered to be cash equivalents)	-	-
Proceeds from Long Term Investments	-	-
Capital Grants and Contributions Received	(40,288,964)	-
Other Receipts from Investing Activities	-	-
Net Cash flows from Investing Activities	38,420,257	-

e Cash flows from Financing Activities	2015/16	2014/15
	£	£
Cash Receipts from Short and Long Term Borrowing	11,000,000	-
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	(3,937,749)	-
Other payments for Financing Activities	-	-
Net Cash flows from Financing Activities	7,062,251	-

## 26 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	31/03/2016	31/03/2015
		£	£
At 1 April		1,243,065	-
Movement			
Transfers between statutory & other reserves & the General Fund			-
Disposal of Non Current Assets/ Capital Sales	3, 11, 25	20,304	-
Capital Receipts used to finance capital expenditure	3, 12	-	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		(46,350)	-
Other Movements		46,350	-
At 31 March		1,263,369	-

### 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.

The Council receives capital grants from various funding bodies when the expenditure has been incurred and a capital grant claim is submitted.

Capital Grants Unapplied account	Notes	31/03/2016	31/03/2015
		£	£
At 1 April		-	-
Movement			
Unapplied Capital Grants received in year		-	-
Unapplied Capital Grants transferred to CAA in year		-	-
At 31 March		-	-

### c Capital Fund

This fund was established under section 56 of the Local Government Act (NI) 1972, however this section of the act was repealed under the Local Government Finance Act (Northern Ireland) 2011. The amounts in this fund were separated into separate funds during 15/16 as outlined below.

Capital Fund	Notes	31/03/2016	31/03/2015
		£	£
At 1 April		27,589,083	-
Transfers between statutory & other reserves & the General Fund	3b	1,418,027	-
Financing from Local Investment Fund	12	(31,354)	-
Transfers between Capital Fund & CAA to finance Capital Expenditure	12	(3,500,000)	-
		25,475,756	-
This amount is represented by the following funds:			
		£	£
Local Investment Fund		5,700,837	-
Belfast Investment Fund		4,919	-
City Centre Investment Fund		18,770,000	-
Social Outcomes Fund		1,000,000	-
At 31 March		25,475,756	-

The above funds are earmarked for the following purposes:

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

The balance on the CCIF at year end 31 March 2016 is £18,770,000.

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 2016 is £1,000,000.

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 2016 is £5,700,837.

There is a balance of £4,919 on the Belfast Investment Fund at year end 31 March 2016 as the majority of this fund was transferred to CCIF and LIF during the year.

### d Leisure Mobilisation Fund

This fund was established under section 56 of the Local Government Act (NI) 1972, however this section of the act was repealed under the Local Government Finance Act (Northern Ireland) 2011.

Leisure Mobilisation Fund	Notes	31/03/2016	31/03/2015
		£	£
At 1 April		-	-
Transfers between statutory & other reserves & the General Fund		2,000,000	-
Transfers between Renewal & Repair Fund & CAA to finance Capital Expenditure	12	-	-
At 31 March		2,000,000	-

The Leisure Mobilisation Fund is a £2m fund to support the Leisure Transformation Programme. This fund will cover programme level costs including communications, engagement and procurement costs.

**e Other Balances & Reserves**

Other Balances & Reserves	Notes	31/03/2016	31/03/2015
		£	£
At 1 April		2,898	-
Transfers between statutory & other reserves & the General Fund		200,668	-
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure	12	-	-
At 31 March		203,566	-

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 reserve.

**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	31/03/2016	31/03/2015
		£	£
At 1 April		22,050,670	-
Applied Capital Grants	3, 22, 25	(40,288,964)	-
Unapplied Capital Grants received in year		-	-
Direct Revenue Financing	3, 12	(7,038,503)	-
Depreciation and Impairment adjustment	3	27,072,811	-
Statutory Provision for financing Capital Investment	3	(2,886,413)	-
Net Revenue expenditure funded from capital under statute		-	-
	3, 12	-	-
Surplus/(Deficit) on the Provision of Services	CIES	17,080,585	-
Transfers between Statutory and Other Reserves and the General Fund		(3,618,695)	-
Net movements on Pension Reserve	3, 20	6,378,000	-
Disposal of Fixed Assets/Capital Sales	3, 11, 25	125,870	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		40,580	-
Other Movements		265,293	-
At 31 March		19,181,234	-

This fund represents the surplus of income over expenditure. It can be used to supplement income and unexpected expenditure in future years. Of the £19,181,234, £6,317,810 relates to expenditure committed at the year end.



**26 Unusable Reserves**  
**g 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 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	31/03/2016	31/03/2015
		£	£
At 1 April		404,355,918	-
Applied Capital Grants	3, 22, 25	40,288,964	-
Unapplied Capital Grants transferred to CAA in year		-	-
Direct Revenue Financing	3, 12	7,038,503	-
Depreciation & Impairment adjustment	11	(27,072,811)	-
Statutory Provision for financing Capital Investment	3	2,886,413	-
Net Revenue expenditure funded from Capital under statute	3, 12	-	-
Disposal of Fixed Assets/ Capital Sales	3, 11	(198,655)	-
Capital Receipts used to finance capital expenditure	3, 12	-	-
Other Movements		3,124,974	-
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure	12	3,500,000	-
At 31 March		433,923,306	-

**h Financial Instruments Adjustment Account**

Financial Instruments Adjustment Account	Notes	31/03/2016	31/03/2015
		£	£
At 1 April		-	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	3	-	-
At 31 March		-	-

The Council has no transactions that would require use of this account.

