

Belfast City Council

Statement of Accounts 2020



Belfast
City Council

BELFAST CITY COUNCIL
Statement of Accounts
For the year ended 31 March 2020

Contents	Page
Narrative Report	2
Statement of the Council's and Chief Financial Officer's Responsibilities for the Statement of Accounts	14
Governance Statement	15
Remuneration Report	32
Certificate of the Chief Financial Officer & Council Approval of Statement of Accounts	38
Independent Auditor's Report to the Members of Belfast City Council	39
Movement in Reserves Statement	42
Comprehensive Income and Expenditure Statement	43
Balance Sheet	44
Cash Flow Statement	45
Notes to the Financial Statements	46
Group Financial Statements	118
Notes to the Group Financial Statements	122

Narrative Report

Introduction

Organisational overview and external environment

Belfast City Council remains the largest of Northern Ireland's 11 local authorities, serving a population of 343,542 residents, as well as the thousands of people who travel to the city to work, study and visit each day.



With a net budgeted expenditure of £163.1m in 2019/20, Belfast City Council's 2,211 employees, led by 60 councillors across 10 electoral areas, carry out six principal roles:

- a civic leadership role to ensure a better quality of life for our citizens;
- provision of a number of services and facilities including planning, parks and leisure, refuse and recycling and community services;
- promoting the arts, tourism, community and economic development;
- regulating and licensing activities relating to environmental health, consumer protection, building and public safety;
- a representative role on a number of bodies and boards, including education and health; and
- a consultative role in relation to functions conducted by other government bodies and agencies on issues such as planning, water, roads and housing.

With our role in leading community planning in Belfast we have published the Belfast Agenda 2017-2035, outlining our priorities for the City which will require collaboration with key partners to ensure delivery of these ambitions for the City.

The key services delivered by the Council are outlined below under our Operational Model and the key objectives of the Council are outlined below under Strategic Performance. The key deliverables for year ended 31 March 2020 reflect the priorities articulated by local people and relate to the council's functions as both a civic leader and service provider.

Operational Model

Each year, the Council must ensure it has the resources it needs to deliver services to the standard expected by its ratepayers. Budget plans are submitted to the relevant committees for approval regarding what the Council hopes to do and how much it will cost. This helps the Council understand how much money is required and, taking account of other sources of income, what 'rate' needs to be set for the city to raise the required money.

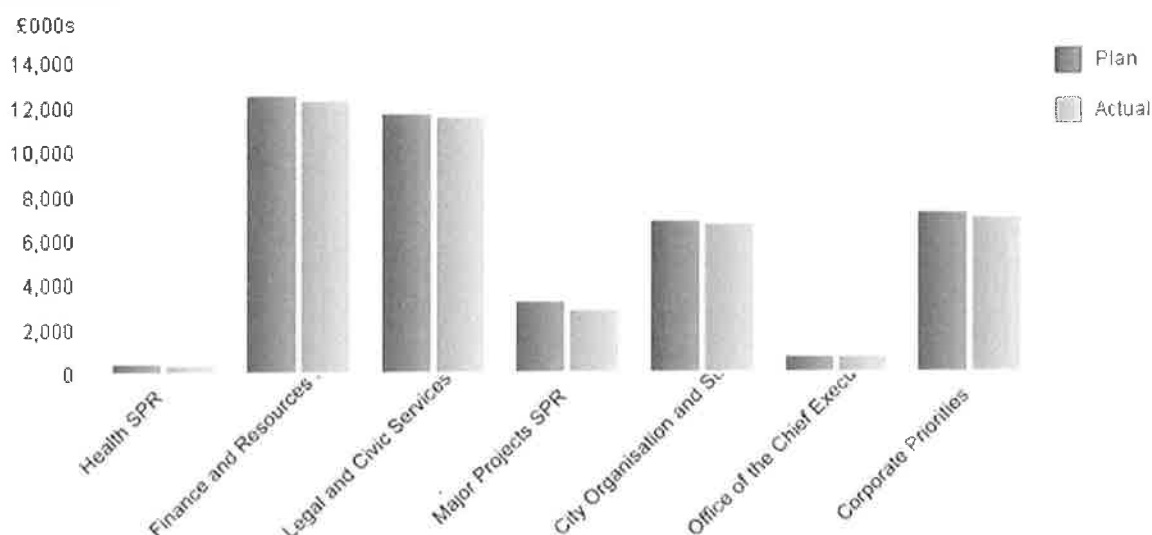
Throughout the year the Council reports to the relevant committees on the financial performance against agreed budget for each committee. The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

The majority of the variance between budget and actual expenditure is disclosed in the Expenditure and Funding analysis in Note 2 and is mainly due to accounting adjustments that are required for the purposes of preparing the financial statements, such as depreciation and impairments, fair value adjustments on investment properties and IAS 19 accounting adjustments. There are also variances due to reclassification of income and expenditure to other income and expenditure for financial accounting purposes such as rental and financing activities.

