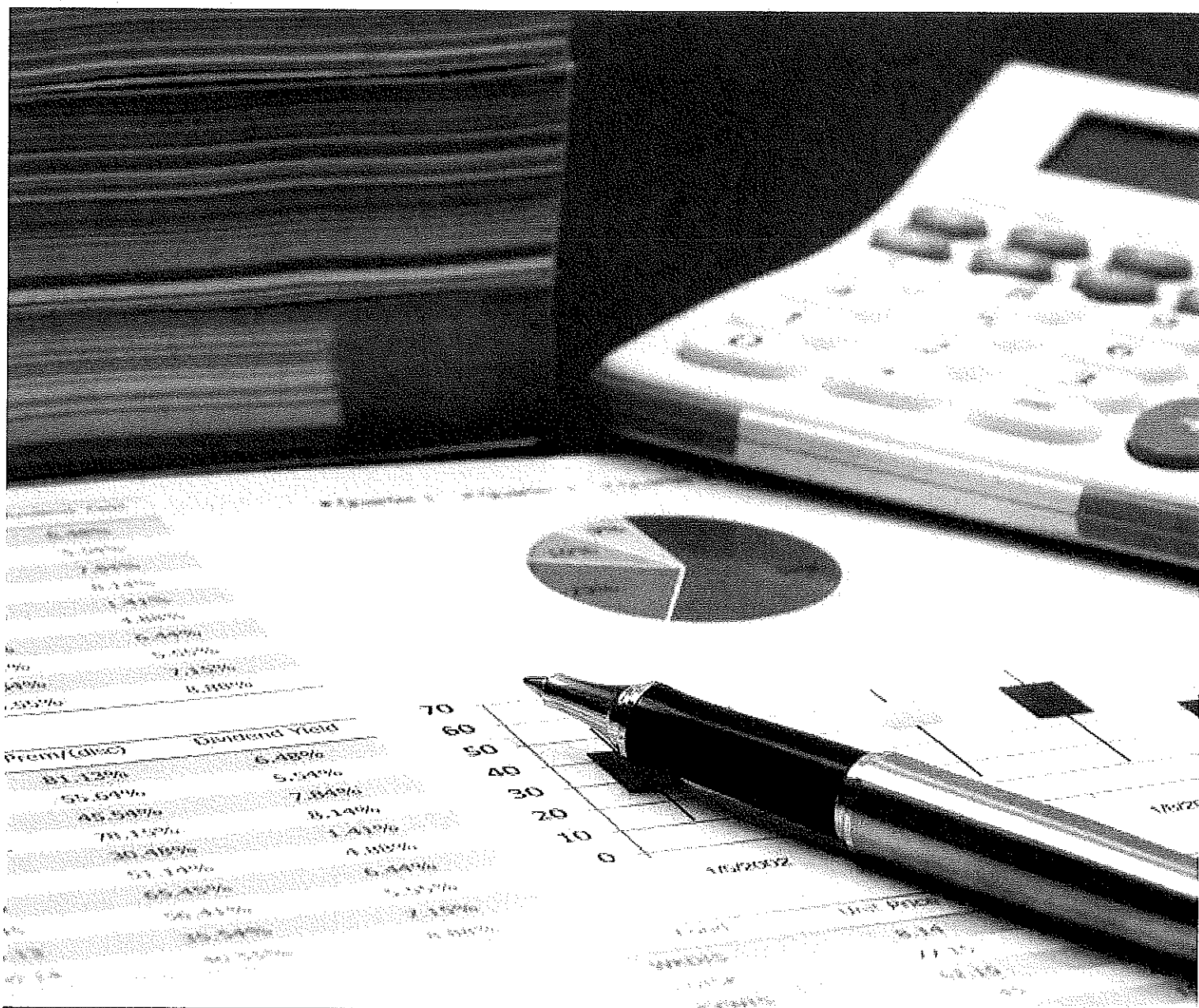


Belfast City Council

Statement of Accounts 2017



BELFAST CITY COUNCIL
Statement of Accounts
For the year ended 31 March 2017

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Narrative Report

Introduction

The Council's financial performance for the year ended 31st March 2017 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 2017 (the Code) and the Department for Communities Accounts Direction, Circular LG 10/2017. 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 2016/17 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 have prepared group financial statements for the financial year 2016/17 due to the creation of a Council owned company Belfast Waterfront and Ulster Hall Limited (BWUH). On 1 April 2016, responsibility for the operations of the Waterfront and Ulster Halls was transferred to this wholly owned subsidiary of Belfast City Council. The group financial statements also include Belfast City Council's contribution to Beltel LLP in relation to the redevelopment of the Belfast Telegraph Building. The amounts included in respect of Beltel LLP are unaudited as the first accounting period of Beltel LLP will be the period ended 30 September 2017.

The Movement in Reserves Statement

This Statement, as set out on page 27, 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 group movement in reserves statement on page 101 includes the reserves of BWUH Limited contributing to a decrease of £3,702 on the group General Fund.

The Comprehensive Income and Expenditure Statement

This statement, as set out on page 28, 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 group comprehensive income and expenditure statement on page 102 includes the consolidated income and expenditure of BWUH Ltd.

The Balance Sheet

The Balance Sheet, as set out on page 29, 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 group balance sheet on page 103 includes the Council's share of assets and liabilities of BWUH Ltd, Gas Pension Fund and Beltel LLP.

The Cash Flow Statement

The Cash Flow Statement, as set out on page 30 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. The group cashflow statement on page 104 includes the cash and cash equivalents of BWUH Ltd, Gas Pension Fund and Belfel LLP.

Financial Report

For the year ended 31 March 2017, the Council increased its General Fund reserve by £1,808k to £20,989k. The movement in the General Fund is mainly due to the under spend in the year ended 31 March 2017. The Council's budget of £153,513k was reduced by £1,917k for prior year finalisation payment of district rates. The Council reported £1,915k under budget on service expenditure in year. The Cost of Services on Continuing Operations £182,795k, 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 expenditure reported in the Comprehensive Income and Expenditure Statement is £16,988k and includes allocations of £4,297k to fund capital expenditure

For the 2016/17 year the Council had an authorised borrowing limit of £185m. 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 £86m, this ensures that the Council only borrows for capital purposes. During the year the Council repaid external loans of £3.15m. The Council borrowed £5m to fund ongoing capital projects. At 31 March 2017, the total amount outstanding on external loans was £36.6m, of this total £2.4m 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 £45m, the most significant spend was on Council Accommodation £15.3m, Connswater Community Greenway £7.5m, Olympia/Windsor Regeneration £7.5m, Pitches Strategy £2.4m, Fleet Replacement Programme £1.6m, Tropical Ravine Refurbishment £1.6m, North Foreshore Green Economy Business £1.3m and Andersonstown Regeneration £1.1m.

There were significant impairments during the year, as detailed on page 71. These impairments have arisen due to both Connswater Community Greenway (£21.4m) and Roselawn Cemetery (£1.16m) being re-measured to £1 each as Community Assets following the annual valuation as at 31 March 2017 by Land and Property Services. The former Olympia Leisure Centre and playground (net book value £3.6m) was demolished to facilitate the construction of the new sports facility.

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 19 to these Statement of Accounts. The Gas Pension Fund liability is included in the Council's Balance Sheet and is fully consolidated within the Council's Group Balance Sheet and the relevant disclosures included in the Group Financial Statements. The pension liability of Belfast Waterfront and Ulster Hall Limited is also included in the Council's Balance Sheet and is fully consolidated with the relevant disclosures in the Group Financial statements on pages 101 to 115.

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.

Events after the Balance Sheet Date

During 2016/17, confirmation was provided that a property leased out by the Council to a local bank will be redeveloped and the lease on this property is expected to terminate by October 2017. This has given rise to a reduction of £625k on the net present value of the long term debtor on this lease in the financial year 2016/17 (Note 5a). Any costs associated with the early termination of this lease will be included in the financial year 2017/18.

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 29 June 2017.

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 for Communities.

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 for Communities 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 2016/2017

The Council's Annual Governance Statement (AGS) follows DfC 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
- Update on the significant governance issues that were declared at the year-end 2016
- Significant governance issues for the year-end 2017

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 new CIPFA/SOLACE Framework *Delivering Good Governance in Local Government (2016 edition)*. 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 an annual governance statement.

The purpose of the governance framework

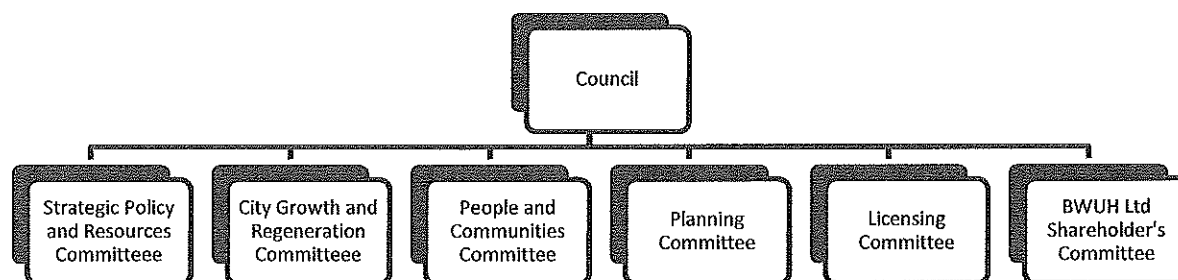
The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and the activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives 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 31st March 2017 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

Our committee structure, which is based on the full council and six standing committees is illustrated and described below.



Through the work of committees, our Members 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.

The Belfast Waterfront and Ulster Hall Ltd Shareholders' Committee is responsible for making the decisions required by the Shareholders' Agreement and ensure that the company complies with the contract for the operation of the venues.

In addition to the Committees listed in the diagrams above there are a number of Working Groups established which include the Audit & Risk Panel, the 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 four times during 2016/17.

The Council's Code of Governance is based on the seven core principles set out in the CIPFA/SOLACE Framework (2016 edition). How we meet these seven 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:

A: Behaving with integrity

- Shared values communicated via corporate plan, community plan and key strategies
- Codes of conduct for Members & staff
- PDP / appraisal process for Members & staff
- Gifts and hospitality and conflicts of interest policies & registers in place
- Fraud & whistleblowing policies and investigations
- Good Relations Unit / equality action plan
- Council constitution, standing orders & scheme of delegation
- Expert professional advice
- Partners and contractors required to comply with relevant policies

B: Ensuring openness

- Council / committee meetings open to the public and agendas / minutes on website with a process in place for time bound restrictions
- Belfast Agenda developed via extensive consultation and engagement with public "Belfast Conversation" events as well as statutory and other key partners
- Statement of Community Involvement for production of the Local Development Plan
- Ongoing consultation and engagement with staff & trade unions
- Corporate communications
- Annual financial report and annual report to Equality Commission published on BCC website
- Partnership / legal agreements with GLL, Active Belfast, arc21, BWUH Ltd, Visit Belfast
- "Your Say" consultation hub on BCC website

C: Defining outcomes

- Belfast Agenda outlines long term economic, social and environmental benefits
- Preferred Options Paper for the Local Development Plan sets out how strategic aims align to Belfast Agenda
- Corporate plan outlines the annual contribution to the Belfast Agenda
- City centre regeneration & investment strategy
- Organisational development strategy
- Physical Investment Programme
- Leisure transformation programme
- Grant funding processes
- Equality Impact Assessments

D: Optimising the achievement of outcomes

- Corporate plan and departmental plans aligned to delivery of Belfast Agenda, with specific programmes of work assigned to Chief Officers
- Consultation and engagement processes
- Strategic financial management framework in place, including quarterly challenge process.
- Performance management framework
- Regular reports on progress of our performance improvement plan (corporate plan) to CMT and SP&R
- Risk management strategy & framework
- Commercial Panel aims to ensure that commercial activity places an emphasis on outcomes

E: Developing capacity & capability

- Organisational development strategy
- Benchmarking activity
- Efficiency programme
- Regular performance monitoring of the delivery of improvement objectives
- Learning and development policy
- Health and wellbeing strategy
- Appraisal scheme in place for Chief Officers, Heads of Service and Senior Managers
- PDPs for officers and Members
- Member capacity building plan in place for 2017/18
- Continuing Development Programme in place for the Planning Committee
- Party group briefings
- Commercial Panel to lead on the development of commercial skills

F: Finance, performance and risk management

- Strategic financial management framework in place
- Efficiency programme
- Performance management framework
- Corporate performance management (CorVu) system in place
- Risk management strategy
- Corporate risk management system (MKinsight) and processes / procedures in place
- Regular reporting of finance, risk & performance
- Audit and Risk Panel
- Internal audit function / annual internal audit strategy & plan in place
- Recommendations Monitor process
- Data protection policy and procedures

G: Transparency, reporting & effective accountability

- BCC website regularly updated
- Publication of key reports including the annual financial report; annual governance statement; performance improvement report and annual report to Equality Commission
- Committee support framework to approve papers prior to submission to Members
- AGRS (Internal audit) annual assurance statement within the annual governance statement
- Internal Audit effectiveness annually reviewed against public sector Internal audit standards, with an independent external review every five years
- Internal / external audit recommendations followed up as part of recommendations monitoring process every six months

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 (2016).

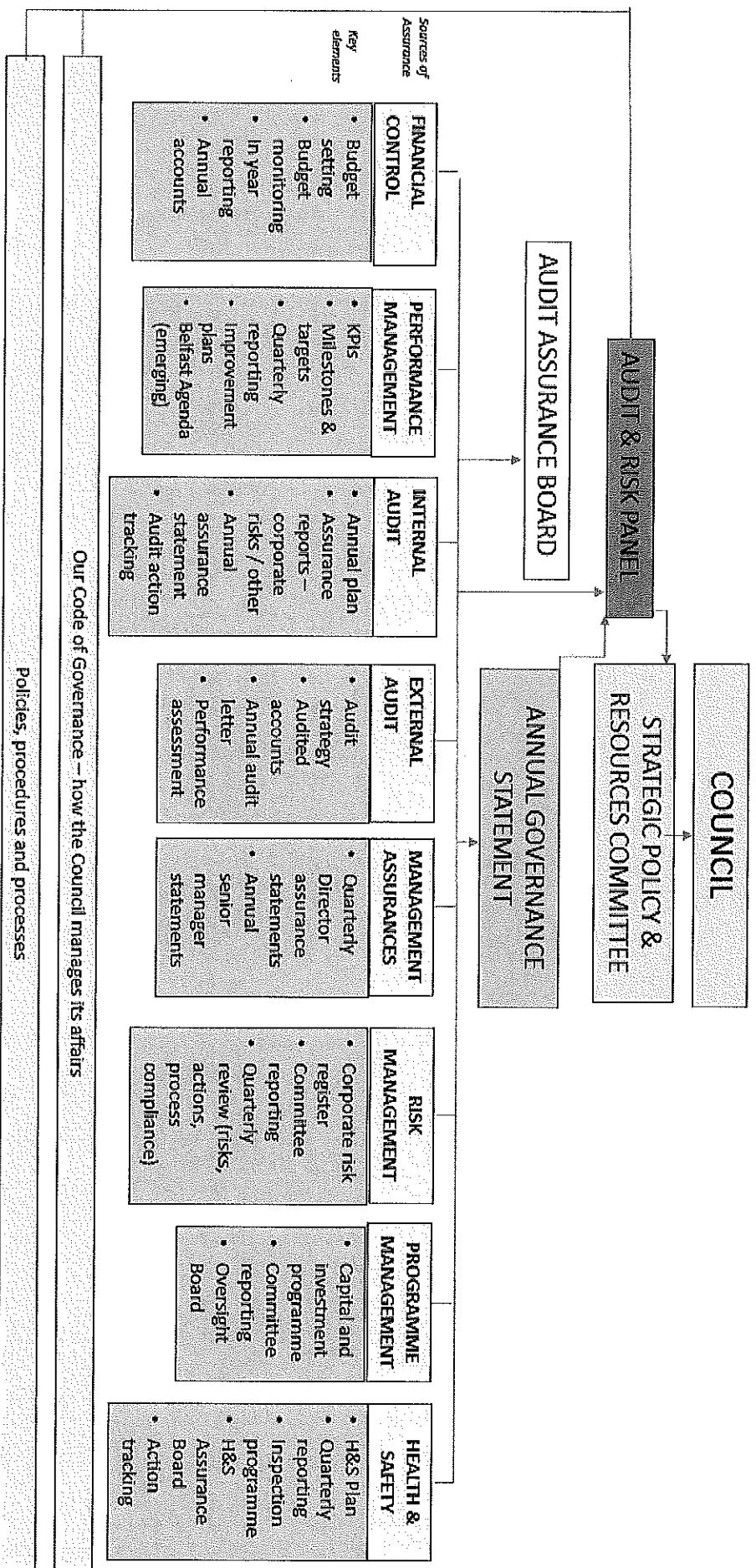
The CIPFA Statement on the Role of the Head of Internal Audit (2010) sets out the five principles that define the core activities and behaviours that belong to the role of the Head of Internal Audit (HIA) in public service organisations and the organisational arrangements needed to support them.

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.

Key Components of the 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 2016/17, 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 2016/17 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 2016/17, in that AGRS has been able to provide positive statements of assurance with the majority of audits falling into the 'some improvement needed' category - the 2nd tier of assurance in the 4 tier model*
- *application of risk management and management assurance processes and our review of the management of key corporate risks*
- *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 2016/17 through quarterly progress reports. In addition, I have highlighted, where appropriate, where further action is required to implement agreed audit actions.

With regard to risk management, a fundamental review of corporate risks was undertaken by Chief Officers in 2015/16. This enabled production of a risk map / assessment and related action plans which reflected the Council's new responsibilities, key programmes of work as well as key 'business as usual' risks. During 2016/17 AGRS has undertaken independent reviews of the management of these key corporate risks. While these reviews have confirmed the focus of management on these key risks, our work has identified that further action will be required to implement risk action plans and reduce risk exposure to target levels.