## l 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 2007, 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 in the) 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	31/03/2016	31/03/2015
		£	£
At 1 April		104,323,637	-
Revaluation & Impairment	11	22,566,358	-
Other Movements		(3,072,777)	-
At 31 March		123,817,218	-

## j Available for Sale Financial Instruments Reserve

The Council has no transactions that would require use of this account.

Available for Sale Financial Instruments Reserve	Notes	31/03/2016	31/03/2015
		£	£
At 1 April		-	-
Revaluation & Impairment	11, 21	-	-
At 31 March		-	-

## k Pension Reserve

Pension Reserve	Notes	31/03/2016	31/03/2015
		£	£
At 1 April		(109,378,942)	-
Net Movements on Pension Reserve	3, 20	(5,466,000)	-
Revaluation & Impairment	20	23,654,000	-
Gas pensions movement		91,000	-
At 31 March		(91,099,942)	-

# **l Deferred Capital Receipts Account**

The Deferred Capital Receipts Account records capital advances receivable where an amount equal to the advance is included as a deferred capital receipt. These amounts are written down each year by the amount of capital debt repaid to the Council in that year. The Council has no transactions that would require use of this account.

Capital Receipts Deferred Account	Notes	31/03/2016	31/03/2015
		£	£
At 1 April		-	-
Other Movements		-	-
At 31 March		-	-

# **m 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	31/03/2016	31/03/2015
		£	£
At 1 April		(1,262,148)	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		(40,580)	-
At 31 March		(1,302,728)	-

## **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.

These significant trading operations form part of Note 8d to these financial statements.

## **28 Agency Services**

The Council had previously disclosed transactions relating to Peace III which finished in the year ended 31 March 2015.

## 29 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.

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 2015/16 financial year the Council commissioned £1,932,703 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 £1,241,436 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 2015/16 the Council had expenditure of £76,909 to other Councils and income received of £623,390 from other Councils, of which £69,696 (Note 15b) was outstanding at 31 March 2016. These amounts mainly related to services provided.

### 29.1 Payments to Community Groups

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

	Councillors	2015/16
East Belfast Partnership Board	8	153,411
North Belfast Partnership Board	6	140
South Belfast Partnership Board	7	4,500
West Belfast Partnership Board	2	460
Total		158,511

### 29.2 Joint Committees

Belfast City Council made payments to the following Joint Committees;

	Councillors	2015/16
ARC21	3	9,181,517

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.

At present arc21 has successfully been awarded and is managing waste management contracts on behalf of Councils with a value in the region of £200m.

### 29.3 Other Organisations

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

	Councillors	2015/16
Association of Port Health Authorities	1	1,200
Belfast City Centre Management Board	2	346,339
Belfast City Marathon Limited	1	31,440
Belfast Harbour Commissioners	4	130,663
Belfast Hills Partnership	1	36,900
Ulster Orchestra Society Limited	1	324,942
Cathedral Quarter Trust	2	29,010
Concorde Community Centre Committee	2	500
Dee Street Community Centre Committee	6	440
Duncairn Community Centre Committee	4	600
Grand Opera House Trust	1	35,000
Greater Shankill P'ship Board	6	46,429
Groundwork NI		11,968
Highfield Community Centre Committee	2	1,200
Horn Drive Community Centre Committee	2	600
Inverary Community Centre Committee	6	707
Knocknagoney Community Centre Committee	6	2,110
Ligoniel Community Centre Committee	2	600
Linenhall Library Board	1	36,218
Local Strategic Partnership on Travellers' Issues	2	500
Lytic Theatre Education Advisory Board	2	52,360
Markets Community Centre Committee	3	546
National Association of Councillors	8	3,560
NI Amenity Council	1	2,330
NI Housing Council	1	44,892
NI Local Government Association	10	84,070
North Queen Street Community Centre Committee	3	600
Somme Association	3	14,712
Visit Belfast	4	1,932,703
Woodvale Community Centre Committee	2	1,000
		3,174,139

### 29.4 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 £8,192,326 for the provision of these services in the year ended 31 March 2016.

### 29.5 Tall Ships

Belfast City Council made payments totalling £2,073,610 to Tall Ships Limited in the year ended 31 March 2016. Tall Ships Limited is a company set up to organise and manage the Tall Ships 2016 event. During the same period the the Council recognised £1,023,056 of Grant and Sponsorship Income from the event.

### 29.6 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 2016 was £134,573.

### 30 Events after the Balance Sheet date

In September 2015 the Council gave permission to create a Council owned company to operate the Belfast Waterfront and Ulster Halls. Responsibility for managing the operations of the Waterfront and Ulster Halls was transferred to the newly formed Belfast Waterfront and Ulster Hall Ltd (BWUHL) company from 1 April 2016. BWUHL is working towards the delivery of annual operations savings to be reinvested back to finance the capital expenditure incurred on the extension.

#### Date of authorisation for issue

The Chief Financial Officer authorised these financial statements for issue on 21 September 2016.