Each committee is responsible for the delivery of key services to the Council and the main services included in each committee is as follows:

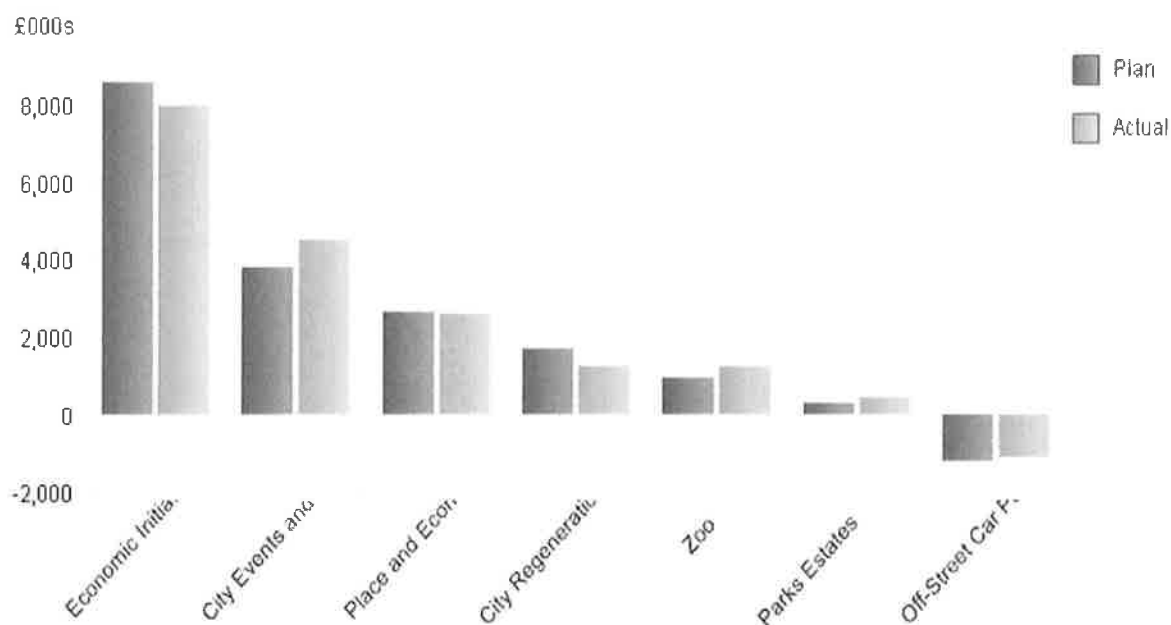
Strategic Policy and Resources Committee

This 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. The net expenditure of this committee includes Legal and Civic Services, Finance and Resources, City Organisation Structure and Major Projects and Corporate Priorities with Human Resources and Good Relations. The net expenditure budget for this committee for these services in 2019/20 is £42.5m with actual net expenditure for the year amounting to £41.2m. The graph below outlines the services delivered within this committee and performance against budget. These amounts do not include the accounting adjustments that are required to be included in the net expenditure for this committee in the Comprehensive Income and Expenditure Account. The net expenditure of £52.2m for this Committee includes the accounting adjustments that are required for preparing the financial statements.



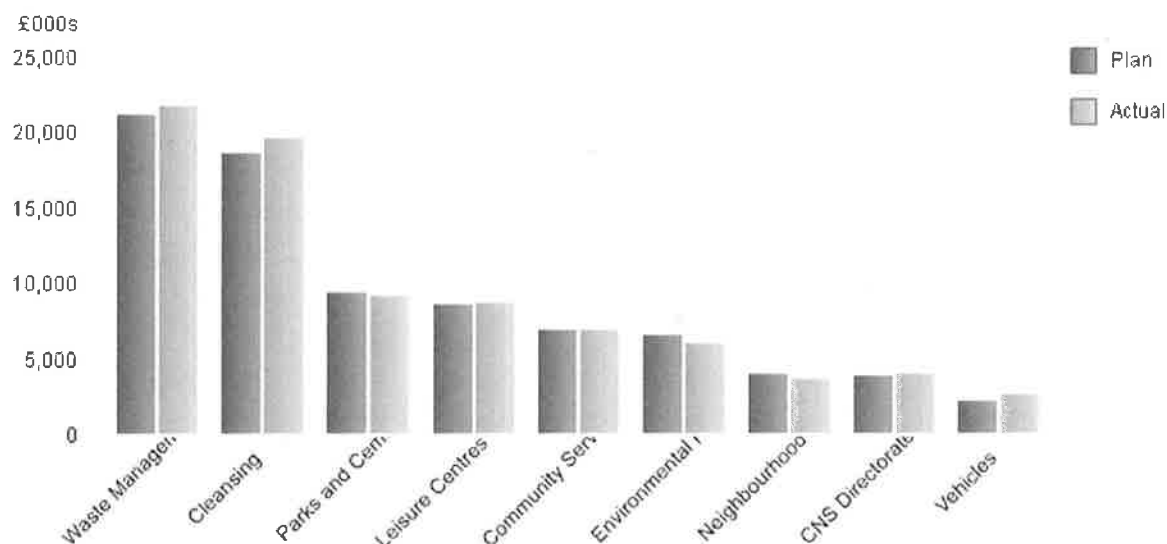
City Growth and Regeneration Committee

This 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 outcomes agreed in the Community and Corporate plans and other corporate strategies. The net expenditure of the committee includes Economic Initiatives and City Regeneration, City Events and Venues including Off-Street Car Parking, Place and Economy and Parks Estates and Zoo. The total budget for net expenditure for this committee for these services was £16.9m and actual net expenditure was £17m. The graph below outlines the services delivered within this committee and performance against budget. These amounts do not include the accounting adjustments that are required to be included in the net expenditure for this committee in the Comprehensive Income and Expenditure Account. The net expenditure of £22.4m for this Committee includes the accounting adjustments that are required for preparing the financial statements.