I can confirm that the AGRS Service has conformed to Public Sector Internal Audit Standards during 2016/17. A quality assurance and improvement programme is in place including internal review of work, annual assessment against professional standards, quarterly progress and performance reporting to the Assurance Board and Audit & Risk Panel. An external review of AGRS is due in 2017.

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.

Update on the Significant Governance Issues that were declared at the year-end 2016

7 issues were declared last year and 3 of these continue to be declared as issues in this year's statement, and management have provided a brief update on the work that was done last year to manage these issues. An update on the action that was taken regarding the remaining 4 issues that were declared last year, is provided below.

New delivery / operating models

The governance structures and reporting protocols between ABL, GLL and the Council have are now firmly established. A Partnership Manager has been in place since February 2016 and is now fully integrated into the contract and relationships management and performance reporting processes. While commercial challenges remain in relation to growing the business in a very competitive market, income and participation continues to rise steadily.

Regarding the operating model for the BWUH, governance structures and reporting arrangements were in place throughout 16/17 and are due to reviewed in 17/18 to ensure they are operating effectively.

City Centre Regeneration

During 16/17 we undertook the following actions to manage the risk:

- established a permanent team to deliver the strategy
- established a project review board
- developed initial City Centre Investment fund procedures and governance arrangements

Delivery of the Local Development Plan

There was ongoing work to secure additional resources and a local development plan steering group and a project management team were established to ensure appropriate consultation. A business plan linked to the agreed timetable setting out key dates and targets for the 16/17 period was in place, with regular performance management

monitoring. The Plan Timetable and Statement of Community Involvement were approved and adopted and the Preferred Options Paper (POP) was published on 26 January 2017 and was open for consultation until April 2017

Delivery of the Leisure Estates Programme

During 2016/2017 significant progress was made including:

- Agreement on the facilities mixes for Robinson, Andersonstown and Brook and high level facilities mixes for Avoniel and Templemore
- Opening of the Olympia in January 2017 which saw over 350 new members signing up in the first month alone
- Mediation process settled in respect of the Robinson Centre. Demolition works commenced on site which are due to be completed by Summer 2017
- Planning approved for the new centres at Robinson and Brook in April 2017 with planning submitted for Andersonstown
- Appointment of the contractor for the build works for Andersonstown, Brook and Robinson under the biggest capital contract ever awarded by the Council
- A first-round pass and a development grant of up to £380,000 was awarded by the Heritage Lottery Fund (HLF) in October 2016 towards the redevelopment of the Templemore Baths. Following the development phase, a detailed proposal for £4.62 million grant towards the £17million project will be submitted to the HLF by October 2018.
- Stage 2 designs completed for Avoniel
- Robust governance in place for the leisure programme with a Leisure Transformation Board, Client Delivery Group and Capital Delivery Group with robust reporting and programme and project risk registers, issues logs etc.
- Establishment of a dedicated Physical Programme Management Office to co-ordinate all physical projects which will include the Leisure Programme
- Dedicated internal resources have been assigned including a Project Manager, Assistant Project Managers, Project Sponsors

Significant Governance Issues for the year-end 2017

The significant governance issues for 2016/17 were identified through the review of the red risks in the Corporate Risk Register for the year ending 31 March 2017, 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. Agreement and delivery of the Community Plan / Belfast Agenda
2. Waste management
3. Organisation's Transformation Programme
4. Digital Information Security
5. External fraud
6. Procurement

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

1. Agreement and delivery of the Community Plan / Belfast Agenda

This issue was raised in last year's AGS and during 16/17 we undertook the following actions to manage the risk:

- secured dedicated resources for the development of the Belfast Agenda
- established a Community Planning Partnership to support for the community planning process,
- undertook extensive consultation with key partners to develop the Belfast Agenda.

Currently staff are working through the comments received with a view to finalising the Belfast Agenda by September 2017. The main issue for 17/18 will be on delivery of the Belfast Agenda and the key actions to manage this are as follows:

- Establish appropriate governance structures
- Develop an action plan for year 1 priorities
- Agree and implement performance management arrangements, with reference to the agreed outcome framework
- Implement a reporting process
- Commission a city dashboard
- Continue to put resources in place in line with creation of strategic hub.

2. Waste management

This issue was also raised in last year's AGS and during 16/17 we undertook the following actions to manage the risk:

- development of contingency arrangements in relation to residual waste treatment
- commissioning a value for money review of recycling centres
- extensive work to develop a strategic waste plan as well as ongoing contract monitoring reviews.

Concerns continue to exist corporately around mitigating the risk of managing Belfast's waste performance against targets affordably against market capacity issues (e.g. the fire at Wastebeater), increased rate of waste growth and legacy issues, which have coalesced to suppress the city's recycling rate to 40%. The strategic waste plan (the Waste Framework) proposes approaches to achieve the target and contribute to job creation, but it is dependent upon ongoing Member support.

3. Design and Delivery of the Organisation's Transformation Programme

An issue regarding change management was raised in last year's AGS and during 16/17 we completed a number of corporate organisational design and development actions including

- Director of City Centre Regeneration recruited
- Waterfront and Ulster Hall staff transferred to new Council owned company;
- new Managing Director and board recruited
- 2 corporate VR tranches
- Overall organisational model agreed by committee.

The council's organisational development strategy was the first step in establishing a planned and systematic approach to organizational improvement and has delivered significant internal change to date. Eighteen months into this programme for change, it is now time for the council to develop the next phase of its transformation. The corporate risk has been refocused as follows "failure to design and deliver the organisation's transformation programme to ensure that the Council is fit to deliver the corporate plan and Belfast Agenda" and the key action to manage this risk will be the development and implementation of an integrated transformational programme.

4. Digital Information Security

The most significant issue relating to the services provided by Digital Services concern the security of our information assets. Digital Services uses its resources to deliver a securely designed infrastructure, continually improve the maturity of security processes and to ensure security controls are in place to detect threats to the ICT environment. The delivery of a secure ICT Infrastructure aligns security activities with business need in order to optimise security budgets and resources.

Delivering a secure infrastructure is a constantly evolving process and consideration must be given to changing threats and risks which must be aligned the delivery of the council's goals and objectives. A summary of the key actions is provided below:

- Regular penetration testing to determine external vulnerabilities
- Business Continuity Plan in place and regularly reviewed
- Robust change management controls
- Secure ICT Infrastructure in place
- Security contract with external security experts
- Key support & maintenance contracts with key suppliers
- Semi-automated process for managing moves, adds and changes fed from payroll system
- ICT Security Policy, Computer Use Policy, Password Policy, Removable media policy
- Template for response to a major security incident
- Maintain knowledge of advanced threats
- Review of security controls for Exchange Online
- Office 365 Online Protection
- During 2016/17 a specialist, independent audit of the Council's IT Infrastructure was undertaken and this has provided an assurance on our current arrangements. However, given the level of threat, continued action is required to manage related risks and an action plan is being developed to address recommendations arising from this review.

5. Procurement

At the year-end a new corporate risk was added to the corporate risk register regarding the risk of poor commissioning, procurement process, contract management planning and delivery practice in the Council which would affect the Council's ability to deliver its objectives, achieve value for money, opens the Council to legal challenge and results in reputational damage. This risk reflects the importance of managing compliance issues and also the importance of securing efficiencies through the procurement process. The key actions to manage this have been developed and agreed by the Risk Owner.

6. External fraud

The targeting of the Council's payment systems by criminals attempting to divert payments to fraudulent bank accounts, continues to be a major financial risk to the Council.

Following the fraudulent change of bank details to one of the council's main vendors in 2013, revised control procedures were implemented within the Central Transactions Unit (CTU). These procedures included enhanced checks, documentation and additional supervisory controls. The controls in place prevented two fraudulent attempts to change bank account details in April 2017 which, if successful, could have led to significant financial losses to the council. The details of both attempts have been passed to the PSNI, the NIAO and other local authorities.

The Finance Service is conscious that international crime gangs are likely to try different approaches to targeting financial systems and processes in attempts to breach standard controls. Management, and in particular the Central Transactions Unit, are therefore working with AGRS to not only ensure that existing controls are maintained but to try and identify new ways that fraud could be attempted and to ensure that the controls and checks in place are robust enough to prevent and detect such attempts if they occur.

Signed:
Chair Strategic Policy and Resources Committee

Signed:
Chief Executive Officer

Signed:
Chief Financial Officer

NORTHERN IRELAND LOCAL GOVERNMENT BODIES'

REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2017

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 then 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.

A consolidated document on Guidance and determinations on Councillors' Allowances applicable from 1 April 2017 were issued by the Department for Communities on January 2017. The determinations and rates have been updated in LG 03/2017. 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 2016/17.

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, 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 (Audited information)

Allowance	2016/17		2015/16	
	Total Allowances £	Number of Councillors receiving the Allowance	Total Allowances £	Number of Councillors receiving the Allowance
Basic Allowance	848,445	60	849,617	60
Special Responsibility Allowance	107,661	35	103,749	27
Lord Mayor Allowance	34,800	1	34,800	1
Deputy Lord Mayor Allowance	6,250	1	6,250	1
PCSP Allowance	14,940	24	13,560	33
High Sheriff's Allowance	6,249	1	6,249	1
Subsistence	5,273	22	6,962	24
Mileage	15,640	36	11,670	38
Courses/ Conferences Visits	13,699	39	21,949	30
Telephone Rental	3,914	16	4,580	21
Miscellaneous costs	908	2	2,267	7
Other Travel Allowance	14,323	21	15,715	27
Severance Payments*	-	-	16,600	1
TOTAL ALLOWANCES	1,072,102		1,093,968	

*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 2016/17 are published on the council website at www.belfastcity.gov.uk/council/freedomofinformation/councillorexpenditures.aspx. The above table provides further information and detail on the allowances paid to councillors to that published on the council website.

The following is a summary of resignations and appointments of Councillors during 2016/17:

Paula Bradshaw resigned as Councillor on 7 May 2016 and was replaced by Councillor Kate Nicholl on 6 June 2016.

Christopher Stalford resigned as Councillor on 7 May 2016 and was replaced by Councillor Lee Reynolds on 27 May 2016.

Gerry Carroll resigned as Councillor on 7 May 2016 and was replaced by Councillor Matthew Collins on 24 May 2016.

Ross Browne resigned as Councillor on 30 November 2016 and was replaced by Councillor Georgina Milne on 1 December 2016.

Nial O'Donoghue resigned as Councillor on 7 May 2016 and was replaced by Councillor Mairead O'Donnell on 26 May 2016.

Nichola Mallon resigned as Councillor on 7 May 2016 and was replaced by Councillor Paul McCusker on 23 May 2016.

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 2016/17:

Officers	2016/17				2015/16			
	Salary (Full year equivalent in brackets where applicable) £'000	Bonus Payments £'000	Benefits in kind (to nearest £100) £'000	Total £'000	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	130-135			130-135	120-125			120-125
Director of Finance & Resources- Ronan Cregan	105-110			105-110	100-105			100-105
Director of Property & Projects- Gerry Millar	100-105			100-105	100-105			100-105
Director of Organisational Development- Jill Milne	95-100			95-100	95-100			95-100
Director of City & Neighbourhood Services - Nigel Grimshaw	95-100			95-100	90-95			90-95
Director of Planning & Place- Phil Williams	90-95			90-95	90-95			90-95
Director of City Centre Development- Nuala Gallagher	75-80 95-100 (FYE)			95-100	-			-
Town Solicitor - John Walsh	90-95			90-95	85-90			85-90

The Director of Planning & Place and the Director of City Centre Development are employed under a fixed term contract for two years with the option to extend for one 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 Councils workforce.

The banded remuneration of the highest paid member of the Executive Management Team/Senior Management Team in the financial year 2016/17 was £130k - £135k. This was 5.9 times the median remuneration of the workforce, which was £22,434.

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 Councils workforce (Audited information)

	2016/17 £'000	2015/16 £'000
Salary Band of Highest Paid member of the Executive	130-135	120-125
Median Total Remuneration	22.4	19.8
Ratio	5.9	6.2

In 2016/17, 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 staff by the Council during 2016/17, together with total cost per band and total cost of voluntary redundancies, as agreed under the Council's voluntary redundancy scheme, are set out in the table below:

Table 4: Exit Packages in 2016/17 (Audited information)

Severance Package Cost Band	2016/17				2015/16			
	Number of Compulsory Redundancies	Number of Other departures agreed	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band £'000	Number of Compulsory Redundancies	Number of Other departures agreed	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band £'000
£0 - £20,000		1	1	17		15	15	176
£20,001 - £40,000		9	9	246		13	13	366
£40,001 - £60,000		6	6	315		9	9	417
£60,001 - £80,000		5	5	341		3	3	192
£80,001 - £100,000								
£100,001 - £150,000		2	2	200				
£150,001 - £200,000								
Total	0	23	23	1,119	0	40	40	1,151

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 for Communities in April each year in accordance with the increase applied to a pension in payment. The bands, effective from 1 April 2016, 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 2016/17 was £174,458.

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 2016/17 (audited information)

Officers	Accrued Pension at pension age as at 31/3/17 £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/17 £'000	CETV at 31/3/16 £'000	Real increase/ (decrease) in CETV £'000
Suzanne Wylie	50-55	5-7.5	796	723	58
Ronan Cregan	40-45	5-7.5	728	662	49
Gerry Millar	45-50	0	1038	1087	(49)
Jill Milne	30-35	2.5-5	471	428	28
Nigel Grimshaw	0-5	0-2.5	25	4	11
Phil Williams	0-5	0-2.5	60	26	23
Nuala Gallagher	0-5	0-2.5	14	0	6
John Walsh	30-35	(0-2.5)	517	502	0.5

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.

Chief Executive
September 2017

Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31st March 2017 on pages 27 to 116 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 31 to 54.
- (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 2017.

Chief Financial Officer

Date

Council Approval of Statement of Accounts

These accounts were approved by resolution of the Strategic Policy and Resources Committee on 22 September 2017.

Chairman

Date

Independent Auditor's Report to the Members of the Belfast City Council
Auditors to provide

Independent Auditor's Report to the Members of the
Auditors to provide

Belfast City Council
Movement in Reserves Statement for the year ended 31 March 2017

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.

	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	22,050,670	27,591,981	1,243,066	50,885,717	398,038,464	448,924,181
Movement in reserves during the year						
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
Total Comprehensive Income and Expenditure	17,080,585	-	-	17,080,585	46,220,358	63,300,943
Adjustments between accounting basis & funding under regulations	(16,550,269)	(3,500,000)	(26,046)	(20,076,315)	20,988,032	911,717
Net increase/(decrease) before transfers to Statutory and Other Reserves	530,316	(3,500,000)	(26,046)	(2,995,730)	67,208,390	64,212,660
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
Increase/ (Decrease) in year	(2,869,436)	87,341	20,304	(2,761,791)	67,299,390	64,537,599
Balance as at 31 March 2016	19,181,234	27,679,322	1,263,369	48,123,925	465,337,854	513,461,779
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	(16,988,256)	-	-	(16,988,256)	-	(16,988,256)
Other Comprehensive Income and Expenditure	-	-	-	-	(11,265,430)	(11,265,430)
Total Comprehensive Income and Expenditure	(16,988,256)	-	-	(16,988,256)	(11,265,430)	(28,253,686)
Adjustments between accounting basis & funding under regulations	20,212,285	(3,070,139)	369,088	17,511,234	(17,552,405)	(41,171)
Net increase/(decrease) before transfers to Statutory and Other Reserves	3,224,029	(3,070,139)	369,088	522,978	(28,817,835)	(28,294,857)
Transfers to / (from) Statutory and Other Reserves	(2,260,540)	2,260,540	-	-	-	-
Other movements	844,729	283,411	-	1,128,140	2,603,150	3,731,290
Increase/(Decrease) in year	1,808,218	(526,188)	369,088	1,651,118	(26,214,685)	(24,563,567)
Balance as at 31 March 2017	20,989,452	27,153,134	1,632,457	49,775,043	439,123,169	488,898,212

Comprehensive Income and Expenditure Statement for the year ended 31 March 2017

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.

