



## Belfast City Council

<b>Report to:</b>	Strategic Policy & Resources Committee
<b>Subject:</b>	Belfast City Council Financial Accounts 2009/10
<b>Date:</b>	18 June 2010
<b>Reporting Officer:</b>	Director of Finance & Resources, Julie Thompson.
<b>Contact Officer:</b>	Director of Finance & Resources, Julie Thompson

### Relevant Background Information

The purpose of this report is to present to the Strategic Policy & Resources Committee the Financial Accounts of the council for 2009/10.

The Financial Accounts are an important element of the council's overall corporate governance framework as they provide assurance to Members and ratepayers on the stewardship of the council's finances and its financial position.

The Financial Report and accounts for the year ended 31 March 2010, as attached, have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (SORP) 2009 and the Department of the Environment Accounts Direction, Circular LG 10/10 dated 23 April 2010.

I can confirm that the Statement of Accounts for the year ended 31 March 2010 has been prepared in the form directed by the Department of the Environment and in my opinion the Statement of Accounts 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.

### Key Issues

#### Council Net Expenditure

As previously reported to the Strategic Policy and Resources Committee on 19 March 2010 departmental expenditure forecast was £1.9m below budget for the year. This amount, however, was £0.5m short of the amount needed to cover the £2.4m contribution from reserves to the rate, agreed as part of the rates setting process for 2009/10. This, along with the need to increase the bad debt provision by £0.2m, has resulted in a reduction on the District Fund Balance of £746,914.

#### Reserves

The impact of this financial position on the reserves is summarised in Table 1 below. It shows that the credit balance on the District Fund Reserves has reduced to £4,602,602 which is approximately 2.33% of annual gross expenditure, or 2.91% of the net operating expenditure. A strategy on how to address the reserves position of the Council was agreed at the Strategic Policy & Resources meeting on 22 January 2010.

**Table 1: Summary of Reserves Position**

Opening Balance		£5.3m
Under Spend	£(1.9m)	
Contribution from Reserves	£2.4m	
Increase in Bad Debt Provision	<u>£0.2m</u>	
Reduction in Reserves		<u>£0.7m</u>
<b>Closing Balance</b>		<b><u>£4.6m</u></b>

**District Fund           £4,602,602**

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

**City Investment Fund       £8,804,256**

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.

**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   £8,567,415**

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   £579,910**

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.

**Rates Income**

Notification of a provisional Actual Penny Product has been received from the Land & Property Services Agency for the 2009-10 year. The indication would be of a positive outturn in the region of £238k.

At this stage we have not taken account of this figure in our annual accounts as these figures will not be finalised until the end of August. At that time we will make the necessary adjustments to the 2009/10 accounts.

## **Debt**

The overall level of trade debtors has decreased steadily over the last 2-3 years, reducing from £10m at 31 March 2008, to £7.5m at 31 March 2009 to £5m at 31 March 2010. An analysis of trade debtors, inclusive of VAT, for the last two years is shown below:

	<b>31 March 2009</b>	<b>31 March 2010</b>
Less than three months	£4,618,824	£2,930,828
Three to six months	£443,417	£170,470
Six Months to one Year	£1,462,971	£336,984
More than one year	£1,009,115	£1,554,432
<b>Total</b>	<b>£7,534,327</b>	<b>£4,992,714</b>

However, we have increased the bad debt provision by £0.2m to allow for potential bad debt in estates rental income due to the current economic climate

## **Creditors**

The council has a target of paying invoices within 30 days. During the year the council paid 53,126 invoices totalling £99,072,469.

The average time taken to pay creditor invoices was 28 days for the year ended 31 March 2010.

Whilst the Minister at the Department of Finance and Personnel has reduced the target for the payment of invoice for central government departments to 10 days this target is not mandatory for local government. However, the council endeavours to process invoices as quickly as possible and monitors these figures on a regular basis.

## **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 2010.

## **Key to Abbreviations**

N/A

## **Documents Attached**

Detailed Financial Statements titled "Belfast City Council Financial Report 2010"