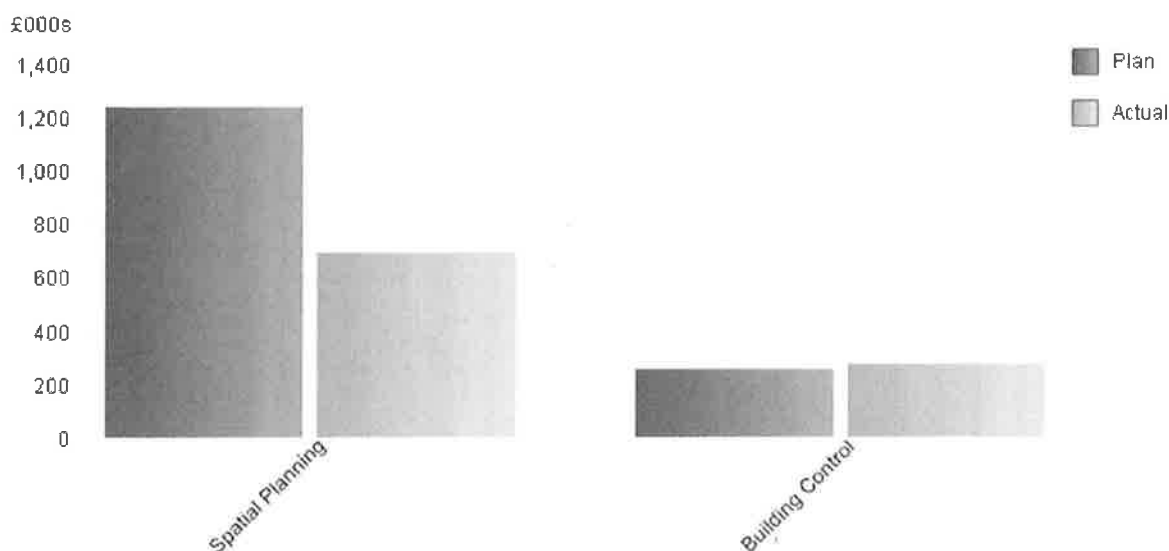
People and Communities Committee

This 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 strategies. The net expenditure of the committee includes Cleansing, Waste Management and vehicles, Parks, Cemeteries and Leisure Centres, Environmental Health, Neighbourhood and Development and Community Services. The total budget for net expenditure for this committee for these services was £80.8m and actual net expenditure was £82.1m. The graph below outlines the services delivered within this committee and performance against budget. These amounts do not include the accounting adjustments that are required to be included in the net expenditure for each committee in the Comprehensive Income and Expenditure Account. The net expenditure of £104.7m for this Committee includes the accounting adjustments that are required for preparing the financial statements.



Planning and Licensing

These committees are responsible for delivery of all of the Council's planning functions and policy and legislation in relation to licensing issues. The net expenditure includes Planning and Building Control services. The total budget for net expenditure for this committee for these services was £1.5m and actual net expenditure was £1m. The graph below outlines the services delivered within this committee and performance against budget. These amounts do not include the accounting adjustments that are required to be included in the net expenditure for each committee in the Comprehensive Income and Expenditure Account. The net expenditure of £1.8m for this Committee includes the accounting adjustments that are required for preparing the financial statements.



Further information regarding the variances between planned and actual expenditure is included in the individual committee reporting for 2019/20. Total net expenditure budget of £163.1m includes the above services budget of £141.6m and the capital financing budget of £21.5m.

COVID-19 PANDEMIC

The Covid-19 pandemic has had a considerable impact on the Council and has been identified as a significant risk within the Annual Governance Statement. The Government's lockdown, announced on 20th March 2020, has meant that many businesses have been forced to close temporarily significantly impacting on the economy. Furthermore, the Council has had to put considerable resources into ensuring that critical services are delivered during this period and that the most vulnerable in our community are cared for. This comes with additional cost pressures.

Financial Impact

These additional costs have not had a dramatic impact on the financial outturn for 2019/20 as the pandemic only started to make a notable impact on the public's and businesses' behaviour in the last two weeks of March. However, the true scale of its impact on the Council's finances will be felt during 2020/21. The Council is expecting substantial losses across many of its largest streams of income. These include parking, commercial waste, licensing fees, registrars and planning fees. As with any recession, investment income is anticipated to reduce which will create further pressures on the Council's finances. It is difficult to quantify the impact of Covid-19 at this stage with any certainty, but the financial pressure on the Council will be substantial – even after the Executive's emergency Covid-19 funding for local authorities is taken into account. Due to the Council's reliance on fees and charges, rates income and consequently its exposure to the economic cycle, the Council has sought in recent years to build up the general fund balance to ensure the Council is financially resilient in a recession. The Council is therefore in a position to draw upon its general fund reserve balance in 2020/21 to balance its budget and has adequate resources to adopt the going concern basis of accounting in preparing the annual statements.