		2016/17			2015/16		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
Service Expenditure	Notes	£	£	£	£	£	£
Leisure and Recreational Services	2	93,756,679	(8,195,355)	85,561,324	86,668,706	(9,669,218)	76,999,488
Environmental Services	2	72,660,451	(8,931,271)	63,729,180	69,198,058	(8,950,545)	60,247,513
Planning and Development Services	2	29,514,601	(12,994,056)	16,520,545	26,572,728	(11,303,953)	15,268,775
Highways and Transport Services	2	998,433	(1,881,465)	(883,032)	2,208,650	(2,192,260)	16,390
DRM and Corporate Management	2	15,895,347	(2,535,514)	13,359,833	20,392,280	(1,024,276)	19,368,004
Other Services	2	9,090,629	(4,583,024)	4,507,605	8,122,541	(4,508,933)	3,613,608
Cost of Services on Continuing Operations		221,916,140	(39,120,685)	182,795,455	213,162,963	(37,649,185)	175,513,778
Other Operating Expenditure	7	4,122,115	(411,613)	3,710,502	125,870	-	125,870
Financing and Investment income and Expenditure	8	4,996,832	(13,970,237)	(8,973,405)	5,690,842	(9,190,683)	(3,499,841)
(Surplus) or Deficit on Discontinued Operations				-			-
Share of Operating Results of associates and joint ventures	28	-	-	-	-	-	-
Net Operating Expenditure		231,035,087	(53,502,535)	177,532,552	218,979,675	(46,839,868)	172,139,807
Taxation and Non-Specific Grant Income	9	1,672,075	(162,216,371)	(160,544,296)	-	(189,220,392)	(189,220,392)
(Surplus)/Deficit on the Provision of Services		232,707,162	(215,718,906)	16,988,256	218,979,675	(236,060,260)	(17,080,585)
(Surplus)/Deficit on revaluation of non-current assets	10			(18,228,570)			(22,566,358)
Surplus/(Deficit) arising on revaluation of available-for-sale financial assets	25			-			-
Remeasurements of the Net Defined Benefit Liability (Asset)	19			29,494,000			(23,654,000)
Share of Other Comprehensive Expenditure & Income of associates and joint ventures	28			-			-
Other Comprehensive (Income) and Expenditure				11,265,430			(46,220,358)
Total Comprehensive (Income) and Expenditure				28,253,686			(63,300,943)

Belfast City Council
Balance Sheet as at 31 March 2017

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 2017	31st March 2016
		£	£
Fixed Assets	10	646,270,937	618,434,227
Long Term Investments	15	-	-
Investment in Subsidiaries, Associates and Joint Ventures	28	3,070,140	-
Long Term Debtors	14	1,296,062	6,191,192
LONG TERM ASSETS		650,637,139	624,625,419
Inventories	13	295,715	296,504
Short Term Debtors	14	21,920,844	26,739,301
Cash and Cash Equivalents	23	7,317,266	31,705,507
Assets Held for Sale	10	3,197,000	1,500,000
CURRENT ASSETS		32,730,825	60,241,312
Short Term Borrowing	15	163,482	-
Short Term Creditors	16	27,011,604	35,418,808
Provisions	17	2,584,680	6,303,800
CURRENT LIABILITIES		29,759,766	41,722,608
Long Term Creditors	16	82,707	94,146
Provisions	17	1,716,737	2,963,742
Long Term Borrowing	15	36,444,276	34,761,509
Other Long Term Liabilities	19	125,832,942	91,099,942
Donated Assets Account	20	10,001	410,000
Capital Grants Receipts in Advance	21	623,323	353,005
LONG TERM LIABILITIES		164,709,986	129,682,344
NET ASSETS		488,898,212	513,461,779
USABLE RESERVES			
Capital Receipts Reserve	24	1,632,457	1,263,369
Capital Fund	24	24,850,616	25,475,756
Leisure Mobilisation Fund	24	1,945,000	2,000,000
Other Balances and Reserves	24	357,518	203,566
General Fund	24	20,989,452	19,181,234
		49,775,043	48,123,925
UNUSABLE RESERVES			
Capital Adjustment Account	25	427,822,657	433,923,306
Revaluation Reserve	25	138,508,289	123,817,218
Pensions Reserve	25	(125,832,942)	(91,099,942)
Accumulated Absences Account	25	(1,374,835)	(1,302,728)
		439,123,169	465,337,854
NET WORTH		488,898,212	513,461,779

Belfast City Council
Cash Flow Statement at 31 March 2017

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	2016/17	2015/16
		£	£
Net Deficit on the provision of services		(16,988,256)	17,080,585
Adjustment for non-cash movements	23a	45,393,067	40,206,407
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	23a	(6,289,437)	(40,361,749)
Net cash flows from operating activities	23	22,115,374	16,925,243
Cash flows from Investing Activities	23d	(48,349,864)	(38,420,257)
Net Cash flows from Financing Activities	23e	1,846,249	7,062,251
Net increase or decrease in cash and cash equivalents		(24,388,241)	(14,432,763)
Cash and cash equivalents at the beginning of the reporting period	23b	31,705,507	46,138,270
Cash and cash equivalents at the end of the reporting period		7,317,266	31,705,507

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting Policies

a General Principles

The Statement of Accounts summarises the Council's transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017. The Council is required to prepare an annual Statement of Accounts in a form directed by the Department for Communities 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 2016/17 and the Service Reporting Code of Practice 2016/17 (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) **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.

iii) **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.

iv) **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.

v) **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 1 April 2015, staff that transferred from Central Government to the Council retained membership of the Northern Ireland Civil Service (NICS) Pension Scheme. The scheme provides defined benefits to members (retirement lump sums and pensions). However, the arrangements for the NICS Pension Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The Scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the balance sheet.

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 2.6%. 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.

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.

vi) **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.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

vii) **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.

viii) **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.

ix) **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.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs - quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs - inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs - unobservable inputs for the asset.

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).

x) **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.

xi) **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.

xii) **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 line(s) 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 line(s) 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 District 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.

xiii) **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.

xiv) **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 District 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.

xv) **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.

xvi) **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.

xvii) **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.

xviii) **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.

xix) **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-minimus 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 (xiv)
- 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 calculated on a straight-line basis on the following classes of

- 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 are depreciated 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.

xx)

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 2015/16 and 2016/17 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.

xxi) **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.

xxii) **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.

xxiii) **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.

xxiv) **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.

xxv) **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.

xxvi) **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.

xxvii) **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.

xxviii) **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 2016/17 is £1,048k which is before deduction of relevant expenses, resulting in net income of £202k. 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.

xxix) **Fair Value Measurement**

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings [other financial instruments as applicable] 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 authority 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

Accounting and Reporting by Pension Funds – Investment Transaction Costs

In the 2016/17 Code CIPFA/LASAAC indicated its intention to mandate the recommended disclosure on pension fund investment transaction costs.

After consultation, CIPFA/LASAAC agreed to proceed with the transaction costs disclosure to alleviate concerns regarding the transparency of pension fund management expenses generally. Transaction costs are clearly defined in IFRS (in IAS 39 Financial Instruments: Recognition and Measurement and IAS 40 Investment Property). The requirement for disclosure on transaction costs has been included in the 2017/18 Code of Practice.

Amendment to the disclosure of investment asset concentration

In a review of application guidance on pension fund reporting, CIPFA/LASSAAC considered that the information required under IAS 26 no longer provided materially relevant disclosures and therefore the disclosure regarding defined benefit pension fund at paragraph 6.5.5.1 of 2017/18 Code of Practice refers to 'Details of any single investment exceeding either 5% of the net assets available for benefits, this is consistent with the approach in the Financial Reports of Pension Schemes – A Statement of Recommended Practice 2015.

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

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 2017 and the projected service cost for the year ending 31 March 2018 is set out in Note 19.

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 for Communities' Accounts Direction.

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

Services	2016/17			2015/16		
	Gross Expenditure £	Gross Income £	Net Expenditure £	Gross Expenditure £	Gross Income £	Net Expenditure £
Culture and Heritage	8,261,802	(2,079,442)	6,182,360	9,390,665	(2,256,402)	7,134,263
Recreation and Sport	71,758,830	(4,767,176)	66,991,654	62,670,317	(4,757,714)	57,912,603
Tourism	6,055,809	(967,277)	5,088,532	8,213,779	(2,325,427)	5,888,352
Community Services	7,680,238	(381,460)	7,298,778	6,393,945	(329,675)	6,064,270
Leisure and Recreational Services	93,756,679	(8,195,355)	85,561,324	86,668,706	(9,669,210)	76,999,488
Cemetery, Cremation & Mortuary	4,698,600	(2,725,530)	1,973,070	3,663,313	(2,460,163)	1,203,150
Environmental Health	17,671,104	(1,974,605)	15,696,499	16,982,652	(2,236,523)	14,746,129
Flood Defence and Land Drainage	-	-	-	-	-	-
Public Conveniences	304,994	-	304,994	347,522	(488)	347,034
Licensing	919,533	(247,477)	672,056	1,005,177	(250,978)	754,199
Other Cleaning	17,461,964	(77,023)	17,384,941	16,447,588	(172,260)	16,275,328
Waste Collection	19,593,357	(3,888,082)	15,705,275	20,548,461	(3,825,158)	16,723,303
Waste Disposal	11,991,720	(18,554)	11,973,166	10,203,345	(4,975)	10,198,370
Other Community Assets	19,179	-	19,179	-	-	-
Minor Works	-	-	-	-	-	-
Environmental Services	72,660,451	(8,931,271)	63,729,180	69,198,058	(8,950,545)	60,247,513
Community Planning	634,637	-	634,637	698,581	-	698,581
Economic Development	14,109,460	(4,634,538)	9,474,922	12,326,007	(4,260,955)	8,065,052
EU Rural Development	-	-	-	-	-	-
Urban Regeneration and Community Development	6,417,128	(2,407,960)	4,009,168	5,805,529	(1,787,754)	4,017,775
Planning Policy	-	-	-	-	-	-
Development Control	3,444,091	(2,288,753)	1,155,338	3,249,996	(2,286,611)	963,385
Building Control	4,909,285	(3,662,805)	1,246,480	4,492,615	(2,968,633)	1,523,982
Environmental initiatives	-	-	-	-	-	-
Planning and Development Service	29,514,601	(12,994,056)	16,520,545	26,572,728	(11,303,953)	15,268,775
Off-street Parking Services	998,433	(1,881,465)	(883,032)	2,208,650	(2,192,260)	16,390
Highways and Transport Services	998,433	(1,881,465)	(883,032)	2,208,650	(2,192,260)	16,390
Democratic Representation and Management	4,689,784	(1,210)	4,688,574	5,499,873	(21,325)	5,478,548
Corporate Management	11,205,563	(2,534,304)	8,671,259	14,892,407	(1,002,951)	13,889,456
DRM and Corporate Management	15,895,347	(2,535,514)	13,359,833	20,392,280	(1,024,276)	19,368,004
Trading Services	5,031,771	(3,346,192)	1,685,579	4,424,244	(3,448,308)	975,936
Non Distributed Costs	2,024,301	119,000	2,143,301	1,596,185	160,000	1,756,185
Central Services to the Public	2,034,557	(1,355,832)	678,725	2,102,112	(1,220,625)	881,487
Other Services	9,090,629	(4,583,024)	4,507,605	8,122,541	(4,508,933)	3,613,608
CONTINUING OPERATIONS	221,916,140	(39,120,685)	182,795,455	213,162,963	(37,649,185)	175,513,778

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

	2016/17	2016/17	2015/16	2015/16
	£	£	£	£
Net Cost of Services in Service Analysis		182,795,455		175,513,778

Items excluded from Service Analysis:

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

-

-

Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement		182,795,455		175,513,778
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Items included in Net Operating Expenditure excluded from Service Analysis:

Other Operating Expenditure

3,710,502

125,870

Financing and Investment Income and Expenditure

(8,973,405)

(3,499,841)

Surplus or Deficit on Discontinued Operations

-

-

(5,262,903)

(3,373,971)

Net Operating Expenditure per the Comprehensive Income and Expenditure Statement		177,532,552		172,139,807
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3 Adjustment between an Accounting Basis and Funding Basis under Regulations

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:

Notes	2016/17		2015/16	
	£	£	£	£
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:				
Impairments (losses & reversals) of non-current assets		-	(1,014,809)	
Derecognition (other than disposal) of non-current assets	10	-	20,859	
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	10	16,047,198	16,369,138	
Depreciation charged in the year on non-current assets	10	14,003,845	30,051,043	27,072,811
Net Revenue expenditure funded from capital under statute	10		-	-
Carrying amount of non current assets sold	7	4,122,115	198,655	
Proceeds from the sale of PP&E, investment property and intangible assets	24,25	(411,613)	3,710,502	125,870
Difference between finance costs calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	25		-	-
Net charges made for retirement benefits in accordance with IAS 19	19		17,056,000	19,831,000
Direct revenue financing of Capital Expenditure	11,25		(4,296,859)	(7,038,503)
Capital Grants and Donated Assets Receivable and Applied in year	9b		(8,947,963)	(40,288,964)
Capital Grants Receivable and Unapplied in year	9c		-	-
Rates Claw-Back Reserve	25		-	-
Adjustments in relation to Short-term compensated absences	25		72,107	40,580
Adjustments in relation to Lessor Arrangements			599,867	46,350
Landfill Regulations Reserve Adjustment	25		-	-
Provisions Discount Rate Reserve Adjustment	25		-	-
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				
Statutory Provision for the financing of Capital Investment	25		(4,155,412)	(2,886,413)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	19		(13,877,000)	(13,453,000)
		20,212,285	(16,550,269)	

b Net transfers (to)/from statutory and other earmarked reserves:		2016/17		2015/16	
	Notes	£	£	£	£
Capital Fund					
Interest		-	-	-	-
From Capital		-	-	-	-
Other	25	(2,161,588)	(2,161,588)	(1,418,027)	(1,418,027)
Leisure Mobilisation Fund					
Interest		-	-	-	-
Other	25	55,000	55,000	(2,000,000)	(2,000,000)
Capital Receipts Reserve					
Interest		-	-	-	-
Other	25	-	-	-	-
Other Funds and earmarked reserves					
Interest		(3,952)	-	(668)	-
From Other funds		-	-	-	-
Other	25	(150,000)	(153,952)	(200,000)	(200,668)
			(2,260,540)		(3,618,695)

4 Cost of Services on Continuing Operations

a General power of competence

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. Belfast City Council used the powers within this section to create a wholly council owned company BWUH Limited for the operation of the Waterfront and Ulster Hall and also used these powers to make a contribution to Belfast LLP in relation to the redevelopment of the Belfast Telegraph building.

b External Audit Fees

The Council has incurred the following costs relating to the annual audit of the Statement of Accounts, certification of grant claims and other services provided by the Councils external auditors.

	2016/17	2015/16
	£	£
External Audit Fees	75,000	80,000
National Fraud Initiative	2,161	-
Performance Audit	20,298	-
	97,459	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 which had a remaining term of 62 years. During the 2016/17 financial year, confirmation was provided that the property is to be redeveloped and so the finance lease is expected to end by October 2017. The impact on the net present value of the long term debtors is a reduction of £625,485 to reduce this debtor to £Nil. The net present value of the short term debtors increased by £25,618 to a balance of £26,160 in 2016/17.

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	2016/17	2015/16
	£	£
Long Term Debtors		
Finance leases- gross receivables	-	2,873,700
Less - Unearned finance income	-	(2,248,215)
Less - Unguaranteed residual value of property	-	-
Net Present Value	-	625,485
Short Term Debtors		
Finance leases- gross receivables	27,038	46,350
Less - Unearned finance income	(878)	(45,808)
Less - Unguaranteed residual value of property	-	-
Net Present Value	26,160	542
Gross receivables from finance leases		
No later than 1 year	27,038	46,350
Later than 1 year and no later than 5 years	-	185,400
Later than 5 years	-	2,688,300
Total gross receivables	27,038	2,920,050
Less-Unearned future finance income on finance leases	(878)	(2,294,023)
Less-Unguaranteed residual value of property	-	-
Net investment in finance leases	26,160	626,027

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

	2016/17	2015/16
	£	£
No later than 1 year	26,160	542
Later than 1 year and no later than 5 years	-	-
Later than 5 years	-	625,485
Total gross receivables	26,160	626,027

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

The accumulated allowance for uncollectable minimum lease payments receivable is £Nil (comparative year £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 3.35% (comparative year 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 £6,796,415 (15/16 £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:

	2016/17		2015/16	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
	£	£	£	£
Minimum lease rentals receivable:				
No later than 1 year	6,167,975	-	6,123,740	-
Later than 1 year and no later than 5 years	20,273,463	-	20,136,015	-
Later than 5 years	397,641,536	-	394,168,195	-
	424,082,974	-	420,427,950	-

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

	2016/17		2015/16	
	Land and Buildings	Vehicles, Plant and Equipment	Restated Land and Buildings	Vehicles, Plant and Equipment
	£	£	£	£
Cost	86,430,371	-	82,329,500	-
Accumulated depreciation and impairments at 1 April	-	-	-	-
Depreciation charge for the year	-	-	-	-
Impairments	(50,000)	-	(500,000)	-
Revaluations	6,944,629	-	2,290,500	-
Transfers in and reclassifications	575,000	-	-	-
	93,900,000	-	84,120,000	-

As noted above, the 2015/16 figures have been restated to include all investment properties generating rental income in this year.

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 photocopiers 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 15 years and vehicles with lease terms of up to 4 years. During 2016/17, the Council terminated one office building lease and will terminate two office building leases in 2017/18 with an estimated reduction in rental charges for future years of £3,560,875.

The expenditure charged to services in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2016/17		2015/16	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
	£	£	£	£
Minimum lease payments	1,354,162	477,530	1,488,405	472,434
Contingent rentals	-	-	-	-
Less: Sublease payments receivable	-	-	-	-
Total	1,354,162	477,530	1,488,405	472,434

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:

	2016/17		2015/16	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
	£	£	£	£
Minimum lease rentals payable:				
No later than 1 year	630,270	281,980	1,349,138	477,530
Later than 1 year and no later than 5 years	862,345	15,695	4,209,581	297,675
Later than 5 years	1,372,255	-	1,992,999	-
Total	2,864,870	297,675	7,551,718	775,205

6 Employee Costs and Member Allowances			
a Staff Costs	2016/17		2015/16
	£		£
Salaries and Wages	66,199,168		65,249,895
Employers NIC	4,635,585		4,602,551
Employers Superannuation	12,780,326		12,569,541
Total staff costs	83,615,079		82,421,987

The above staff costs include the costs of the voluntary redundancies in 2016/17. These costs total £1,119,948 and are disclosed separately in Table 4 of the Remuneration Report. In addition, agency costs during the year amounted to £4,470,906 (15/16 £4,217,572).

The Council's current contribution rate to NILGOSC scheme is 20%. At the last actuarial valuation, dated 31 March 2016, the Fund's assets as a whole were sufficient to meet 96% (15/16 91%) of the liabilities accrued up to that date.

