



## Belfast City Council

<b>Report to:</b>	Strategic Policy & Resources Committee
<b>Subject:</b>	Belfast City Council Financial Accounts 2008/09
<b>Date:</b>	19 June 2009
<b>Reporting Officer:</b>	Director of Corporate Services, Trevor Salmon.
<b>Contact Officer:</b>	Director of Corporate Services, Trevor Salmon

### Relevant Background Information

The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 require Belfast City Council to approve by resolution the statement of accounts as soon as reasonably practical and in any event before the 30<sup>th</sup> June immediately following the end of the financial year.

This legislation is in effect from 1 April 2006 and applies to accounting periods ending 31 March 2007 onwards.

The Financial Report and accounts for the year ended 31 March 2009, as attached, has been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (SORP) 2008 and the Department of the Environment Accounts Direction, Circular LG 05/09 dated 20 March 2009.

The report explains the Council's finances during the financial year 2008/09 and its financial position at the end of that year.

The Statement of Accounts are signed and certified by the Chief Financial Officer of the Council, i.e. the Director of Corporate Services, to indicate that they present fairly the financial position of the Council at the year end and the income and expenditure for that year.

I can confirm that the Statement of Accounts for the year ended 31 March 2009 on has been prepared in the form directed by the Department of the Environment and in my opinion the Statement of Accounts presents fairly the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

## **Key Issues**

During the year the Council reported a reduction on the District Fund Balance of £3,274,966. This has reduced the credit balance on the District Fund Reserves to £3,069,851 which is approximately 1.7% of annual gross expenditure, or 2.1% of the net operating expenditure.

This reduction is made up as follows:

Contribution from Reserves	£2,400,000
Transfer to Provisions	£306,012
Reduction in specified reserves	£713,724
Loss of General Grant/Rate Income	£66,920
Departmental Surplus	£(770,540)
Accrual for Wages paid in 09/10	£361,430
Prior Year Adjustment	£197,420

The Council currently aims to maintain the level of District Fund Reserves in the region of 5% of annual gross expenditure.

Currently CIPFA does not define a minimum or maximum level of reserves and believes that Local Authorities, on the advice of their finance directors, should make their own judgement on such matters taking into account all the relevant local circumstances.

## **Reserves**

### **District Fund           £3,069,851**

The District Fund Reserves can be used to supplement income and unexpected expenditure in future years.

### **City Investment Fund       £4,385,110**

The City Investment Fund has been created to give a clear demonstration of the Council's propensity to action and its wish to contribute to the vibrancy, prosperity, culture and attractiveness of the city. As agreed at its meeting of 14<sup>th</sup> December 2007 the Strategic Policy & Resources Committee agreed the cash flow requirements to establish the fund and indicated that in the 2008/09 financial year £1m was to come from reserves and income received from the sale of land to DRD re M1 upgrade. This amounted to £1,428,885. £118,775 was drawn down from this reserve during the year in relation to Connswater Greenway and Titanic projects.

### **Capital Receipts Reserve   £860,000**

These are capital receipts which have originated primarily from the sale of assets and which have not yet been used to finance capital expenditure. This amount relates to the sale of land & buildings at Loop River which has been ring-fenced for the development of the capital scheme "Loop River – New Facilities".

### **Repairs and Renewals Fund   £14,617,208**

This fund was established under section 56 of the Local Government Act (NI) 1972 and has an approved limit of £22m and is to fund the closure of the landfill site.

### **Other Fund Balances and Reserves   £515,778**

This relates to the Election Reserve which has been set up to smooth the cost of running council elections.

**Rates Claw-Back Reserve £(191,279)**

This relates to the Minister for Finances decision to allow Local Authorities to defer the impact of the revaluation of MOD properties over a 4 year period, smoothing the impact on the District Fund Reserve.

**Financial Standing**

The Council's financial position remains generally sound; however financial pressures continue to present the Council with challenges. The Council recognises these challenges and will need to maintain levels of reserves to help manage future pressures.

**Resource Implications**Financial

None

Human Resources

None.

Asset and Other Implications

None.

**Recommendations**

The committee is requested to approve the Council's financial accounts and report for the year ended 31 March 2009.

**Key to Abbreviations**

N/A

**Documents Attached**

Detailed Financial Statements titled "Belfast City Council Financial Report 2009"

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