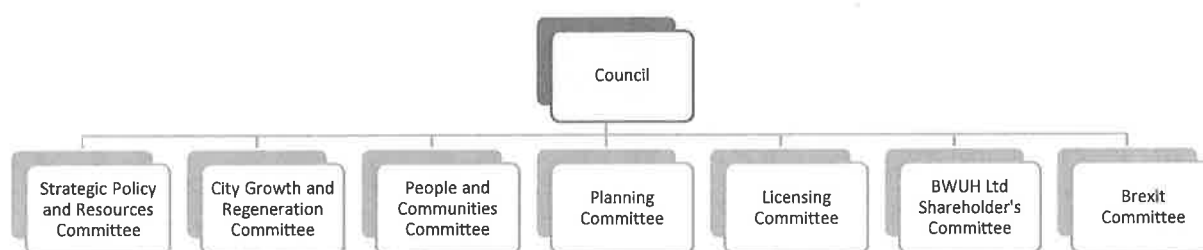
Moving forward

The Council will reset its Medium Term Financial Plan (MTFP) in recognition of the impact of the pandemic and the Council's strategic objectives. The Covid-19 crisis has meant that the Council has had to review what its most critical services are and which are required to still be operational even during a global pandemic. The changing environment and "new normal" in which we are likely to find ourselves will require the Council to review the services it provides, its delivery models and the outcomes that are of the highest priority. This will also require the Council to review the structural position of its budget and how that needs to change going forward.

The Council continues to revise and refine recovery plans - this is challenging given the degree of uncertainty regarding the pandemic and the still unknown impact on service provision and resources over time. This requires a high degree of flexibility in managing the resources (financial and workforce), to be able to respond quickly to reopen / reclose services whilst dealing with additional challenges associated with abiding by changing COVID – 19 regulations, social distancing and responding to new community and business needs.

Governance

The work of Belfast City Council is overseen by the committee structure outlined below and detailed further in our Governance Statement on pages 15- 31. This Annual Governance Statement for 2019/20 highlights the Council's governance arrangements during the year and how significant governance issues are being addressed and actions implemented. A programme management framework is in place to manage both revenue and capital streams of activity for the Council. Directors and Members have oversight in accordance with the terms of reference for the relevant Committee as well as finance reports covering all aspects of Council expenditure being presented to Committee on a quarterly basis. The Committee structure, which is based on the full council and seven standing committees is illustrated and described below.



As outlined in the Annual Governance Statement on page 16, in response to Covid-19 the Council altered the normal decision-making processes to ensure that the Council followed Public Health Agency guidance on social distancing and essential travel was followed while maintaining continuity of critical services.

Strategic Performance

The strategic performance of the Council is incorporated in the Belfast City Council's Corporate Plan 2020-24, which includes the Improvement Plan. The Belfast Agenda is published on the Council's website and outlines the Council's ambitions for the City by 2035 as well as the immediate priorities for:

- Growing the economy
- Living here
- City Development
- Working and learning

The Council outlines its priorities within the Corporate Plan 2020-24 which was agreed in March 2020 just before the Covid-19 pandemic. These priorities cascade from the longer term outcomes identified in the Council's Community Plan (Belfast Agenda). These priorities are based upon extensive external and internal analysis, including key socio-economic data, analysis of the plans and strategies impacting the city and its communities, performance information and political engagement. In addressing the impact of the Covid-19 pandemic, a Covid-19 Recovery Plan was agreed that focuses on the medium to long term response and priorities of Belfast that have arisen as a result of the pandemic. An annual review of the corporate plan will take place in the New Year – as part of this, the Recovery Plan will be incorporated in to the corporate planning process.

The Council has also incorporated six key improvement objectives included within the Improvement Plan to ensure continuous improvement in the exercise of the Council's functions and alignment with the work the Council is doing to formulate the priorities of the Belfast Agenda.

These six key objectives are:

- Build the city's position as a magnet for Foreign Direct Investment
- Make Belfast a great place to do business by supporting entrepreneurs and business starts
- Deliver an integrated approach to employment and skills
- Design and deliver programmes to address health inequalities in the city
- Deliver the integrated tourism strategy to increase numbers of leisure and business tourists
- Deliver city centre regeneration and investment projects

An annual performance assessment of progress against these objectives is contained within the Corporate Performance Assessment Report to include details of the Council's performance against statutory performance indicators set by the Department.

Financial Statements

The Council's financial performance for the year ended 31st March 2020 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 2020 (the Code) and the Department for Communities Accounts Direction, Circular LG 03/2020. 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 2019/20 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

The annual accounts for 2019/20 have been prepared on the assumption that the Council will continue in existence for the foreseeable future. It is not foreseen that the impact of COVID – 19 will change this position over the period covered by this report.

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 ended 31 March 2020 to include Belfast Waterfront and Ulster Hall Limited (BWUH) and Belfast City Council's contribution to Beltel LLP in relation to the redevelopment of the Belfast Telegraph Building. The results of Beltel LLP are included in the group financial statements. The results of Belfast Gasworks Management Co Ltd for the year ended 31 March 2020 are not deemed material to Belfast City Council accounts and as such are not included in the group financial statements.

The Movement in Reserves Statement

This Statement, as set out on page 42, 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 Summary (CIES). 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 Earmarked Reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council. The group movement in reserves statement on page 118 includes the reserves of BWUH limited, contributing to an increase of £6.7k on the Group General Fund.

The Comprehensive Income and Expenditure Statement

This statement, as set out on page 43, 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 119 includes the consolidated income and expenditure of BWUH Ltd.