Average Number of Employees - where FTE represents fulltime equivalent employees

b Average Number of Employees	2016/17		2015/16
	FTE		Restated FTE
Parks	122		396
Environmental Services	1,062		802
Planning and Place	139		134
Highways and Transport Service	-		-
Other	901		947
Total Number	2,224		2,279

	2016/17		2015/16
	Actual Numbers		Restated Actual Numbers
Full-time numbers employed	2,044		2,090
Part-time numbers employed	329		348
Total Number	2,373		2,438

c Senior Employees' Remuneration	2016/17		2015/16
	£		£
£50,001 to £60,000	49		47
£60,001 to £70,000	4		12
£70,001 to £80,000	8		9
£80,001 to £90,000	-		2
£90,001 to £100,000	5		2
£100,001 to £110,000	2		2
£110,001 to £120,000	-		-
£120,001 to £130,000	-		1
£130,001 to £140,000	1		-
Total Number	69		75

d Members' Allowances

	2016/17	2015/16
	£	£
Salaries	-	-
Basic allowance	848,445	849,617
Mayor's & Deputy Mayor's Allowance	41,050	41,050
Special Responsibility Allowances	107,661	103,749
High Sheriff's Allowance	6,249	6,249
Mileage	15,640	11,670
Conferences and Courses	13,699	21,949
Travel & Subsistence Costs	19,596	22,677
Miscellaneous Costs	908	2,267
Severance Payments	-	16,600
Policing & Community Safety Partnership Allowance	14,940	13,560
Telephone rental	3,914	4,580
Total	1,072,102	1,093,968

e Northern Ireland Civil Service Pension Arrangements

As a result of 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 (NICS) Pension Scheme provides defined benefits to members, however the arrangements for the NICS Pension Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically for the Department for Communities. The valuation of these pension arrangements are included in the Department of Finance Superannuation and Other Allowances Pension Schemes Statement for the year ended 31 March 2017.

For 2016-17, employers' contributions of £253,691 (15/16 £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.

7 Other Operating Expenditure

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

	2016/17	2015/16
	£	£
Proceeds from sale	(411,613)	(72,785)
Carrying amount of non-current assets sold (excl Investment Properties)	4,122,115	198,655
	3,710,502	125,870

b Other Operating Income/Expenditure

	2016/17	2015/16
	£	£
Income	-	-
Expenditure	-	-
	-	-

Other Operating Expenditure	2016/17	2015/16
	£	£
(Surplus) / Deficit on Non Current Assets	3,710,502	125,870
Other Operating (Income) / Expenditure	-	-
	3,710,502	125,870

8 Financing and Investment Income and Expenditure

a Interest Payable and Similar Charges

	2016/17	2015/16
	£	£
Lease/hire purchase interest	-	-
Bank interest	-	-
Government Loan Interest	1,609,816	1,844,895
Commercial Loan Interest	-	-
Other interest (Loans pool interest)	99,531	143,489
	1,709,347	1,988,384

b Interest and Investment Income

	2016/17	2015/16
	£	£
Bank Interest	97,374	207,232
Employee car loan interest	6,317	7,054
NIHE Loan interest receivable	171,550	410,341
Investment income on Fund Balances		
Capital Fund	-	-
Repairs & Renewals Fund	-	-
Other Funds	3,952	668
Other Investment income	-	-
	279,193	625,295

c Pensions interest costs

	2016/17	2015/16
	£	£
Net interest on the net defined benefit liability (asset)	2,853,000	3,287,000
	2,853,000	3,287,000

d Surplus/(Deficit) on trading operations

	2016/17	2015/16
	£	£
Income from trading	-	-
Expenditure	-	-
(Surplus)/Deficit for the year	-	-

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

	2016/17	2015/16
	£	£
Income/Expenditure from Investment Properties:		
Income including rental income	{6,796,415}	{6,774,888}
Expenditure	434,485	415,458
De-recognition in relation to amounts written off	-	-
Net income from investment properties	{6,361,930}	{6,359,430}
Surplus/deficit on sale of Investment Properties		
Proceeds from sale	-	-
Carrying amount of investment properties sold	-	-
(Surplus)/deficit on sale of Investment Properties:	-	-
Changes in Fair Value of Investment Properties	{6,894,629}	{1,790,500}
	{13,256,559}	{8,149,930}

Financing and Investment Income and Expenditure						
	2016/17			2015/16		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Interest Payable and Similar Charges	1,709,347	-	1,709,347	1,988,384	-	1,988,384
Interest and Investment Income	-	{279,193}	{279,193}	-	{625,295}	{625,295}
Pensions interest cost	2,853,000	-	2,853,000	3,287,000	-	3,287,000
Surplus/(Deficit) on trading operations	-	-	-	-	-	-
Other investment income	434,485	{6,796,415}	{6,361,930}	415,458	{6,774,888}	{6,359,430}
Changes in Fair Value of Investment Properties	-	{6,894,629}	{6,894,629}	-	{1,790,500}	{1,790,500}
	4,996,832	{13,970,237}	{8,973,405}	5,690,842	{9,190,683}	{3,499,841}

9 Taxation and Non Specific Grant Income

a Revenue Grants

	2016/17	2015/16
	£	£
General	(4,984,327)	(5,091,162)
Other	-	-
	(4,984,327)	(5,091,162)

b Capital Grants and Donated Assets - Applied

	2016/17	2015/16
	£	£
Government & Other Grants - Conditions met and applied in year	(8,353,473)	(40,284,204)
Government & Other Grants - Transfer from receipts in advance	(194,490)	(4,760)
Donated Assets - Conditions met	-	-
Donated Assets - Transfer from donated assets creditor	(400,000)	-
	(8,947,963)	(40,288,964)

The above capital grant amount includes £476k from EU funding bodies.

c Capital Grants - Unapplied

	2016/17	2015/16
	£	£
Government & Other Grants - Conditions met and not applied in year	-	-
Other	-	-
	-	-

d District Rates

	2016/17	2015/16
	£	£
Current year	(148,284,081)	(143,116,491)
Finalisation - current year	1,672,500	(774,146)
Transitional Relief	-	-
Finalisation - other years	(425)	50,371
	(146,612,006)	(143,840,266)

Taxation and Non Specific Grant Income	2016/17	2015/16
	£	£
District Rate Income	(146,612,006)	(143,840,266)
Revenue Grants	(4,984,327)	(5,091,162)
Capital Grants and Contributions	(8,947,963)	(40,288,964)
	(160,544,296)	(189,220,392)

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2017

10 Fixed Assets

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Fleet & Equipment	Community Assets	P&E Under Construction	Surplus Assets	Total P&E	Heritage Assets	Investment Properties	Intangible Assets	Asset Held for Sale	TOTAL
£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2016	99,337,353	352,059,306	-	-	39,317,814	253	59,301,069	2,811,002	552,825,797	4,141,299	84,120,000	18,790,942	1,675,000	661,552,978
Adjustments between cost/value & depreciation/impairment	-	(311)	-	-	34,776	-	-	-	34,465	82,154	-	-	-	116,619
Balance as at 31 March 2017	99,337,353	352,057,995	-	-	39,352,590	253	59,359,105	2,811,002	552,860,262	4,223,453	84,120,000	18,790,942	1,675,000	661,669,597
Additions	3	519,697	-	-	2,802,427	447,450	41,671,524	-	45,441,073	-	-	10,300	-	45,451,573
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) to Revaluation Reserve	1,461,120	6,504,295	-	-	-	-	-	-	7,965,415	(3,310)	-	-	-	7,962,105
Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services	542,777	(425,394)	-	-	-	(24,108,798)	399,999	(13,001)	(23,614,407)	-	6,894,629	-	-	(16,719,778)
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals - Disposals	(33,000)	(255,980)	-	-	(1,748,255)	-	-	-	(2,037,235)	-	-	-	-	(2,037,235)
Disposals - Other	-	(3,915,530)	-	-	-	-	(89,914)	-	(4,005,444)	-	-	-	-	(4,005,444)
Reclassification & Transfers	2,349,298	48,750,570	5,772,087	-	1,504,572	23,661,352	(86,471,801)	898,000	(3,535,622)	460,939	2,885,371	189,312	-	-
Reclassified to/(from) Held for Sale	-	-	-	-	-	-	-	(22,000)	(22,000)	-	-	-	(1,675,000)	(1,677,000)
Balance as at 31 March 2017	103,657,851	403,227,554	5,772,087	-	41,911,334	257	14,810,877	3,674,001	573,054,062	4,481,022	93,900,000	18,970,754	-	670,625,838

Depreciation and Impairment	Land	Buildings	Infrastructure Assets (non-fin. fixed assets)	Vehicle Plant & Equipment	Community Assets	PP&E under Construction	Supplies Assets	Total PP&E	Non-PP&E Assets	Investment Properties	Intangible Assets	Held for Sale	TOTAL
Balance as at 1 April 2016	-	-	-	24,670,570	-	-	-	24,670,570	22,261	-	18,420,920	-	43,118,751
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	-	-	-	24,670,570	-	-	-	24,670,570	22,261	-	18,420,920	-	43,118,751
Depreciation Charge	-	11,229,448	128,289	2,536,163	-	-	-	13,893,890	-	-	109,926	-	14,003,845
Depreciation written out on Revocation Reserve	-	(10,266,445)	-	-	-	-	-	(10,266,445)	-	-	-	-	(10,266,445)
Depreciation written out on Revocation taken to surplus or Deficit on the Provision of Services	-	(672,580)	-	-	-	-	-	(672,580)	-	-	-	-	(672,580)
Impairment losses/reversals to Revocation Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation - Disposals	-	(10,202)	-	(1,538,247)	-	-	-	(1,548,449)	-	-	-	-	(1,548,449)
Depreciation - Other	-	(280,201)	-	-	-	-	-	(280,201)	-	-	-	-	(280,201)
Reclassification & Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	-	-	128,289	25,668,486	-	-	-	25,796,755	22,261	-	18,530,885	-	44,354,901

Net Book Values

Balance as at 31 March 2017	108,657,451	409,227,555	5,645,018	16,292,248	257	14,310,877	3,674,001	547,257,500	4,458,761	19,960,000	439,885	-	446,270,587
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Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicle Plant & Equipment	Community Assets	PPE under Construction	Surplus Assets	Total PPE	Heritage Assets	Investment Properties	Intangible Assets	Asset Held for Resale	TOTAL
Balance as at 1 April 2015	99,433,937	300,781,404	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)
Balance as at 1 April 2015	99,433,937	299,834,208	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 (Note 1)	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	2,397,235	12,461,225	-	-	-	(727,730)	-	(340,432)	13,785,121	(14)	-	-	-	13,785,107
Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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)	(18,248,433)	-	1,790,500	-	(20,000)	(14,472,933)
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal - disposals	(178,543)	(8,701)	-	-	(3,578,122)	-	-	(1)	(3,765,367)	-	-	-	-	(3,765,367)
Disposal - other	-	-	-	-	-	-	(20,859)	-	(20,859)	-	-	-	-	(20,859)
Reclassification & transfers	1,354,19	40,692,103	(8,110)	-	998,455	8,956,054	(54,004,107)	4,751,848	2,285,992	-	(2,500,000)	117,437	-	(98,571)
Reclassified to(c) / from(c) held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Balance as at 31 March 2016	99,337,333	352,059,306	-	-	39,317,814	253	59,301,065	2,811,002	559,825,975	4,141,259	84,120,500	18,772,945	1,675,000	641,559,978

Depreciation and Impairment	Land	Buildings	Infrastructure Asset	Credit Note	Vehicle, Plant & Equipment	Community Asset	PAE Under Construction	Surplus Assets	Total PAE	Netting Asset	Investment Properties	Intangible Assets	Hold for Resale	TOTAL
Balance as at 1 April 2015	-	1,361,747	193	-	26,134,495	-	-	-	27,496,435	27,261	-	18,311,181	-	45,834,817
Adjustments between cost/value & depreciation/impairment	-	(947,196)	-	-	-	-	-	-	(947,196)	-	-	-	-	(947,196)
Balance as at 31 March 2016	-	414,551	193	-	26,134,495	-	-	-	26,549,239	27,261	-	18,311,181	-	44,897,431
Depreciation Charge	-	9,381,548	-	-	2,205,516	-	-	-	11,587,864	-	-	109,739	-	11,697,603
Depreciation written out on Revocation Reserve	-	(8,773,367)	-	-	-	(7,870)	-	-	(8,781,237)	-	-	-	-	(8,781,237)
Depreciation written out on Revocation taken to Surplus or Deficit on the Provision of Services	-	-	-	-	-	(108,795)	-	-	(108,795)	-	-	-	-	(108,795)
Impairment losses/reversals to Revocation Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	(1,014,809)	-	-	-	-	-	-	(1,014,809)	-	-	-	-	(1,014,809)
Depreciation - Disposals	-	(4,350)	-	-	(3,562,362)	-	-	-	(3,566,712)	-	-	-	-	(3,566,712)
Depreciation - Other	-	-	(193)	-	-	-	-	-	-	-	-	-	-	-
Reclassification & Transfers	-	(3,993)	-	-	(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	99,387,253	352,089,306	14,447,244	253	57,201,069	2,311,002	328,185,227	4,119,778	84,120,000	370,022	1,675,000	618,454,222		
Balance as at 31 March 2017	109,657,851	403,227,155	5,443,818	-	1,242,846	257	14,910,937	3,624,501	847,257,307	4,453,761	73,900,000	459,849	-	446,220,937

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 Land 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 discretely revalued by physical inspection each year and the remainder being revalued by desktop exercise.

In the 2016/17 year all assets have been valued as at 31 March 2017. The revaluation was carried out by Land and Property Services Agency part of the Department of Finance.

Capital Commitments

A total of three capital contracts were entered into during the period, Whitecock Community Centre £620,000, City Hall Works £470,570 and Olympia Phase C £5,553,732 with a total commitment value of £6,644,302.

Effects of Changes in Estimates

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

Surplus Assets

Surplus assets are non-current assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale. Assets held for sale are assets which are not being used to deliver services and the economic value of which will be realised by disposal; are available for immediate disposal, are being actively marketed and ordinarily are expected to be disposed of within 12 months of the balance sheet date.

Impairments

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

Asset	£	Asset class	Reason
Land at 7 Adelaide Street	(664,000)	Land	Valuation at 31.03.2017
Innovation Factory Building	(664,922)	Building	Valuation at 31.03.2017
Roseclawn Cemetery	(1,159,978)	Community Asset	Valuation at 31.03.2017
Connswater Community Greenway	(21,393,028)	Community Asset	Valuation at 31.03.2017
Sum of material impairments over £500,000	(23,885,928)		

Connswater Community Greenway and Roseclawn Cemetery are community assets under the Council's accounting policy, in line with the requirements of the Code of Practice on Local Government Accounting in the UK. Expenditure of £21,393m on Connswater Community Greenway and £1,159m on Roseclawn Cemetery were added to the carrying values of the existing assets during the course of the year, and the valuations of both assets were re-measured to £1 each as community assets following the annual valuation as at 31 March 2017 by the Land and Property Services valuer. Accordingly, the carrying values of these assets were written down to £1 each and the expenditure on the assets during the course of the year was treated as impairments through the Comprehensive Income and Expenditure Statement.

The former Olympia Leisure Centre and playground with a net book value of £3,61 million were demolished entirely to facilitate construction of the new sports facility at Olympia on an adjacent site, and are represented within Note 10c "Buildings derecognition other".

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2017

10 c Intangible Assets

Intangible assets relate to landfill closure costs with net book value £nil (15/16 £nil), gross cost before amortisation £16,700k (15/16 £16,700k) and purchased licensed software and related implementation costs net book value £460k (15/16 £370k), gross cost before amortisation £2,291k (15/16 £2,091k).

d Investment Properties

Reclassifications and Transfers includes £2,310k transferred from PP&E under construction and £575,000 from surplus assets during the year.

Investment Properties		31/03/2017	31/03/2016
		£	£
Rental income from Investment Activities		6,796,415	6,774,888
Direct Operating expenses arising from investment properties		(434,485)	(415,458)
Net gain/(loss)		6,361,930	6,359,430

e 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.

Heritage Assets		31/03/2017	31/03/2016
		£	£
Boxer Statue - Buoy's Park Cathedral Gardens		4,099	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
Hollywood Arches Artwork (CCG)		316,612	
John Caldwell Boxer Statue Dunville Park		68,142	
Boxer Statue - Woodvale Park		72,086	

	460,939	139,084
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This total £460,939 has transferred from PP&E Under Construction to operational Heritage Assets in year.

Disposals in the financial year:

There were no disposals of Heritage assets during 2016/17.

f Assets Held for Sale

Assets Held for Sale	Current	Non Current	Total
	£	£	£
Cost or Valuation			
Balance as at 1 April 2016	1,500,000	1,675,000	3,175,000
Adjustments between cost/value & depreciation/impairment	-	-	-
Transferred from Non-Current Assets during year	1,697,000	(1,675,000)	22,000
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	-	-	-
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	-	-	-
Balance as at 31 March 2017	3,197,000	-	3,197,000
Impairment			
Balance as at 1 April 2016	-	-	-
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	-	-	-
Transferred to Property, Plant & Equipment during year	-	-	-
Balance as at 31 March 2017	-	-	-
Net Book Value			
Balance as at 31 March 2017	3,197,000	-	3,197,000
Balance as at 31 March 2016	1,500,000	1,675,000	3,175,000

Assets Held for Sale	Current	Non Current	Total
	£	£	£
Cost or Valuation			
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	-	-	-
Transferred to Property, Plant & Equipment during year	-	(1)	(1)
Balance as at 31 March 2016	1,500,000	1,675,000	3,175,000
Impairment			
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	-	-	-
Transferred to Property, Plant & Equipment during year	-	-	-
Balance as at 31 March 2016	1,500,000	1,675,000	3,175,000

The reclassification of assets during the year from Non-current assets to Current assets held for sale comprises one asset transferred from surplus assets and the reclassification of the property at Maysfield from Non-current assets to current assets held for sale. The Council considers the disposal of property at Maysfield to take place within the next 12 months.

g Fair Value Hierarchy for Surplus Assets

Details of the Council's surplus assets and information about the fair value hierarchy as at 31 March 2017 and 2016 are as follows:

2016/17 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 2017
	£	£	£	£
Land	2,584,001	-	-	2,584,001
Buildings	380,000	-	-	380,000
Land and Buildings combined	710,000	-	-	710,000
Total	3,674,001	-	-	3,674,001

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
Total	2,811,002	-	-	2,811,002

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 and 2 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.

