



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Belfast City Council Financial Accounts 2010/11
Date:	17 June 2011
Reporting Officer:	Director of Finance & Resources, Julie Thompson.
Contact Officer:	Director of Finance & Resources, Julie Thompson

Relevant Background Information

The purpose of this report is to present to the Strategic Policy and Resources Committee the Financial Accounts of the council for 2010/11.

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 2011, as attached, have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 based on International Financial Reporting Standards and the Department of the Environment Accounts Direction, Circular LG 10/11 dated 20 April 2011.

I can confirm that the Statement of Accounts for the year ended 31 March 2011 have 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

The year end financial position for the council is an under spend of £2.6m

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 increased to £10,426,040 (of which £366k relates to specified reserves).

Table 1: Summary of Reserves Position

Opening Balance	£4.6m
Prior Year Adjustments	<u>£0.6m</u>
Revised Opening Balance	£5.2m
Contribution to Reserves	£4.7m
In year movement on reserves	£2.6m
2009/10 Finalisation	£0.2m
VAT Reclaim re Leisure	£0.2m
Contribution to Local Capital Fund	(£2.5m)
Increase in Reserves	<u>£5.2m</u>
Closing Balance	£10.4m
Specified Reserves at year end	<u>£0.4m</u>
Balance Available	<u>£10.1m</u>

District Fund £10,426,040

The District Fund Reserves can be used to supplement income and unexpected expenditure in future years. Of the £10,426,040, £366,147 relates to expenditure committed at year-end. Advice has previously been given to both the Audit Panel and the Strategic Policy and Resources Committee that £10m is an appropriate level of district fund reserve for Belfast City Council.

Capital Fund £15,439,745

The capital fund is made up of the City Investment Fund (£12,939,745) which has been created to give a clear demonstration of the Council's wish to contribute to the vibrancy, prosperity, culture and attractiveness of the city through iconic projects and the Local Investment Fund (£2,500,000) to fund neighbourhood capital projects.

In relation to the latter, it was agreed at the meeting of the Strategic Policy and Resources Committee on 15 April 2011 that officers could carry out preparatory work on the potential to establish a capital fund to finance local capital projects, in partnership with other funding streams such as the Social Investment Fund. The issue was also raised at the Strategic Policy and Resources Committee on 3 June and the Budget and Transformation Panel on 10 June. This issue is covered in the Local Capital Investment Fund report on today's agenda.

Capital Receipts Reserve £943,065

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 mainly to the sale of land & buildings at Loop River (£860,000) which has been ring-fenced for the development of the capital scheme "Loop River – New Facilities".

Repairs and Renewals Fund £7,753,190

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 £5,044,520

This relates to the Election Reserve (£758,608) which has been set up to smooth the cost of running council elections and a Sinking Fund (£4,285,912) which has been set up to repay the Council's interest only mortgages.

Capital Programme

In 2010/11 the council committed to future additional capital contracts of £20.5m relating mainly to the Connswater Greenway Scheme (of which £1.248m relates to BCC).

During the year to 31 March 2011 the council incurred £6m of expenditure on capital schemes, of which the most significant spend being on Vehicles £1.2m, City Hall £800k, Grove Wellbeing Centre £741k and Information Technology £700k.

Debt

The overall level of trade debtors has decreased steadily over the last 3-4 years, reducing from £10m at 31 March 2008, to £7.5m at 31 March 2009 to £5m at 31 March 2010 and now £4m at 31 March 2011. An analysis of trade debtors, inclusive of VAT, for the last two years is shown below:

	31 March 2011	31 March 2010
Less than three months	£2,111,911	£2,930,828
Three to six months	£142,744	£170,470
Six months to one year	£188,270	336,984
More than one year	£1,519,553	£1,554,432
Total	£3,962,478	£4,992,714

Creditors

The council has a target of paying invoices within 30 days. During the year the council paid 52,912 invoices totalling £88,316,153.

The average time taken to pay creditor invoices was 22 days for the year ended 31 March 2011.

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 2011.

Documents Attached

Detailed Financial Statements titled "Belfast City Council Financial Report 2011"