The Balance Sheet

The Balance Sheet, as set out on page 44, 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 Authority. 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 120 includes relevant balances for BWUH Ltd and Beltel LLP.

The Cash Flow Statement

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. The group cashflow statement on page 121 includes the cash and cash equivalents of BWUH Ltd, Gas Pension Fund and the Council's interests in Beltel LLP.

Expenditure and Funding Analysis

The resourcing of the Council's activities is outlined in the Annual Report, demonstrating the funding available and what services this funding provided for 2019/20.

The objective of the Expenditure and Funding Analysis is to demonstrate to ratepayers how the funding available to the Council (i.e. government grants, rates, fees and charges) for the year has been used in providing services in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. The main services provided under each committee are summarised in this note and performance against budget is summarised in the Narrative Report. The main variances from budget will arise due to the accounting cost of providing services in accordance with generally accepted accounting practices, such as depreciation charges and IAS 19 pension adjustments which are not funded from taxation. These charges are summarised per committee in Note 2a and Note 2b.

The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision-making purposes between the Council's committees. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Financial performance

For the year ended 31 March 2020, the Council increased its General Fund to £28.7m. The Budget plans form part of the Revenue Estimates and in 2019/20 the total net expenditure budget for the Council was set at £163.1m.

The Council reported £304k under spend on service delivery at the year end. Performance against budget for each of the Committees is continuously monitored throughout the year. This performance is reported to the Strategic Policy and Resources Committee on a quarterly basis. The overall

position for the year ended 31 March 2020 is mainly due to ongoing structure reviews where vacant posts are being held prior to reviews being completed.

The Cost of Services on Continuing Operations of £181m 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 £12m.

Borrowings

For the 2019/20 year the Council has an authorised borrowing limit of £165m. 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 £138m, this ensures that the Council only borrows for capital purposes. During the year, the Council repaid external loans of £10.2m with Department of Finance. The Council borrowed £15m to fund ongoing capital projects from Department of Finance and on a short term basis £15m was borrowed from other Councils, of which £10m was repaid before year end. At 31 March 2020, the total amount outstanding on external loans was £72.7m, of this total £0.3m 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.

Capital Expenditure

The total net expenditure reported in the Comprehensive Income and Expenditure Statement includes allocations of £7.9m to fund capital expenditure. Expenditure on capital projects during the year amounted to £43.9m, the most significant expenditure was on: Andersonstown Leisure Centre £11.9m; Brook Activity Centre £7.3m; Lisnasharragh Leisure Centre £7.2m; Avoniel Leisure Centre £2.1m; and the Fleet Vehicle Replacement Programme £4.2m.

There was one significant impairment during the year, £559k, as detailed on page 87. Olympia Leisure Centre came into operation in 2017 and its value was re-measured to depreciated replacement cost, to reflect its current estimated service potential. The difference between the two methods of measurement results in an impairment.

Strategy and Resource allocation

When setting the district rate for 2020/21 consideration was given to the following key financial factors for the Council:

- The main uncontrollable cost risk to the Council in the short and medium term, continues to be the impact of externally imposed increases to the Council's pay bill, such as the nationally negotiated pay awards, the foundation wages increase and employers' pension contributions increase. These combined with inflation levels exert financial pressure on the District Rate which are beyond the Council's control.
- Likewise, the Council continues to face significant year on year increases in costs in several areas such as the increased revenue costs required for the implementation of the Waste Plan, financial contributions required under the delivery of the City Deal, increased resource requirements to deliver priorities under the Belfast Agenda and continued investment in large scale capital projects combined with the revenue costs of these assets as they become operational.
- The Council's income streams are under risk with the uncertain political environment which could have an impact on both EU and Central Government funding. Work is continuing with Land and Property Services (LPS) and the Institute of Revenues Ratings and Valuations (IRRV) to provide assurances on the rates base in this challenging economic landscape. This work has become increasingly important due to the uncertainty around the short and medium impact on the rates base in light of the current Covid 19 pandemic.

- The Council continues to develop its Efficiency Programme through a targeted work stream of activities delivering savings of £3m in 19/20 and savings of £3.1m in 20/21, and more recently expenditure controls to prioritise resources which should help minimise the burden on the ratepayers.

Outlook

The Council is fully aware that it is continuing to operating in a continually challenging environment with the ongoing COVID 19 pandemic. The Council is committed to delivering business as usual where possible and will continue with our ambitions for the City under the Belfast Agenda and City Deal. The Council strives to deliver at the highest of standards and these efforts have been recognised in the many awards achieved by the Council in the year ended 31 March 2020, including:

- The success of 20 Parks across Belfast awarded Green Flag status
- The Council rolling out the project to deliver full fibre network to connect 200 Council sites across Belfast
- Belfast named Best Kept City NI 2019
- Belfast named Best Events Destination in Conference & Incentive Travel Magazine Awards
- Two new Leisure Facilities open in Belfast as part of £105 million Leisure Transformation Programme
- Leisure Transformation Programme Highly Commended in the World Health Organisation Belfast Healthy City Awards
- Belfast City Centre awarded Purple Flag
- Leisure Transformation Programme shortlisted in Leisure Category for inaugural Royal Institution of Chartered Surveyors Social Impact Awards 2020

The Council seeks out opportunities to pursue additional funding streams for the City, adopting innovative approaches to delivering services and working in partnership to ensure the City optimises its resources to deliver on its six key objectives. A few of the current initiatives the Council is currently developing are outlined below:

- Smart City Framework – the Council continues to adopt a leadership role to establishing a City Data Platform, a Smart Belfast portal which is a critical resource for a modern Belfast to stage challenges, promote and share learning and attract investment. This will be the foundation for the rates forecasting model and Planning Growth tool to encourage innovative solutions for increasing economic growth for the City. We are working with over 50 SMEs on smart projects.
- 100RC - Belfast is the only city in Ireland, and one of only five in the UK to have been selected from over 1,000 applicant cities to participate in the 100 Resilient Cities Network- pioneered by The Rockefeller Foundation (100RC). The aim of this network is to partner with cities to build resilience to the shocks and stresses of the 21st Century, share international challenges and lessons learned, and to build a global community of urban resilience experts. This has been particularly useful in responding to the current COVID 19 pandemic. The Belfast Currency project 'Belfast Coin' was a pilot project whereby Belfast City Council successfully applied to join the 100 Resilient Cities City Challenge. During the pilot a number of challenges associated with roll-out of a currency for Belfast were identified, and it was decided not to proceed using the model developed.
- City Deal- the City deal model is the UK Government's innovative strategy for building stronger urban and regional growth via smarter, more localised and growth focused investment decision-making. Recent confirmation of the NI Executive's match funding of new

investment for infrastructure, regeneration, and tourism projects will help the region's economy recover from the effects of Covid-19. There will be overall investment in the Belfast Region City Deal of £850 million, including £150m from the Belfast Region City Deal partners.

The Executive has also agreed to provide up to an additional £100 million for complementary projects where partners can demonstrate a viable capital project which is complementary to the City/Growth Deal proposals.

- The PEACE IV Programme - is a cross-border initiative designed to support peace and reconciliation in Northern Ireland and the border region. Funding of £14.4m was awarded from the European Union PEACE IV Programme managed by the Special EU Programmes Body (SEUPB) and also includes funding from the Executive Office in Northern Ireland and the Department of Rural and Community Development in Ireland. Belfast City Council continues to work with our partners in delivering on a wide range of projects. Mobilisation of the Council's PEACE IV Local Action Plan is continuing. To date 13 project elements from a possible 15 have been awarded and are actively delivering project activity on the ground. It is envisaged that the two outstanding project elements will be mobilised by December 2020.

The coronavirus pandemic has had a profound impact on all aspects of life in the Belfast City Council area. Through 2020/21 the Council will adopt a pro-active approach to ensure that it responds to the emerging needs of residents and businesses.

In line with all other councils in Northern Ireland and the wider public sector, Belfast City Council is facing a number of challenges. Public finances are under increasing pressure as a result of both the pandemic, ongoing tightening of government spending agendas, amongst other challenges. Key risks and planned mitigations are included in our Governance Statement on pages 26 to 31.

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 Finance Officer on 21 August 2020.

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

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 2019/2020

The Council's Annual Governance Statement (AGS) follows the Code of Practice on Local Authority Accounting in the UK 2019/20 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 last year
- Significant governance issues for the year-end 2020

Scope of responsibility

Belfast City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and is 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 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 in place at Belfast City Council for the year ending 31st March 2020 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

Decision making process from the period 13th March 2020 to present

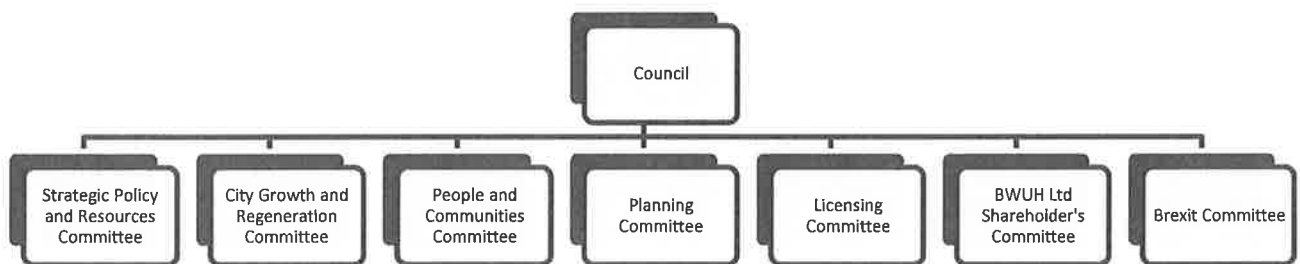
In response to Covid-19 we the Council altered our normal decision-making processes to ensure that we followed Public Health Agency guidance on social distancing and essential travel while maintaining continuity of critical services.

Committee and Council: The committee decision-making process was delegated to the Chief Executive under Standing Order 41 as agreed at a Special Council meeting on 13 March 2020. A process was established where the reports were issued as normal and the views of each party were collated by Democratic Services to enable the Chief Executive to make a decision, based on the levels of democratic support. A Contentious Business Committee, the Party Group Leaders, allowed for discussion of any contentious matters. Committee decision-registers, which continued to be subject to the normal call-in process were published on modern.gov as normal. A 'Procedure for the transaction of business under delegated authority' was agreed with Party Group Leaders. This process was a temporary process with a phased approach being taken to reintroduce committees and Council meetings with a physical annual Council meeting held on Monday 1 June, the first remote Special Council meeting on Monday 8 June, the first remote Strategic Policy & Resources Committee held on Friday 19 June with another remote Council meeting to be held on 1 July. Council and committee meetings resumed in August (some special meetings were held in July) and all were held remotely.