Valuation Process for Surplus Assets

The fair value of the Council's Surplus Assets is measured at market valuation as at 31 March 2017. All valuations are carried out externally by Land and Property Services, 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.

h Fair Value Hierarchy for Investment Properties

Details of the Council's Investment Properties and information about the fair value hierarchy as at 31 March 2017 and 2016 are as follows

2016/17 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 2017
	£	£	£	£
Commercial Units	93,900,000	-	-	93,900,000
Total	93,900,000	-	-	93,900,000

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	Fair value as at 31st March 2016
	£	£	£	£
Commercial Units	84,120,000	-	-	84,120,000
Total	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 and 2 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 2017. All valuations are carried out externally by Land and Property Services, 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.

11 Capital Expenditure and Capital Financing

NOTE: The total Capital Expenditure incurred in the year (and comparative year) is shown below - including the value of assets acquired under finance leases and PFI/PPP contracts together with the resources that have been used to finance it. Where Capital Expenditure is to be financed in future years by charges to revenue as assets are used, the expenditure results in an increase in the CFR, a measure of the Capital Expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

Capital Expenditure		2016/17	2015/16
		£	£
Opening Capital Financing Requirement		62,193,703	32,930,809
Capital Investment			
Property, Plant and Equipment	10	45,350,872	82,920,362
Investment Properties		-	-
Intangible Assets		10,500	87,765
Revenue Expenditure Funded from Capital under Investments		3,070,139	-
Sources of Finance			
Capital Receipts		-	-
Government Grants and Other Contributions	9	(8,947,963)	(40,288,964)
Transfers from Earmarked Reserves		(7,017,860)	(3,531,353)
Sums set aside from Revenue:			
Direct Revenue Contributions		(4,296,859)	(7,038,503)
Minimum Revenue Provision **		(4,155,412)	(2,886,413)
Closing Capital Financing Requirement		86,207,120	62,193,703
Explanation of Movements in Year		2016/17	2015/16
		£	£
Increase in underlying need to borrow		24,013,417	29,262,894
Assets acquired under finance leases		-	-
Assets acquired under PFI/PPP contracts		-	-
Increase/(decrease) in Capital Financing Requirement		24,013,417	29,262,894

12 Future Capital Commitments

	Gross Cost	Grant Aid	Net Cost
	£	£	£
Schemes underway	95,805,967	37,105,372	58,700,595
Other Commitments	63,598,910	-	63,598,910
Total	159,404,877	37,105,372	122,299,505

Total expenditure of £17,084,235 has been incurred against these projects in the year ended 31 March 2017.

13	Inventories	2016/17	2015/16
		£	£
	Central Stores	295,715	296,504
	Total	295,715	296,504

The cost of inventories recognised as an expense and included in 'services' amounted to £663,863 (2015/16 £607,481).

14	Debtors	2016/17	2015/16
a	Long Term Debtors	£	£
	Government Departments	-	-
	Other Councils	-	-
	Public corporations and trading funds	-	-
	Bodies external to general government	-	-
	Employee car loans	88,920	78,534
	Revenue Grants	-	-
	Capital Grants	-	-
	Interest Receivable	-	-
	Capital Debtors	-	-
	Loans and advances	-	-
	Finance lease debtors	-	625,485
	Trade debtors	789,382	1,021,813
	NIHE Loans	417,760	4,465,360
	Other	-	-
	Impairment of loans and receivables	-	-
	Total Long-Term Debtors	1,296,062	6,191,192

b	Short Term Debtors	2016/17	2015/16
		£	£
	Government Departments	1,641,010	994,830
	Other Councils	238,856	69,696
	Public corporations and trading funds	-	-
	Bodies external to general government	-	-
	NIHE loans	1,950,250	-
	Employee car loans	66,471	56,039
	Revenue Grants	3,687,187	4,226,899
	Capital Grants	5,104,875	10,562,598
	Interest Receivable	-	-
	Capital Debtors	-	-
	Value Added Tax	2,063,521	2,970,165
	Prepayments	2,990,028	3,439,538
	Finance lease debtors	26,160	542
	Other	3,032,301	3,367,706
	Trade receivables	1,537,660	1,537,055
	Impairment loss - Trade receivables	(417,475)	(485,767)
	Total Short-Term Debtors	21,920,844	26,739,301
	Total Debtors	23,216,906	32,930,493

15	Borrowings			
	a	Short Term Borrowing	2016/17	2015/16
			£	£
		Loans re-payable within one year	163,482	-
		Finance Lease Principal	-	-
		Total Short Term Borrowing	163,482	-
b	Long Term Borrowing			
			2016/17	2015/16
			£	£
		Between 1 and 2 years	4,158,529	168,777
		Between 2 and 5 years	22,923,350	22,472,045
		Between 5 and 10 years	6,754,732	9,462,910
		In more than 10 years	2,607,665	2,657,777
		Government Loans Fund	36,444,276	34,761,509
		Total Borrowing	36,607,758	34,761,509
16	Creditors			
	a	Short Term Creditors	2016/17	2015/16
			£	£
		Government Departments	1,635,116	1,473,721
		Other Councils	14,290	5,633
		Public corporations and trading funds	-	-
		Bodies external to general government	-	-
		Rates clawback	1,917,292	-
		VAT	-	-
		Remuneration due to employees	524,621	370,703
		Accumulated Absences	1,374,835	1,302,728
		Receipts in advance	6,413,375	6,088,605
		Trade creditors	-	-
		Other	15,132,075	26,177,418
		Total Short Term Creditors	27,011,604	35,418,908
b	Long Term Creditors			
		Other creditors falling due after more than one year	2016/17	2015/16
			£	£
		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	82,707	94,146
		Total Long Term Creditors	82,707	94,146
		Total Creditors	27,094,311	35,512,954

c Payment of Invoices

The Council has a target of paying supplier 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 received 61,092 invoices totalling £185,282,726 (2015/16 62,112 invoices totalling £206,870,584)

The Council paid:

53,600 invoices within the 30 day target;

43,898 invoices within the 10 day target; and

7,492 invoices outside of the 30 day target.

The average number of days taken to pay suppliers during the year was 23 days.

17

Provisions	Balance as at 1 April 2016 £	Increase in provision during year £	Utilised during year £	Unused amounts reversed £	Interest cost and/or discount rate changes £	Balance as at 31 March 2017 £
Landfill closure	7,669,733	-	(46,039)	(4,546,220)	73,869	3,151,343
Claims management	1,597,809	-	(447,735)	-	-	1,150,074
Reorganisation	-	-	-	-	-	-
Other 4	-	-	-	-	-	-
Total	9,267,542	-	(493,774)	(4,546,220)	73,869	4,301,417
Current Provisions	6,303,800	-	(447,735)	(3,271,385)	-	2,584,680
Long Term Provisions	2,963,742	-	(46,039)	(1,274,835)	73,869	1,716,737
Total	9,267,542	-	(493,774)	(4,546,220)	73,869	4,301,417

Comparative Year

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
Reorganisation	-	-	-	-	-	-
Other 4	-	-	-	-	-	-
Total	9,141,769	443,526	(318,782)	-	1,029	9,267,542
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
Total	9,141,769	443,526	(318,782)	-	1,029	9,267,542

Landfill closure

The financial provision for the capping and annual monitoring cost required to meet the Council's environmental obligations under the NIEA licence has been agreed on a Local Authority Deed. The area under the NIEA licence has been amended resulting in the amount of £4,546,220 being released from the provision. The discount rates applied on the remaining provision are based on National Loans Fund borrowing rates which has resulted in a valuation of £3,151,343.

Claims management

A provision of £1,150,074 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 2017, the total liability for legal cases notified but not processed amounted to an estimated maximum liability of £2,273,614.

18 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			£
Less than three months			3,305,930
Three months to one year			111,596
More than one year			789,382
			4,206,908

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'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 at concessionary interest rates that differ from the prevailing market rates. The fair value of these loans is £42,276,750 broken down as follows:

	£
Government Loans	42,276,750
Total	42,276,750

19 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

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	2016/17 £	2015/16 £
Net cost of services:			
Current service cost		14,903,000	15,472,000
Past service cost/(gain)		119,000	160,000
Gains and losses on settlements or curtailments		(819,000)	912,000
Net operating expenditure:			
Net Interest on net defined benefit Liability (asset)		2,853,000	3,287,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services		17,056,000	19,831,000
Movement in Reserves Statement:			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(17,056,000)	(19,831,000)
Actual amount charged against the general fund balance for pensions in the year:			
Employers' contributions payable to scheme		13,877,000	13,453,000
Net adjustment to the General Fund		(3,179,000)	(6,378,000)

The service cost figures include an allowance for administration expenses of £244,000 (15/16 £188,000).

Remeasurements recognised in Other Comprehensive Income and Expenditure	Note	2016/17 £	2015/16 £
Liability gains/(losses) due to change in assumptions		(114,109,000)	21,369,000
Liability experience gains/(losses) arising in the year		25,042,000	3,976,000
Actuarial gains/(losses) on plan assets		59,573,000	(1,691,000)
Other - (if applicable)		-	-
Total gains/(losses) recognised in Other Comprehensive Income and Expenditure		(29,494,000)	23,654,000

c Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:	Note	2016/17 £	2015/16 £
Balance as at 1 April		548,410,000	551,603,000
Current service cost		14,903,000	15,472,000
Interest cost		18,340,000	17,481,000
Contributions by members		4,120,000	4,186,000
Remeasurement (gains) and losses:			
Actuarial gains/losses arising from changes in financial assumption		116,490,000	(21,369,000)
Actuarial gains/losses arising from demographic changes		(2,381,000)	-
Actuarial gains/losses arising on liabilities from experience		(25,042,000)	(3,976,000)
Other (if applicable)		-	-
Past service costs/(gains)		119,000	160,000
Losses/(gains) on curtailments		-	-
Liabilities extinguished on settlements		(3,766,000)	-
Estimated unfunded benefits paid		(795,000)	(835,000)
Estimated benefits paid		(14,318,000)	(14,312,000)
Balance as at 31 March		656,080,000	548,410,000

Reconciliation of present value of the scheme assets:	Note	2016/17 £	2015/16 £
Balance as at 1 April		457,219,058	442,224,058
Interest income		15,487,000	14,194,000
Contributions by members		4,120,000	4,186,000
Contributions by employer		13,082,000	12,618,000
Contributions in respect of unfunded benefits		795,000	835,000
Remeasurement gain/(loss)		59,573,000	(1,691,000)
Assets distributed on settlements		(2,947,000)	-
Unfunded benefits paid		(795,000)	(835,000)
Benefits paid		(14,318,000)	(14,312,000)
Balance as at 31 March		532,216,058	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 so derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 March 2017.

The actual return on scheme assets in the year was a gain of £75,060,000 (2015/16 gain of £12,503,000).

Fair Value of Plan Assets	31/03/2017 £	31/03/2016 £
Equity investments	396,500,920	328,740,461
Bonds	61,204,840	55,323,499
Property	55,882,680	60,352,908
Cash	13,837,616	10,516,037
Other	4,789,944	2,286,095
	532,216,000	457,219,000

	31/03/2017 £	31/03/2016 £
Fair Value of Employer Assets	532,216,058	457,219,058
Present value of funded defined benefit obligation	(643,399,000)	(536,475,000)
Pension asset/(liability) of Funded Scheme	(111,182,942)	(79,255,942)
Present Value of unfunded defined benefit obligation	(12,681,000)	(11,935,000)
Other movement in the liability (asset) (if applicable)	-	-
Net asset/(liability) arising from the defined benefit obligation	(123,863,942)	(91,190,942)
Amount in the Balance sheet:		
Liabilities	(656,080,000)	(548,410,000)
Assets	532,216,058	457,219,058
Net Asset/(Liability)	(123,863,942)	(91,190,942)

d Scheme history

Analysis of scheme assets and liabilities		
	31/03/2017	31/03/2016
	£	£
Fair Value of Assets in pension scheme	532,216,058	457,219,058
Present Value of Defined Benefit Obligation	(656,080,000)	(548,410,000)
Surplus/(deficit) in the Scheme	(123,863,942)	(91,190,942)

Amount recognised in Other Comprehensive Income and Expenditure:		
	31/03/2017	31/03/2016
	£	£
Actuarial gains/(losses)	(29,494,000)	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	(29,494,000)	23,654,000
Cumulative actuarial gains as at 31 March	(51,472,000)	(21,978,000)
History of experience gains and losses:		
Experience gains and (losses) on assets	59,573,000	(1,691,000)
Experience gains and (losses) on liabilities	25,042,000	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 £123,863,842 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a reduction of net worth of 25%.

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 2018

	31/03/2018	31/03/2018
	£	£
Projected current cost	20,306,000	86.9%
Net Interest on the net defined benefit liability (asset)	3,049,000	13.1%
Past service cost	-	0.0%
Gains and losses on settlements or curtailments	-	0.0%
	23,355,000	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 2018 is £13,271,000.

History of experience gains and losses

The actuarial gains/losses identified as movements on the Pensions Reserve 2016/17 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2017.

	31/03/2017	31/03/2016
	%	%
Experience gains and (losses) on Assets	11.19%	-0.37%
Experience gains and (losses) on Liabilities	-3.82%	-0.73%

e Basis for estimating assets and liabilities

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

Key assumptions	2016/17	2015/16
Mortality assumptions:		
<i>Longevity at 65 current pensioners:</i>	Years	Years
Men	23.2	22.3
Women	25.8	24.8
<i>Longevity at 65 for future pensioners:</i>		
Men	25.4	24.5
Women	28.1	27.2
Inflation/Pension Increase Rate	2.00%	1.80%
Salary Increase Rate	3.50%	3.30%
Discount Rate	2.60%	3.40%
Pension accounts revaluation rate	2.00%	1.80%
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2009	75%	75%
Service post April 2009	75%	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 2017 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 **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	631,233,000	655,800,000
% change in the present value of the total obligation	-1.90%	1.90%
Projected service cost	19,720,000	20,906,000
Approximate % change in projected service cost	-2.90%	3.00%
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	646,958,000	639,875,000
% change in the present value of the total obligation	0.60%	-0.50%
Projected service cost	20,306,000	20,306,000
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	652,204,000	634,720,000
% change in the present value of the total obligation	1.40%	-1.30%
Projected service cost	20,906,000	19,720,000
Approximate % change in projected service cost	3.00%	-2.90%
Post Retirement Mortality Assumption		
Adjustment to mortality age rating assumption*	- 1 Year	+1 Year
Present value of the total obligation	662,218,000	624,685,000
% change in the present value of the total obligation	2.90%	-2.90%
Projected service cost	21,028,000	19,588,000
Approximate % change in projected service cost	3.60%	-3.50%

* 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 that.

f Major categories of plan assets as percentage of total plan assets

		2016/17 %	2015/16 %
Equity investments		74.50%	71.90%
Government Bonds		5.40%	5.70%
Corporate Bonds		6.10%	6.40%
Property		10.50%	13.20%
Cash		2.60%	2.30%
Other		0.90%	0.50%
Total		100.00%	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 DoF Superannuation and Other Allowances Resource Accounts as at 31 March 2017.

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

Reconciliation of present value of the scheme liabilities:		Note	2016/17 £	2015/16 £
Balance as at 1 April			1,694,000	2,039,000
Current service cost			-	-
Interest cost			51,000	58,000
Contributions by members			-	-
Remeasurement (gains) and losses:				
Actuarial gains/losses arising from changes in financial assumption			84,000	(26,000)
Actuarial gains/losses arising from demographic changes			-	-
Actuarial gains/losses arising on liabilities from experience			(10,000)	(31,000)
Other (if applicable)			-	-
Past service costs/(gains)			-	-
Losses/(gains) on curtailments			-	-
Liabilities extinguished on settlements			-	-
Net benefits paid			(303,000)	(346,000)
Balance as at 31 March			1,516,000	1,694,000

Reconciliation of present value of the scheme assets:		Note	2016/17 £	2015/16 £
Balance as at 1 April			1,785,000	1,973,000
Interest Income			54,000	58,000
Contributions by members			-	-
Contributions by employer			-	150,000
Remeasurement gain/(loss)			(23,000)	(50,000)
Assets distributed on settlements			-	-
Net Benefits paid			(303,000)	(346,000)
Balance as at 31 March			1,513,000	1,785,000

Analysis of scheme assets and liabilities		Note	2016/17 £	2015/16 £
Fair Value of Assets in pension scheme			1,513,000	1,785,000
Present Value of Defined Benefit Obligation			1,516,000	1,694,000
Net Asset/(Liability) recognised on the balance sheet			(3,000)	91,000

Funded Pension Scheme Benefits- Gas Pension Fund Sensitivity Analysis

Discount Rate Assumption		
Adjustment to discount rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation	1,508,000	1,524,000
% change in the present value of the total obligation	-0.50%	0.50%
Rate of Increase to Pensions in Payment accounts assumption		
Adjustment to pension increase rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation	1,524,000	1,508,000
% change in the present value of the total obligation	0.50%	-0.50%
Post Retirement Mortality Assumption		
Adjustment to mortality age rating assumption*	-1yr	+1yr
Present value of the total obligation	1,619,000	1,416,000
% change in the present value of the total obligation	6.80%	-6.60%

* 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.

