



## Belfast City Council

<b>Report to:</b>	Strategic Policy and Resources Committee
<b>Subject:</b>	<b>Belfast City Council Financial Accounts 2013/2014</b>
<b>Date:</b>	19th June, 2014
<b>Reporting Officer:</b>	Ronan Cregan, Director of Finance & Resources, ext 6184
<b>Contact Officer:</b>	Mark McBride, Head of Finance and Performance, ext 3261

### Relevant Background Information

The purpose of this report is to present to the Strategic Policy and Resources Committee the Financial Accounts of the council, including the Annual Governance Statement, for 2013/2014.

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 31st March 2014, as attached, have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 based on International Financial Reporting Standards and the Department of the Environment Accounts Direction, Circular LG 11/14 dated 7th April 2014.

I can confirm that the Statement of Accounts for the year ended 31st March 2014 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.

The Financial Report includes the Council's Annual Governance Statement (AGS) for the year 2013/14, which has been prepared in line with the Accounts Directive provided by Department of the Environment (DOE), NIAO guidance and is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. Specifically the AGS sets out:

- scope of responsibility of the Council in relation to governance
- the purpose of the governance framework
- the governance framework in place
- review of effectiveness of the governance framework
- significant governance issues to be disclosed.

The AGS is approved by the Chair of Strategic Policy and Resources, the Chief Executive and the Director of Finance and Resources. It is subject to review by the LGA (NIAO) as part of their annual audit.

## Key Issues

### Reserves

The credit balance on the General Fund has increased to £21,506,240 (of which £7,276,074 relates to specified reserves). The movement on the reserves balance is summarised in Table 1 below:

**Table 1: Summary of Reserves Position**

Opening Balance	£20.6m
In year movement in reserves	£ <u>0.9m</u>
<b>Closing Balance</b>	<b>£21.5m</b>
Specified Reserves at year end	£ <u>7.3m</u>
<b>Balance Available</b>	<b><u>£14.2m</u></b>

### **General Fund                    £21,506,240**

The General Fund Reserves can be used to supplement income and unexpected expenditure in future years. Of the £21,506,240, £7,276,074 relates to expenditure committed at year-end.

### **Capital Fund                    £23,402,740**

The capital Fund is made up of the Belfast Investment Fund (£18,986,319). The fund has been created to support key partnership projects to regenerate Belfast and help lever substantial funds from other sources, and the Local Investment Fund (£4,416,421) to fund smaller local regeneration projects.

### **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).

### **Other Fund Balances and Reserves    £8,551,992**

This relates to the Election Reserve (£520,785) which has been set up to smooth the cost of running council elections and a Sinking Fund (£8,031,207) which has been set up to repay interest only loans relating to housing stock that transferred to the NIHE. The NIHE currently pay principal and interest on these loans to BCC, with the sinking fund being to repay the principal on maturity.

### **Debt**

The overall level of trade debtors had decreased steadily over the previous 6 years, reducing from £10m at 31 March 2008 to £3.7m at 31 March 2014. An analysis of trade debtors, inclusive of VAT, for the last two years is shown below:

	<b>31 March 2013</b>	<b>31 March 2014</b>
Less than three months	£3,015,062	£2,339,223
Three to six months	£84,508	£236,153
Six months to one year	£226,735	£302,390
More than one year	£883,437	£854,286
<b>Total</b>	<b>4,209,742</b>	<b>£3,732,052</b>

## **Creditors**

The Department of the Environment has set councils a target of paying invoices within 30 days. During the year the council paid 60,395 invoices totalling £110,577,429

The average time taken to pay creditor invoices was 23 days for the year ended 31 March 2014.

The Council paid 25,026 invoices within 10 days, 51,048 invoices within 30 days, and 9,347 invoices outside of 30 days.

The council endeavours to process invoices as quickly as possible and has an improvement plan to support this process. Payment timescales are also monitored and reported to the Strategic Policy & Resources Committee on a regular basis.

## **Annual Governance Statement**

The disclosures within the Annual Governance Statement were arrived at after considering the Council's corporate risk register, significant events / issues and the disclosures made by Chief Officers in their individual assurance statements. The significant governance issues for the Council have been considered by the Audit Panel and relate to the following:

- meeting the challenges presented by Local Government Reform;
- failure to sustain and enhance the rate base and manage the rate setting process for the Shadow Council;
- failure to attract EU / other external funding and manage and deliver designated capital projects within deadlines and in compliance with funding requirements;
- delivery of the Leisure Transformation Programme;
- Peace III project;
- external fraud risk; and
- whistleblowing.

## **Resource Implications**

### **Financial**

None

### **Human Resources**

None

### **Asset and Other Implications**

None

## **Recommendation**

The Committee is requested to approve the Council's financial accounts and report, including the Annual Governance Statement, for the year ended 31st March, 2014.

## **Documents Attached**

Detailed Financial Statements titled "Belfast City Council Financial Report 2014"