Planning and Licensing Committee: a separate process was established for the Planning and Licensing Committees where it is considered inappropriate to have party positions on particular applications. Therefore the views of each of the individual committee members was collated by Democratic Services before a decision was taken by the Chief Executive under delegated authority.

Following the amendment to Standing Orders in March 2020, the Council also contacted DfI to seek approval of those delegated arrangements as required by planning legislation. However DfI confirmed that since the changes were to Standing Orders as opposed to the Scheme of Delegation there was no requirement for Departmental approval.

Our committee structure, which is based on the full council and seven 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.

The Brexit Committee is responsible for researching, monitoring, and reviewing the financial, resource or operational impact upon the council and the district as a result of the UK leaving the European Union and for making recommendations to council on such issues (or the relevant standing committee where appropriate).

In addition to the Committees listed in the diagrams above there are ten Working Groups established which include the Audit & Risk Panel, the Budget and Transformation Panel and four Area Working Groups.

In June 2018, the Council appointed a Commissioner for Resilience, fully funded by the organisation '100 Resilient Cities'. The Commissioner who reports directly to the Chief Executive, is working with Council officers and city partners to design and implement a resilience strategy for Belfast, focusing on economic resilience.

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 Panel reports to the Strategic Policy and Resources Committee. The Audit & Risk Panel met three times during 2019/20. The Audit & Risk Panel did not meet in June 2019, following the elections in May, as the composition of the Panel had to be agreed by Strategic Policy and Resources Committee on 21st June and ratified by Council on 1st July, with nominations to the Panel sought from each of the 8 parties thereafter.

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 in particular for this year, ensuring that our update reflects Covid-19 related changes to our governance arrangements. A summary of the key elements of our governance framework are set out in the following table:

Our seven principles of good governance

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 & Diversity Framework
- Council constitution, standing orders & scheme of delegation
- Expert professional advice
- Partners and contractors required to comply with relevant policies
- Achieving Through People Framework and development of organisational values and behaviours

B: Ensuring openness

- New process for decision making during Covid-19 pandemic
- 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.
- Corporate plan and annual improvement plan are subject to consultation before agreement
- 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, Bel Tel LLP and Belfast Gasworks Management Company Limited
- "Your Say" consultation hub on BCC website
- Working with Belfast Region City Deal partners

C: Defining outcomes

- Belfast Agenda outlines long term economic, social and environmental benefits
- Development of a Belfast Region City Deal Investment Plan
- Cultural Strategy
- Corporate plan, incorporating Annual Improvement Plan, outlines the annual contribution to the Belfast Agenda
- City centre regeneration & investment strategy
- Physical Investment Programme
- Leisure transformation programme
- Grant funding processes
- Equality Impact Assessments

D: Optimising the achievement of outcomes

- Covid-19 Respond, Rebuild, Recover Plans in development
- Corporate plan aligned to delivery of Belfast Agenda
- 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 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

- Achieving Through People Framework and development of organisational values and behaviours
- Development of People Strategy
- Benchmarking activity
- Efficiency programme
- Learning and development policy
- Health and wellbeing strategy
- Appraisal scheme in place for senior management
- PDPs for officers and Members
- Member capacity building plan delivered in 2019/20
- Continuing Development Programme in place for the Planning Committee
- Party group briefings
- Senior Leadership Development Programme

F: Finance, performance and risk management

- Strategic financial management framework in place
- Efficiency programme
- Performance management framework
- Financial resilience review
- 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 Monitoring process
- Data protection policy and procedures
- Corporate Fraud Risk Assessment
- Covid-19 corporate risk assessment and changes to working practices
- Governance over Covid-19 related changes to financial processes

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
- Liaison with Information Commissioners Office

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).

Having considered all the principles of the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014), subject to the implementation of the Fraud Action Plan, the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

The CIPFA Statement on the Role of the Head of Internal Audit (2019) outlines the five principles that set out the organisation's responsibilities to ensure the Head of Internal Audit (HIA) is able to operate effectively and perform their core duties. The Statement also sets out the core responsibilities of the HIA along with the personal skills and professional standards expected of the HIA. The Head of Audit, Governance and Risk Services (AGRS), and the supporting operational arrangements in place, conform to the five principles set out in the CIPFA Statement. This is demonstrated through a self-assessment exercise undertaken by the Head of 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 agreed by the Corporate Management Team, Assurance Board and Audit and Risk Panel, before being reviewed by Strategic Policy and Resources committee and signed by the Chair of Strategic Policy & Resources, the Chief Executive and the Deputy Chief Executive and Director of Finance and Resources.