	Note	2016/17 %	2015/16 %
Government Bonds		29.50%	51.60%
Cash		70.50%	48.40%
Total		100.00%	100.00%

Mortality assumptions:		
Members aged 85 at accounting date	Years	Years
Men	6.6	6.5
Women	7.8	7.7
Inflation/Pension Increase Rate	2.00%	1.70%
Discount Rate	2.50%	3.30%

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 2017 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 2017.

At 31 March 2017 there were 32 pensioners left in the Gas Pensions Fund and the balances relating to the Gas Pension Fund are fully consolidated in the Group financial statements.

INCOME AND EXPENDITURE STATEMENT	31/03/2017	31/03/2016
	£	£
INCOME:		
Investment income	15,133	21,064
EXPENDITURE		
Pensions Paid	(290,964)	(339,826)
Administration Expenses	(11,798)	(5,675)
Surplus/(Deficit) for the Year	(287,629)	(324,437)
NET ASSET MOVEMENTS		
Brought forward balance at 01.04.2015	1,404,251	1,728,723
Unrealised gain at 01.04.2015	386,179	400,263
Opening Value of Fund	1,790,430	2,128,986
Add Contribution from City Council		
Add surplus/(deficit) for the year	(287,629)	(324,437)
CHANGE IN MARKET VALUES OF INVESTMENTS		
Realised gain for year	222,888	
Unrealised gain/(loss) for year	(209,142)	(14,119)
Closing value of fund	1,516,547	1,790,430
FINANCED BY:		
UK Index Linked Investments	445,585	920,399
Cash deposits and at bank	1,067,292	864,335
Debtors	3,670	5,696
	1,516,547	1,790,430
Bank Balance	-	-
Creditors	-	-
Closing value of fund	1,516,547	1,790,430

Summary Net Asset/Liability recognised on the Balance Sheet	31/03/2017	31/03/2016
	£	
Northern Ireland Local Government Officer's Pension Fund	(123,863,942)	(91,190,942)
Gas Pension Fund	(3,000)	91,000
Belfast Waterfront & Ulster Hall Limited	(1,966,000)	-
Total Net Asset/Liability recognised on the Balance Sheet	(125,832,942)	(91,099,942)

The figures above include a pension liability in respect of Belfast Waterfront & Ulster Hall Limited (BWUH Ltd). BWUH Ltd became a participating employer in the NILGOSC scheme on 1 April 2016 and until this date the liabilities of the scheme remain liabilities of the Council. As such, the net liability under this scheme is disclosed and included in the net liability total for Belfast City Council.

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Donated Assets Account	Note	2016/17 £	2015/16 £
Opening balance		410,000	410,000
Add: new donated assets received (condition of use not met)		1	-
Less: amounts released to the District Fund - Comprehensive Income and Expenditure		(400,000)	-
		10,001	410,000

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	2016/17 £	2015/16 £
Big Screen TV at City Hall		-	400,000
Animal Welfare Van		10,000	10,000
Councillor Samuel Turpin Mercer Portrait		1	-
		10,001	410,000

21

Capital Grants Received in Advance	Note	2016/17 £	2015/16 £
Opening balance		353,005	21,827
Add: new capital grants received in advance (condition of use not met)		464,808	335,938
Less: amounts released to the Comprehensive Income and Expenditure Statement		(194,490)	(4,760)
		623,323	353,005

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	2016/17 £	2015/16 £
Whiterock Community Garden Allotments		483	483
BSC 7 Alleygates Lenadoon		5,705	20,295
BSC Alleygates Divis		10,147	33,080
BSC Bikes Lower Oldpark		27,527	76,716
BSC Bikes Lower Falls		39,369	76,716
BSC Bikes Lower Shankill		29,675	76,716
BSC 26 Alleygates Lenadoon		10,417	68,999
Robinson Centre		500,000	-
		623,323	353,005

22 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.

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.

The financial provision for the capping and annual monitoring cost of the landfill site, required to meet the Council's environmental obligations under the NIEA licence, has been agreed on a Local Authority Deed and disclosed in Note 17. The remaining area not covered by NIEA licence may require specific capping depending on the future use of this land. The impact of any future capping of this area on the liabilities of Belfast City Council is uncertain and therefore no provision for any such costs has been made.

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2017

23 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	2016/17	2015/16
		£	£
Depreciation	10	14,003,845	11,697,623
Impairment & downward revaluations (& non-sale)	10	16,047,198	15,354,329
Amortisation (included with depreciation above)		-	-
(Increase)/Decrease in Stock		789	(7,827)
(Increase)/Decrease in Debtors		9,781,879	(507,351)
Increase/(decrease) in impairment provision for bad debts		(68,292)	110,594
Increase/(Decrease) in Creditors		(8,490,750)	10,915,332
Increase/(Decrease) in Interest Creditors		-	-
Payments to NILGOSC	20	3,179,000	6,378,000
Carrying amount of non-current assets sold	10	4,122,115	198,655
AIC/WIP written off to Net Cost of Services	10	-	20,859
Contributions to Other Reserves/Provisions		7,217,283	(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	(400,000)	-
		45,393,067	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	2016/17	2015/16
		£	£
Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		3,070,139	-
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		(411,613)	(72,785)
Capital grants included in "Taxation & non-specific grant income"		(8,947,963)	(40,288,964)
		(6,289,437)	(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:

		2016/17	2015/16
		£	£
Cash and Bank balances		2,317,266	5,705,507
Short Term Deposits (considered to be Cash Equivalents)		5,000,000	26,000,000
Short Term Investments (considered to be Cash Equivalents)		-	-
Bank Overdraft		-	-
		7,317,266	31,705,507

c Cash Flow Statement: Operating Activities		2016/17	2015/16
The cash flows from operating activities include:		£	£
Interest received		148,000	206,460
Interest paid		-	-

d Cash flows from Investing Activities		2016/17	2015/16
		£	£
Purchase of PP&E, investment property and intangible		53,029,485	81,478,125
Purchase of Short Term Investments (not considered to be cash equivalents)		-	-
Loans transferred 1 April 2015		-	(4,541,014)
Purchase of Long Term Investments		3,070,139	-
Other Payments for Investing Activities		1,609,816	1,844,895
Proceeds from the sale of PP&E, investment property and intangible assets		(411,613)	(72,785)
Proceeds from Short Term Investments (not considered to be cash equivalents)		-	-
Proceeds from Long Term Investments		-	-
Capital Grants and Contributions Received		(8,947,963)	(40,288,964)
Other Receipts from Investing Activities		-	-
Net Cash flows from Investing Activities		48,349,864	38,420,257

e Cash flows from Financing Activities		2016/17	2015/16
		£	£
Cash Receipts from Short and Long Term Borrowing		5,000,000	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		(3,153,751)	(3,937,749)
Other payments for Financing Activities		-	-
Net Cash flows from Financing Activities		1,846,249	7,062,251

24 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	31/03/2017	31/03/2016
		£	£
At 1 April		1,263,369	1,243,065
Movement			
Transfers between statutory & other reserves & the General Fund		-	-
Disposal of Non Current Assets/ Capital Sales	3,10, 23	369,088	20,304
Capital Receipts used to finance capital expenditure	3, 11	-	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		(27,038)	(46,350)
Other Movements		27,038	46,350
At 31 March		1,632,457	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	31/03/2017	31/03/2016
		£	£
At 1 April		-	-
Movement			
Unapplied Capital Grants received in year		-	-
Unapplied Capital Grants transferred to CAA in year		-	-

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.

Capital Fund	Notes	31/03/2017 £	31/03/2016 £
At 1 April		25,475,756	27,589,083
Transfers between statutory & other reserves & the General Fund	3b	2,161,588	1,418,027
Transfer to BWUH Subvention Fund		283,411	-
Financing from Local Investment Fund		-	(31,354)
Transfers between Capital Fund & CAA to finance Capital Expenditure	11	(3,070,139)	(3,500,000)
At 31 March		24,850,616	25,475,756

This amount is represented by the following funds:

	£	£
Local Investment Fund	4,056,629	5,700,837
Belfast Investment Fund	3,810,715	4,919
City Centre Investment Fund	15,699,861	18,770,000
Social Outcomes Fund	1,000,000	1,000,000
BWUH Subvention Fund	283,411	-
Total	24,850,616	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

During the year Belfast City Council used this fund to support a City Centre regeneration project. Further details of this investment totalling £3,070,139 are outlined in Note 28 Investment in Associates. The balance on the CCIF at year ended 31 March 2017 is £15,699,861.

BWUH Subvention Fund is a fund to support planned maintenance and future capital works of the new exhibition centre at Waterfront Hall.

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 2017 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 2017 is £4,056,629.

There is a balance of £3,810,715 on the Belfast Investment Fund at year end 31 March 2017. This fund was established to support partnership projects across the City.

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	31/03/2017	31/03/2016
		£	£
At 1 April		2,000,000	-
Transfers between statutory & other reserves & the General Fund		(55,000)	2,000,000
Transfers between Renewal & Repair Fund & CAA to finance Capital Expenditure	11	-	-
At 31 March		1,945,000	2,000,000

The Leisure Mobilisation Fund is a 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	31/03/2017	31/03/2016
		£	£
At 1 April		203,566	2,898
Transfers between statutory & other reserves & the General Fund		153,952	200,668
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure	11	-	-
At 31 March		357,518	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	31/03/2017	31/03/2016
		£	£
At 1 April		19,181,234	22,050,670
Applied Capital Grants	3, 21, 23	(8,947,963)	(40,288,964)
Unapplied Capital Grants received in year		-	-
Direct Revenue Financing	3, 11	(4,296,859)	(7,038,503)
Depreciation and Impairment adjustment	3	30,051,043	27,072,811
Statutory Provision for financing Capital Investment	3	(4,155,412)	(2,886,413)
Net Revenue expenditure funded from capital under statute	3, 11	-	-
Surplus/(Deficit) on the Provision of Services	CIES	(16,988,256)	17,080,585
Transfers between Statutory and Other Reserves and the General Fund		(2,260,540)	(3,618,695)
Net movements on Pension Reserve	3, 20	3,179,000	6,378,000
Disposal of Fixed Assets/Capital Sales	3, 10, 23	3,710,502	125,870
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		671,974	40,580
Other Movements		844,729	265,293
At 31 March		20,989,452	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 £20,989k, £7,635k relates to expenditure committed at the year end (15/16 £19,181k, £6,318 committed).

25 Unusable Reserves

a 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	31/03/2017	31/03/2016
		£	£
At 1 April		433,923,306	404,355,918
Applied Capital Grants	3, 21, 23	8,947,963	40,288,964
Unapplied Capital Grants transferred to CAA in year		-	-
Direct Revenue Financing	3, 11	4,296,859	7,038,503
Depreciation & Impairment adjustment	10	(30,051,043)	(27,072,811)
Statutory Provision for financing Capital Investment	3	4,155,412	2,886,413
Net Revenue expenditure funded from Capital under	3, 11	-	-
Disposal of Fixed Assets/ Capital Sales	3, 10	(4,122,115)	(198,655)
Capital Receipts used to finance capital expenditure	3, 11	-	-
Other Movements		7,602,136	3,124,974
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure	11	3,070,139	3,500,000
At 31 March		427,822,657	433,923,306

b Financial Instruments Adjustment Account

Financial Instruments Adjustment Account	Notes	31/03/2017	31/03/2016
		£	£
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.

c 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 2008, 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	31/03/2017	31/03/2016
		£	£
At 1 April		123,817,218	104,323,637
Revaluation & Impairment	10, 20	18,228,570	22,566,358
Movements from associates & joint ventures		-	-
Other Movements		(3,537,499)	(3,072,777)
At 31 March		138,508,289	123,817,218

d Available for Sale Financial Instruments Reserve

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

e Pension Reserve

Pension Reserve	Notes	31/03/2017	31/03/2016
		£	£
At 1 April		(91,099,942)	(109,378,942)
Net Movements on Pension Reserve	3, 20	(3,179,000)	(5,466,000)
Revaluation & Impairment	11, 20	(29,494,000)	23,654,000
Gas pension & BWUH movement		(2,060,000)	91,000
At 31 March		(125,832,942)	(91,099,942)

f 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.

Capital Receipts Deferred Account	Notes	31/03/2017	31/03/2016
		£	£
At 1 April		-	-
Other Movements		-	-
At 31 March		-	-

9 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	31/03/2017	31/03/2016
		£	£
At 1 April		(1,302,728)	(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		(72,107)	(40,580)
At 31 March		(1,374,835)	(1,302,728)

26 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 8e to these financial statements.

27 Agency Services

The Council provides administration services to Belfast One BID Ltd and Destination CQ BID Ltd. Belfast One BID Ltd pay an administration to the Council for these services. This fee amounted to £14k for 2016/17.

28 Investment in Subsidiaries, Joint Ventures & Associates

During 2016/17 Belfast City Council made a financial contribution of £3,070,139 to Belliel LLP relating to the redevelopment of the Belfast Telegraph Building.

This contribution to LLP is included in the Long term Assets of Belfast City Council. This represents 46% of the net assets of the LLP which is included in Belfast City Council's consolidated balance sheet.

	£
Long term assets	2,928,108
Current assets	134,725
Current liabilities	7,306
Long term liabilities	-
Net Assets	3,070,139

On 1 April 2016, the operations of Waterfront Hall and Ulster Hall were transferred to a company BWUH Limited. Belfast City Council hold the entire share capital of this company, 1 ordinary share at £1 each. Belfast City Council entered into an agreement with BWUH Limited under which the Council pays the company a management fee for the operation of Belfast Waterfront and Ulster Hall. Payments to and from the company are outlined in Note 29.7.

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 Transactions 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 2016/17 financial year the Council commissioned £2,258,205 (2015/16 £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 £1,104,891 (2015/16 £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 2016/17 the Council had expenditure of £227,746 (2015/16 £76,909) to other Councils and income received of £614,866 (2015/16 £623,390) from other Councils, of which £238,856 (2015/16 £69,696) was outstanding at 31 March 2017. 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	2016/17 £	2015/16 £
East Belfast Partnership Board	8	4,292	153,411
North Belfast Partnership Board	6	11,473	140
South Belfast Partnership Board	6	9,565	4,500
West Belfast Partnership Board	2	nil	460
Total		25,330	158,511

29.2 Joint Committees

Belfast City Council made payments to the following Joint Committees;

		£	£
Arc21	2	8,475,994	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

	Councillors	2016/17	2015/16
		£	£
Association of Port Health Authorities	1	1,200	1,200
Belfast City Centre Management Board	2	274,387	346,339
Belfast City Centre Marathon Company		-	31,440
Belfast Harbour Commissioners	4	47,216	130,663
Belfast Hills P'ship	1	41,388	36,900
Board of Ulster Orchestra Society Ltd	1	373,925	324,942
Cathedral Quarter Trust	2	32,182	29,010
Concorde Community Centre Committee	2	600	500
Dee Street Community Centre Committee	6	1,320	440
Donegall Pass Community Centre Committee	3	600	-
Duncairn Community Centre Committee	4	600	600
Finaghy Community Centre Committee	2	600	-
Grand Opera House Trust	1	52,500	35,000
Greater Shankill Partnership Board	6	29,527	46,429
Groundwork NI		2,000	11,968
Hammer Community Centre Committee	2	600	-
Highfield Community Centre Committee	2	600	1,200
Horn Drive Community Centre Committee	2	600	600
Inverary Community Centre Committee	4	-	707
Knocknagoney Community Centre Committee	5	2,868	2,110
Ligoniel Community Centre Committee	1	600	600
Linenhall Library Board	1	35,000	36,218
Local Strategic Partnership on Travellers' Issues	2	-	500
Lyric Theatre Education Advisory Panel	2	101,180	52,360
Markets Community Centre Committee	3	-	546
Morton Community Centre Committee	4	600	-
National Association of Councillors	8	3,560	3,560
NI Amenity Council	1	2,330	2,330
NI Housing Council	1	-	44,892
NI Local Government Association	10	90,216	84,070
North Queen Street Community Centre Committee	2	-	600
Somme Advisory Council	3	8,040	14,712
Visit Belfast	4	2,258,205	1,932,703
Woodvale Community Centre Committee	2	652	1,000
		3,363,096	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 £8,699,066 (2015/16 £8,192,326) for the provision of these services in the year ended 31 March 2017.

29.5 Tall Ships

Belfast City Council made payments totalling £439,796 (2015/16 £2,073,610) to Tall Ships Limited in the year ended 31 March 2017. Tall Ships Limited is a company set up to organise and manage the 2016 Tall Ships 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 2017 was £155,391 (2015/16 £134,573).

29.7 Belfast Waterfront and Ulster Hall Limited

With effect from 1 April 2016 the Council transferred the operations of Belfast Waterfront Hall and Ulster Hall to a new company BWUH Limited with the Council being the sole shareholder in this new company. The Council is represented by one officer out of the total Board of 6 Directors. During 2016/17 the Council invoiced BWUH Ltd for £1,875,108 for expenditure incurred on its behalf and also received invoices from the Company for £3,189,079 mainly for the management fee. At 31 March 2017, £110,879 was owed to the company by the Council and £422,887 receivable from the company.

29.8 Belltel LLP

During 2016/17, Belfast City Council made a financial contribution of £3,070,139 to Belltel LLP relating to the redevelopment of the Belfast Telegraph Building representing 46% of the net assets of the LLP (as outlined in Note 28). The Council is represented by two officers on the Management Board of the LLP and Timec 1523 Limited is also represented by two members on the Management Board.

Belfast City Council
Group Movement in Reserves Statement for the year ended 31 March 2017

	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	22,050,670	27,591,981	1,243,066	50,885,717	398,038,464	448,924,181
Movement in reserves during the year						
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
Total Comprehensive Income and Expenditure	17,080,585	-	-	17,080,585	46,220,358	63,300,943
Adjustments between accounting basis & funding under regulations	(16,550,269)	(3,500,000)	(26,046)	(20,076,315)	20,988,032	911,717
Net increase/(decrease) before transfers to Statutory and Other Reserves	530,316	(3,500,000)	(26,046)	(2,995,730)	67,208,390	64,212,660
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
Increase/(Decrease) in year	(2,869,436)	87,341	20,304	(2,761,791)	67,299,390	64,537,599
Balance as at 31 March 2016	19,181,234	27,679,322	1,263,369	48,123,925	465,337,854	513,461,779
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	(17,067,256)	-	-	(17,067,256)	-	(17,067,256)
Other Comprehensive Income and Expenditure	-	-	-	-	(11,265,430)	(11,265,430)
Total Comprehensive Income and Expenditure	(17,067,256)	-	-	(17,067,256)	(11,265,430)	(28,332,686)
Adjustments between accounting basis & funding under regulations	20,287,583	(3,070,139)	369,088	17,586,532	(17,552,405)	34,127
Net increase/(decrease) before transfers to Statutory and Other Reserves	3,220,327	(3,070,139)	369,088	519,276	(28,817,835)	(28,298,559)
Transfers to /(from) Statutory and Other Reserves	(2,260,540)	2,260,540	-	-	-	-
Other movements	844,729	283,411	-	1,128,140	2,603,150	3,731,290
Increase/(Decrease) in year	1,804,516	(526,188)	369,088	1,647,416	(26,214,685)	(24,567,269)
Balance as at 31 March 2017	20,985,750	27,153,134	1,632,457	49,771,341	439,123,170	488,894,511

Belfast City Council
Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2017

		2016/17			2015/16		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
Service Expenditure	Notes	£	£	£	£	£	£
Leisure and Recreational Services	2	97,935,999	(12,295,675)	85,640,324	86,668,706	(9,669,218)	76,999,488
Environmental Services	2	72,660,451	(8,931,271)	63,729,180	69,198,058	(8,950,545)	60,247,513
Planning and Development Services	2	29,514,601	(12,994,056)	16,520,545	26,572,728	(11,303,953)	15,268,775
Highways and Transport Services	2	998,433	(1,881,465)	(883,032)	2,208,650	(2,192,260)	16,390
DRM and Corporate Management	2	15,895,347	(2,535,514)	13,359,833	20,392,280	(1,024,276)	19,368,004
Other Services	2	9,090,629	(4,583,024)	4,507,605	8,122,541	(4,508,933)	3,613,608
Cost of Services on Continuing Operations		226,095,460	(43,221,005)	182,874,455	213,162,963	(37,649,185)	175,513,778
Other Operating Expenditure	7	4,122,115	(411,613)	3,710,502	125,870	-	125,870
Financing and Investment Income and Expenditure	8	4,996,832	(13,970,237)	(8,973,405)	5,690,842	(9,190,683)	(3,499,841)
(Surplus) or Deficit on Discontinued Operations				-			-
Share of Operating Results of associates and joint ventures	28	-	-	-	-	-	-
Net Operating Expenditure		235,214,407	(57,602,855)	177,611,552	218,979,675	(46,839,868)	172,139,807
Taxation and Non-Specific Grant Income	9	1,672,075	(162,216,371)	(160,544,296)	-	(189,220,392)	(189,220,392)
(Surplus)/Deficit on the Provision of Services		236,886,482	(219,819,226)	17,067,256	218,979,675	(236,060,260)	(17,080,585)
(Surplus)/Deficit on revaluation of non-current assets	10			(18,228,570)			(22,566,358)
Surplus/(Deficit) arising on revaluation of available-for-sale financial assets	25			-			-
Remeasurements of the Net Defined Benefit Liability (Asset)	19			29,494,000			(23,654,000)
Share of Other Comprehensive Expenditure & Income of associates and joint ventures	28			-			-
Other Comprehensive Income and Expenditure				11,265,430			(46,220,358)
Total Comprehensive Income and Expenditure				28,332,686			(63,300,943)

Belfast City Council
Group Balance Sheet as at 31 March 2017

	Note	31st March 2017	31st March 2016
		£	£
Fixed Assets		649,232,774	618,434,227
Long Term Investments		445,585	-
Investment in Associates and Joint Ventures		-	-
Long Term Debtors		1,296,062	6,191,192
LONG TERM ASSETS		650,974,421	624,625,419
Short Term Investments		-	-
Inventories		295,715	296,504
Short Term Debtors		22,830,338	26,739,301
Cash and Cash Equivalents		11,052,247	31,705,507
Assets Held for Sale		3,197,000	1,500,000
CURRENT ASSETS		37,375,300	60,241,312
Bank Overdraft		-	-
Short Term Borrowing		163,482	-
Short Term Creditors		31,997,062	35,418,808
Provisions		2,584,680	6,303,800
CURRENT LIABILITIES		34,745,224	41,722,608
Long Term Creditors		82,707	94,146
Provisions		1,716,737	2,963,742
Long Term Borrowing		36,444,276	34,761,509
Other Long Term Liabilities		125,832,942	91,099,942
Donated Assets Account		10,001	410,000
Capital Grants Receipts in Advance		623,323	353,005
LONG TERM LIABILITIES		164,709,986	129,682,344
NET ASSETS		488,894,511	513,461,779
USABLE RESERVES			
Capital Receipts Reserve		1,632,457	1,263,369
Capital Fund		24,850,616	25,475,756
Leisure Mobilisation Fund		1,945,000	2,000,000
Other Balances and Reserves		357,518	203,566
General Fund		20,985,750	19,181,234
		49,771,341	48,123,925
UNUSABLE RESERVES			
Capital Adjustment Account		427,822,658	433,923,306
Revaluation Reserve		138,508,289	123,817,218
Pensions Reserve		(125,832,942)	(91,099,942)
Accumulated Absences Account		(1,374,835)	(1,302,728)
		439,123,170	465,337,854
NET WORTH		488,894,511	513,461,779

Belfast City Council
Group Cash Flow Statement at 31 March 2017

	Note	2016/17	2015/16
		£	£
Net Deficit on the provision of services		(17,067,256)	17,080,585
Adjustment for non-cash movements		49,544,331	40,206,407
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(6,289,437)	(40,361,749)
Net cash flows from operating activities		26,187,638	16,925,243
Cash flows from Investing Activities		(48,687,147)	(38,420,257)
Net Cash flows from Financing Activities		1,846,249	7,062,251
Net increase or decrease in cash and cash equivalents		(20,653,260)	(14,432,763)
Cash and cash equivalents at the beginning of the reporting period		31,705,507	46,138,270
Cash and cash equivalents at the end of the reporting period		11,052,247	31,705,507

Belfast City Council
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2017

5 Fixed Assets

	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicle & Plant Equipment	Community Assets	FPSE Under Construction	Surplus Assets	Total FPSE	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Sale	TOTAL
Cost of Acquisition	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2016	99,537,333	322,088,306	-	-	39,217,614	253	59,201,049	2,811,002	525,825,777	4,141,289	84,120,000	18,770,942	1,675,000	441,552,778
Adjustments between cost/value & depreciation/impairment	-	[311]	-	-	84,776	253	59,201,049	2,811,002	34,415	82,154	-	-	-	116,419
Balance as at 31 March 2017	99,537,333	322,087,995	-	-	39,302,390	253	59,201,049	2,811,002	559,860,192	4,223,443	84,120,000	18,770,942	1,675,000	441,669,197
Acquisitions	3	519,489	-	-	2,886,156	447,450	41,671,524	-	45,474,622	-	27,28,108	10,500	-	48,413,430
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) to Revaluation Reserve	1,461,120	6,504,293	-	-	-	-	-	-	7,965,415	(3,310)	-	-	-	7,962,105
Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services	542,777	(455,384)	-	-	-	(24,108,798)	399,999	(13,001)	(23,614,407)	-	6,894,429	-	-	(16,719,778)
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charge on Capital - Disposal	(33,000)	(255,980)	-	-	(1,748,255)	-	(97,914)	-	(2,037,235)	-	-	-	-	(2,037,235)
Reclassification - Other	2,349,598	48,759,570	5,772,097	-	1,504,572	23,641,392	(86,471,801)	898,000	(3,535,422)	460,559	2,886,071	189,212	-	(4,003,444)
Reclassified to / from:														
Held for sale	-	-	-	-	-	-	-	(22,000)	(22,000)	-	-	-	(1,575,000)	(1,597,000)
Balance as at 31 March 2017	103,457,851	403,227,455	5,772,097	-	41,945,032	257	14,818,977	3,724,001	573,097,771	4,481,022	94,528,108	18,970,754	Assets Held for Sale	879,587,375
Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicle & Plant Equipment	Community Assets	FPSE Under Construction	Surplus Assets	Total FPSE	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Sale	101%
Balance as at 1 April 2016	-	-	-	-	24,670,570	-	-	-	24,670,570	27,261	-	18,420,920	-	43,118,751
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	-	-	-	-	24,670,570	-	-	-	24,670,570	27,261	-	18,420,920	-	43,118,751
Depreciation Charge	-	11,229,448	178,249	-	2,536,163	-	-	-	13,893,880	-	-	109,945	-	14,003,845
Depreciation written out on Revaluation Reserve	-	(10,266,465)	-	-	-	-	-	-	(10,266,465)	-	-	-	-	(10,266,465)
Depreciation written out on Surplus or Deficit on the Provision of Services	-	(672,585)	-	-	-	-	-	-	(672,585)	-	-	-	-	(672,585)
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification - Disposal	(10,202)	-	-	-	(1,538,247)	-	-	-	(1,548,449)	-	-	-	-	(1,548,449)
Reclassification - Other	-	(280,201)	-	-	-	-	-	-	(280,201)	-	-	-	-	(280,201)
Reclassification & Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassified on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	-	-	178,249	-	25,666,463	-	-	-	25,794,735	27,261	-	18,530,865	-	44,354,701

Net Book Values

Balance as at 31 March 2016	103,457,851	403,227,455	5,772,097	-	41,945,032	257	14,818,977	3,724,001	573,097,771	4,481,022	94,528,108	18,970,754	Assets Held for Sale	879,587,375
Balance as at 31 March 2017	103,457,851	403,227,455	5,772,097	-	41,945,032	257	14,818,977	3,724,001	573,097,771	4,481,022	94,528,108	18,970,754	Assets Held for Sale	879,587,375

Cost or Valuation	Land	Building	Infrastructure Assets (land)	Vehicle/Fleet Equipment	Community Assets	Plant/Equipment	Supplies/Assets	Total Assets	Liabilities	Investment Properties	Intangible Assets	Assets Held for Resale	TOTAL
Balance at 1 April 2015	£ 79,453,997	£ 300,781,404	£ 3,119	£ 38,604,071	£ 50,198	£ 34,612,410	£ 2,347,501	£ 474,862,331	£ 4,022,169	£ 84,829,500	£ 18,585,740	£ 1,895,001	£ 585,945,241
Adjustments between financial years	-	19,471,963	-	-	-	-	-	19,471,963	-	-	-	-	19,471,963
Revaluation increase/decrease on depreciation/impairment	97,433,923	277,854,405	3,119	37,695,071	60,198	34,612,410	2,347,501	475,035,525	4,022,169	84,829,500	18,585,740	1,895,001	584,920,065
Revaluations (Note 11)	5	982,463	-	2,353,410	44,644	79,119,164	1	82,887,708	139,084	-	87,743	-	83,125,587
Revaluation increase/decrease to	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation Reserve	2,392,258	12,461,225	-	-	1727,790	-	(340,622)	13,765,121	(14)	-	-	-	13,765,107
Revaluation increase/decrease to Surplus or Deficit on the Provision of Services	(2,645,056)	(1,702,190)	-	-	(8,721,535)	(4,589)	(3,447,719)	(18,246,433)	-	1,790,500	-	(20,000)	(16,472,933)
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation - Depreciable Services	(178,543)	(8,701)	-	(3,578,122)	-	-	(1)	(3,745,347)	-	-	-	-	(3,745,347)
Depreciation - Other	-	-	-	-	-	(20,897)	-	(20,897)	-	-	-	-	(20,897)
Reclassification to / from (1)	1,354,749	40,697,103	(3,110)	938,455	8,956,054	(34,404,07)	4,751,848	2,285,742	-	(2,560,000)	117,487	-	(98,571)
Reclassified to / from (1)	-	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Balance at 31 March 2016	£ 79,537,950	£ 322,098,304	-	£ 39,297,214	£ 250	£ 59,240,049	£ 2,811,002	£ 552,825,772	£ 4,141,239	£ 84,720,000	£ 18,770,942	£ 1,895,000	£ 611,552,278

Depreciation and Impairment	Land	Building	Infrastructure Assets (land)	Vehicle/Fleet Equipment	Community Assets	Plant/Equipment	Supplies/Assets	Total Assets	Liabilities	Investment Properties	Intangible Assets	Assets Held for Resale	TOTAL
Balance at 1 April 2015	£ 1,361,747	£ 193	£ 193	£ 26,134,495	-	-	-	£ 27,296,435	£ 27,261	-	£ 18,311,181	-	£ 45,534,877
Adjustment between financial years	-	19,471,963	-	-	-	-	-	19,471,963	-	-	-	-	19,471,963
Revaluation increase/decrease on depreciation/impairment	21,655	-	193	26,944,892	-	-	-	26,945,232	22,241	-	10,411,740	-	44,437,433
Depreciation Charge	-	9,381,948	-	2,205,916	-	-	-	11,587,864	-	-	109,739	-	11,697,603
Depreciation written out on	-	(8,773,367)	-	-	(7,870)	-	-	(8,781,237)	-	-	-	-	(8,781,237)
Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation written out on	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation Reserve to Surplus or Deficit on the Provision of Services	-	-	-	-	(103,795)	-	-	(103,795)	-	-	-	-	(103,795)
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation - Depreciable Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation - Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification to / from (1)	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassified to / from (1)	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2016	£ 1,383,402	£ 20,660,911	£ 386	£ 26,134,495	£ 250	£ 59,240,049	£ 2,811,002	£ 552,825,772	£ 4,141,239	£ 84,720,000	£ 18,770,942	£ 1,895,000	£ 611,552,278

Net Book Value	79,537,950	322,098,304	16,472,944	39,297,214	250	59,240,049	2,811,002	552,825,772	4,141,239	84,720,000	18,770,942	1,895,000	611,552,278
Balance at 31 March 2015	103,527,551	403,227,555	5,448,318	1,527,657	257	74,810,877	3,674,001	547,470,034	4,453,741	84,829,500	18,585,740	1,895,001	611,552,278

Belfast City Council
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2017

1a Group Accounts

The Group Accounting Policies are the same as the Council policies and have not been repeated again in these Notes. The exception to this is in relation to Retirement Benefits which have been treated in BWUH Limited as a defined contribution scheme as the liabilities of the NILGOSC scheme remain with Belfast City Council and have been disclosed in Belfast City Council's financial statements.

Since there are no significant changes to the Consolidated Group Balance Sheet as compared to the Council's Balance Sheet, the majority of the supporting notes have not been deemed necessary.

2 Combining Entities
Belfast Waterfront Ulster Hall Limited (BWUH Ltd)

Belfast Waterfront Ulster Hall Limited is a company incorporated under the terms of the Companies Acts to operate the Belfast Waterfront and Ulster Hall. The Authority is the principal shareholder in the company holding 1 ordinary £1 shares and representing 100% of the issued share capital. Under accounting standards, the Authority has a controlling interest in this company. The financial results for the company have been included in the group accounts as a subsidiary.

Net liabilities of the company were £3,071 at 31 March 2017. The loss on ordinary activities before taxation for the period to 31 March 2017 was nil. No dividend payments were due to, or received by, the Authority in respect of its investment.

Belfast City Council continues to provide support to BWUH Ltd to ensure it meets its day to day working and fixed capital requirements and the Council considers it appropriate to prepare the group financial statements on the going concern basis as also outlined in the financial statements of BWUH Limited for the year ended 31 March 2017.

The first set of accounts is for the year to 31 March 2017 and has an unqualified audit certificate.

BELTEL LLP

For the purposes of economic regeneration as part of the City Centre Regeneration objectives the Council made a financial contribution in the form of a loan of £3,070,139 to Beltel LLP relating to the redevelopment of the Belfast Telegraph Building. This contribution represents 46% of the net assets of Beltel LLP which have been included in the Council's group balance sheet and the breakdown of the net assets is included in Note 28 Investments in Associates.

Gas Pension Fund

The liability of £3,000 in respect of the Gas Pension Fund is disclosed and recognised in Belfast City Council's balance sheet and Note 19 Retirement Benefits disclosures. The Group balance sheet has included the assets and liabilities giving rise to this liability:

	£
Long term assets	445,585
Current assets	1,070,962
Long term liabilities	1,519,547
Net liability	(3,000)

The Council has not consolidated its interests in Active Belfast Limited and Arc21 as the Council's share of these balance sheets is not deemed material to the group accounts at this point in time.

Nature of Combination

To advance council objectives, the council has established one limited company in the current financial year and made a financial contribution to a LLP, as outlined above.

Financial Impact of Consolidation

The effect of the inclusion of the subsidiaries and associates in 2016/17 was to reduce the Council's reserves and net assets by £3,702 representing the net liability in the consolidating entities.

3 Surplus/ Deficit on Continuing Operations of Subsidiaries

Services	2016/17			2015/16		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Leisure and Recreational Services	97,935,999	12,295,675	85,640,324	86,668,706	9,669,218	76,999,488
Environmental Services	72,660,451	8,931,271	63,729,180	69,198,058	8,950,545	60,247,513
Planning and Development Services	29,514,601	12,994,056	16,520,545	26,572,728	11,303,953	15,268,775
Highways and Transport Services	998,433	1,881,465	(883,032)	2,208,650	2,192,260	16,390
DRM and Corporate Management	15,895,347	2,535,514	13,359,833	20,392,280	1,024,276	19,368,004
Other Services	9,090,629	4,583,024	4,507,605	8,122,541	4,508,933	3,613,608
Total	226,095,460	43,221,005	182,874,455	213,162,963	37,449,185	175,513,778

4 Adjustment between an Accounting Basis and Funding Basis under Regulations

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:

Notes	2016/17		2015/16	
	£	£	£	£
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:				
Impairments (losses & reversals) of non-current assets	-		(1,014,809)	
Derecognition (other than disposal) of non-current assets	-		20,859	
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	16,047,198		16,369,138	
Depreciation charged in the year on non-current assets	14,003,845	30,051,043	11,697,623	27,072,811
Net Revenue expenditure funded from capital under statute		-		-
Carrying amount of non current assets sold	4,122,115		198,655	
Proceeds from the sale of PP&E, investment property and intangible assets	(411,613)	3,710,502	(72,785)	125,870
Difference between finance costs calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		-		-
Net charges made for retirement benefits in accordance with IAS 19		17,542,000		19,831,000
Direct revenue financing of Capital Expenditure		(4,296,859)		(7,038,503)
Capital Grants and Donated Assets Receivable and Applied in year		(8,947,963)		(40,288,964)
Capital Grants Receivable and Unapplied in year		-		-
Rates Claw-Back Reserve		-		-
Adjustments in relation to Short-term compensated absences		72,107		40,580
Adjustments in relation to Lessor Arrangements		599,867		46,350
Landfill Regulations Reserve Adjustment		-		-
Provisions Discount Rate Reserve Adjustment		-		-
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				
Statutory Provision for the financing of Capital Investment		(4,155,412)		(2,886,413)
Employers contributions payable to the NLGOSC and retirement benefits payable direct to pensioners		(14,284,000)		(13,453,000)
		20,291,285		(16,560,269)

Employee Costs and Member Allowances		
Staff Costs	2016/17	2015/16
	£	£
Salaries and Wages	68,673,936	65,249,895
Employers NIC	4,823,592	4,602,551
Employers Superannuation	13,199,919	12,569,541
Total staff costs	86,697,447	82,421,987

The above staff costs include the costs of the voluntary redundancies in 2016/17. These costs total £1,119,948 and are disclosed separately in Table 4 of the Remuneration Report. In addition, agency costs during the year amounted to £4,470,906 (15/16 £4,217,572).

The Council's current contribution rate to NIGOSC scheme is 20%. At the last actuarial valuation, dated 31 March 2016, the Fund's assets as a whole were sufficient to meet 96% (15/16 91%) of the liabilities accrued up to that date.

Average Number of Employees - where FTE represents fulltime equivalent employees

Average Number of Employees		
	2016/17	2015/16
	FTE	FTE
Parks	122	396
Environmental Services	1,062	802
Planning and Place	139	134
Highways and Transport Service	-	-
Other	1,040	947
Total Number	2,363	2,279

	2016/17	2015/16
	Actual Numbers	Actual Numbers
Full-time numbers employed	2,097	2,090
Part-time numbers employed	340	348
Total Number	2,437	2,438

Senior Employees' Remuneration		
	2016/17	2015/16
	£	£
£50,001 to £60,000	49	47
£60,001 to £70,000	4	12
£70,001 to £80,000	8	9
£80,001 to £90,000	-	2
£90,001 to £100,000	5	2
£100,001 to £110,000	2	2
£110,001 to £120,000	-	-
£120,001 to £130,000	-	1
£130,001 to £140,000	1	-
Total Number	69	75

7	Debtors			
			2016/17	2015/16
a	Long Term Debtors		£	£
	Government Departments		-	-
	Other Councils		-	-
	Public corporations and trading funds		-	-
	Bodies external to general government		-	-
	Employee car loans		88,920	78,534
	Revenue Grants		-	-
	Capital Grants		-	-
	Interest Receivable		-	-
	Capital Debtors		-	-
	Loans and advances		-	-
	Finance lease debtors		-	625,485
	Trade debtors		789,382	1,021,813
	NIHE Loans		417,760	4,465,360
	Other		-	-
	Impairment of loans and receivables		-	-
	Total Long-Term Debtors		1,296,062	6,191,192
b	Short Term Debtors		2016/17	2015/16
			£	£
	Government Departments		1,641,010	994,830
	Other Councils		238,856	69,696
	Public corporations and trading funds		-	-
	Bodies external to general government		-	-
	NIHE loans		1,950,250	-
	Employee car loans		66,471	56,039
	Revenue Grants		3,687,187	4,226,899
	Capital Grants		5,104,875	10,562,598
	Interest Receivable		-	-
	Capital Debtors		-	-
	Value Added Tax		2,063,521	2,970,165
	Prepayments		2,990,028	3,439,538
	Finance lease debtors		26,160	542
	Other		2,924,012	3,367,706
	Trade receivables		2,555,443	1,537,055
	Impairment loss - Trade receivables		(417,475)	(485,767)
	Total Short-Term Debtors		22,830,338	26,739,301
	Total Debtors		24,126,400	32,930,493
8	Creditors			
			2016/17	2015/16
a	Short Term Creditors		£	£
	Government Departments		1,635,116	1,473,721
	Other Councils		14,290	5,633
	Public corporations and trading funds		-	-
	Bodies external to general government		-	-
	Rates clawback		1,917,292	-
	VAI		524,621	-
	Remuneration due to employees		1,374,835	370,703
	Accumulated Absences		-	1,302,728
	Receipts in advance		6,413,375	6,088,605
	Trade creditors		-	-
	Other		20,117,533	26,177,418
	Total Short Term Creditors		31,997,062	35,418,808
b	Long Term Creditors		2016/17	2015/16
			£	£
	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		82,707	94,146
	Total Long Term Creditors		82,707	94,146
	Total Creditors		32,079,769	35,512,954

9 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 Group 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 Group 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 Group 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 Group 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 Group 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:

	2016/17 £	2015/16 £
Net cost of services:		
Current service cost	15,367,000	15,472,000
Past service cost/(gain)	119,000	160,000
Gains and losses on settlements or curtailments	(819,000)	912,000
Net operating expenditure:		
Net interest on net defined benefit liability (asset)	2,875,000	3,287,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	17,542,000	19,831,000
Movement in Reserves Statement:		
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code	(17,542,000)	(19,831,000)
Actual amount charged against the general fund balance for pensions in the year:		
Employers' contributions payable to scheme	14,284,000	13,453,000
Net adjustment to the General Fund	(3,258,000)	(6,378,000)

The service cost figures include an allowance for administration expenses of £252,000 (15/16 £188,000).

Remeasurements recognised in Other Comprehensive Income and Expenditure	2016/17 £	2015/16 £
Liability gains/(losses) due to change in assumptions	(114,109,000)	21,369,000
Liability experience gains/(losses) arising in the year	25,042,000	3,976,000
Actuarial gains/(losses) on plan assets	59,573,000	(1,691,000)
Other - (if applicable)	-	-
Total gains/(losses) recognised in Other Comprehensive Income and Expenditure	(29,494,000)	23,654,000

c Assets and liabilities in relation to retirement benefits

	2016/17 £	2015/16 £
Reconciliation of present value of the scheme liabilities:		
Balance as at 1 April	552,175,000	551,603,000
Current service cost	15,367,000	15,472,000
Interest cost	18,474,000	17,481,000
Contributions by members	4,252,000	4,186,000
Remeasurement (gains) and losses:		
Actuarial gains/losses arising from changes in financial assumptions	116,490,000	(21,369,000)
Actuarial gains/losses arising from demographic changes	(2,381,000)	-
Actuarial gains/losses arising on liabilities from experience	(23,427,000)	(3,976,000)
Other (if applicable)	-	-
Post service costs/(gains)	119,000	160,000
Losses/(gains) on curtailments	-	-
Liabilities extinguished on settlements	(3,766,000)	-
Estimated unfunded benefits paid	(795,000)	(835,000)
Estimated benefits paid	(14,330,000)	(14,312,000)

Balance as at 31 March	662,178,000	548,410,000
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	2016/17 £	2015/16 £
Reconciliation of present value of the scheme assets:		
Balance as at 1 April	460,166,058	442,224,058
Interest income	15,599,000	14,194,000
Contributions by members	4,252,000	4,186,000
Contributions by employer	13,489,000	12,618,000
Contributions in respect of unfunded benefits	795,000	835,000
Remeasurement gain/(loss)	60,119,000	(1,691,000)
Assets distributed on settlements	(2,947,000)	-
Unfunded benefits paid	(795,000)	(835,000)
Benefits paid	(14,330,000)	(14,312,000)

Balance as at 31 March	536,348,058	457,219,058
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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 so derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 March 2017.

The actual return on scheme assets in the year was a gain of £75,718,000 (2015/16 gain of £12,503,000).

Fair Value of Plan Assets	2016/17 £	2015/16 £
Equity investments	399,579,260	328,740,461
Bonds	61,680,020	55,323,499
Property	56,316,540	60,352,908
Cash	13,945,048	10,516,037
Other	4,827,132	2,286,095
	536,348,000	457,219,000

The Council's share of the Net Pension Liability (included in the Balance Sheet):

	2016/17 £	2015/16 £
Fair Value of Employer Assets	536,348,058	457,219,058
Present value of funded defined benefit obligation	(662,178,000)	(548,410,000)
Pension asset/(liability) of Funded Scheme	(125,829,942)	(91,190,942)
Fair Value of Assets in gas pension scheme	1,513,000	1,785,000
Present Value of Defined Benefit Obligation	(1,516,000)	(1,694,000)
Net asset/(liability) arising from the defined benefit obligation	(125,832,942)	(91,099,942)
Amount in the Balance sheet:		
Liabilities	(663,694,000)	(550,104,000)
Assets	537,861,058	459,004,058
Net Asset/(Liability)	(125,832,942)	(91,099,942)

d Scheme history

Analysis of scheme assets and liabilities	2016/17 £	2015/16 £
Fair Value of Assets in pension scheme	537,861,058	459,004,058
Present Value of Defined Benefit Obligation	(663,694,000)	(550,104,000)

Surplus/(deficit) in the Scheme	(125,832,942)	(91,099,942)
--	----------------------	---------------------

Amount recognised in Other Comprehensive Income and Expenditure	2016/17 £	2015/16 £
Actuarial gains/(losses)	(29,494,000)	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	(29,494,000)	23,654,000
Cumulative actuarial gains and losses	(51,472,000)	(21,978,000)
History of experience gains and losses:		
Experience gains and (losses) on assets	59,573,000	(1,691,000)
Experience gains and (losses) on liabilities	25,042,000	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 £125,832,942 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a reduction of net worth of 25%.

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 2018

	2017/18 £
Projected current cost	21,015,000
Net interest on the net defined benefit liability (asset)	3,093,000
Past service cost	-
Gains and losses on settlements or curtailments	-
Total	24,108,000

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 2018 is £15,377,000.

History of experience gains and losses

The actuarial gains/losses identified as movements on the Pensions Reserve 2016/17 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2017.

	2016/17 %	2015/16 %
Experience gains and (losses) on Assets	11.19%	-0.37%
Experience gains and (losses) on Liabilities	-3.82%	-0.73%

e Basis for estimating assets and liabilities

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

Key assumptions	2016/17 %	2015/16 %
Mortality assumptions:		
Longevity at 65 current pensioners:	Years	Years
Men	23.2	22.3
Women	25.8	24.8
Longevity at 65 for future pensioners:		
Men	25.4	24.5
Women	28.1	27.2
Inflation/Pension Increase Rate	2.00%	1.80%
Salary Increase Rate	3.50%	3.30%
Discount Rate	2.60%	3.40%
Pension accounts revaluation rate	2.00%	1.80%
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2009	75%	75%
Service post April 2009	75%	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 2017 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

Funded Pension Scheme Benefits

Discount Rate Assumption		
	+0.1%p.a.	-0.1%p.a.
Adjustment to discount rate		
Present value of the total obligation	631,233,000	655,800,000
% change in the present value of the total obligation	-1.90%	1.90%
Projected service cost	19,720,000	20,906,000
Approximate % change in projected service cost	-2.90%	3.00%
Rate of General Increase in Salaries		
	+0.1%p.a.	-0.1%p.a.
Adjustment to salary increase rate		
Present value of the total obligation	646,958,000	639,875,000
% change in the present value of the total obligation	0.60%	-0.50%
Projected service cost	20,306,000	20,306,000
Approximate % change in projected service cost	-	-
Rate of Increase to Pensions in Payment and Deferred Pension Assumption		
	+0.1%p.a.	-0.1%p.a.
Adjustment to pension increase rate		
Present value of the total obligation	652,204,000	634,720,000
% change in the present value of the total obligation	1.40%	-1.30%
Projected service cost	20,906,000	19,720,000
Approximate % change in projected service cost	3.00%	-2.90%
Post Retirement Mortality Assumption		
	- 1 Year	+1 Year
Adjustment to mortality age rating assumption*		
Present value of the total obligation	662,218,000	624,685,000
% change in the present value of the total obligation	2.90%	-2.90%
Projected service cost	21,028,000	19,588,000
Approximate % change in projected service cost	3.60%	-3.50%

* 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 that.

f Major categories of plan assets as percentage of total plan assets

The Northern Ireland Local Government Officers' Pension Fund's assets consist of the following categories, by proportion of the total assets held:

	31/03/2016 %	31/03/2015 %
Equity Investments	74.50%	71.90%
Government Bonds	5.40%	5.70%
Corporate Bonds	6.10%	6.40%
Property	10.50%	13.20%
Cash	2.60%	2.30%
Other	0.90%	0.50%
Total	100.00%	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 DoF Superannuation and Other Allowances Resource Accounts as at 31 March 2017.

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

Analysis of scheme assets and liabilities	2016/17 £	2015/16 £
Fair Value of Assets in pension scheme	1,513,000	1,785,000
Present Value of Defined Benefit Obligation	(1,516,000)	(1,694,000)
Net Asset/(Liability) recognised on the balance sheet	(3,000)	91,000

10 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 non cash movements			
	Notes	2016/17	2015/16
		£	£
Depreciation		14,003,845	11,697,623
Impairment & downward revaluations (& non-sale derecognitions)		16,047,198	15,354,329
Amortisation (included with depreciation above)		-	-
(Increase)/Decrease in Stock		789	(7,827)
(Increase)/Decrease in Debtors		8,872,116	(507,351)
Increase/(decrease) in impairment provision for bad debts		(68,292)	110,594
Increase/(Decrease) in Creditors		(3,505,292)	10,915,332
Increase/(Decrease) in Interest Creditors		-	-
Payments to NILGOSC		3,258,000	6,378,000
Carrying amount of non-current assets sold		4,122,115	198,655
AIC/WIP written off to Net Cost of Services		-	20,859
Contributions to Other Reserves/Provisions		7,213,852	(3,953,807)
Movement in value of investment properties included above in		-	-
Amounts posted to CIES from Donated Assets Account		(400,000)	-
		49,544,331	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	2016/17	2015/16
		£	£
Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		3,070,139	-
Proceeds from short-term (not considered to be cash equivalents) and		-	-
Proceeds from the sale of PP&E, investment property and intangible assets		(411,613)	(72,785)
Capital grants included in "Taxation & non-specific grant income"		(8,947,963)	(40,288,964)
		(6,289,437)	(40,361,749)

b Cash and Cash Equivalents

	Notes	2016/17	2015/16
		£	£
Cash and Bank balances		6,052,247	5,705,507
Short Term Deposits (considered to be Cash Equivalents)		5,000,000	26,000,000
Short Term Investments (considered to be Cash Equivalents)		-	-
Bank Overdraft		-	-
		11,052,247	31,705,507

c Cash Flow Statement: Operating Activities

	Notes	2016/17	2015/16
		£	£
The cash flows from operating activities include:			
Interest received		148,000	206,460
Interest paid		-	-

d Cash flows from Investing Activities

	2016/17	2015/16
	£	£
Purchase of PP&E, investment property and intangible assets	55,991,322	81,478,125
Purchase of Short Term Investments (not considered to be cash equivalents)	-	-
Loans transferred 1 April 2015	-	(4,541,014)
Purchase of Long Term Investments	445,585	-
Other Payments for Investing Activities	1,609,816	1,844,895
Proceeds from the sale of PP&E, investment property and intangible assets	(411,613)	(72,785)
Proceeds from Short Term Investments (not considered to be cash equivalents)	-	-
Proceeds from Long Term Investments	-	-
Capital Grants and Contributions Received	(8,947,963)	(40,288,964)
Other Receipts from Investing Activities	-	-
Net Cash flows from Investing Activities	48,687,147	38,420,257

e Cash flows from Financing Activities

	2016/17	2015/16
	£	£
Cash Receipts from Short and Long Term Borrowing	5,000,000	11,000,000
Other Receipts from Financing Activities	-	-
Cash payments for the reduction of the outstanding liability relating to Repayment of Short and Long Term Borrowing	(3,153,751)	(3,937,749)
Other payments for Financing Activities	-	-
Net Cash flows from Financing Activities	1,846,249	7,062,251

11 Events after the Balance Sheet Date

During 2016/17, confirmation was provided that a property leased out by the Council to a local bank will be redeveloped and the lease on this property is expected to terminate by October 2017. This has given rise to a reduction of £625k on the net present value of the long term debtor on this lease in the financial year 2016/17 (Note 5a). Any costs associated with the early termination of this lease will be included in the financial year 2017/18.

Date of authorisation for issue

The Chief Financial Officer authorised these financial statements for issue on September 2017.