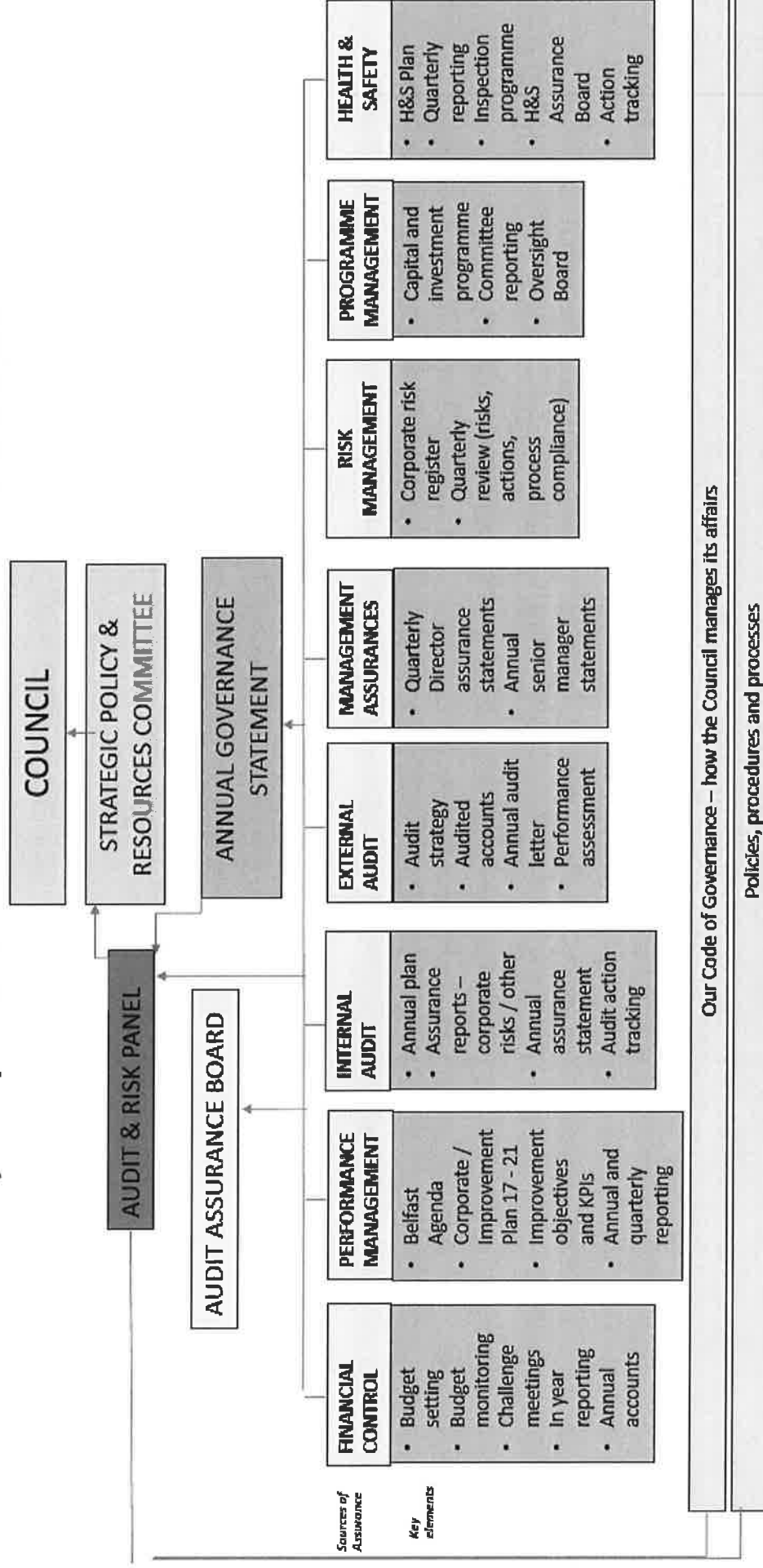
The Council reported one personal data breach to the Information Commissioner's Office (ICO) during the specified period. In addition, the ICO contacted the Council regarding a complaint it had received from a data subject (a member of the public) in relation to a data breach by the Council. In both cases the ICO took no further regulatory action.

Corporate Management Team (CMT) endorsed the guidance set out in Public Procurement Note (PPN) 02/20 on 8th April 2020. In total, three supplier relief applications were received. One application was approved by CMT on 8th May 2020. The other two applications received were rejected as they failed to comply with the requirements of the PPN.

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 2019/20, which gives an opinion on the Council's risk and control environment.

Head of Internal Audit Opinion

An extract from the Head of AGRS Annual Assurance Statement for the period ending 2019/20 is given below:

As Head of 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. My opinion is based on both the work done up to mid-March 2020 and also the work that we have undertaken since then to provide advice and assurance over changes to the councils framework of governance, risk management and control in direct response to the impact of Covid-19. Specifically my opinion is based on the following:

- *evidence from areas subject to detailed internal audit during 2019/2020, 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*
- *'Real-time' assurance and advisory work including the facilitation of readiness workshops for major programmes and projects and project advice and assurance on the implementation of new IT systems.*
- *AGRS review of the financial procedures that were amended by management since 18th March 2020 in order to take account of new working practices, policies and risks due to the impact of Covid-19.*
- *Management assurances on the application of the amended financial procedures and the dynamic management of risks associated with the councils response to Covid-19*
- *application of usual risk management and management assurance processes up to and including quarter ending December 2019, 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.*

However, some weaknesses and areas for improvement have been identified through audit work. These have been reported in detail to the Council's Assurance Board and Audit and Risk Panel during 2019/20 through quarterly progress reports. In addition, I have highlighted, where appropriate, where further action is required to implement agreed audit actions. The key issues I would highlight in this statement are as follows

- *During 2020, as management time and resources will continue be focussed on supporting plans to respond, recover and rebuild, AGRS will ensure that our audit work is focussed on the areas where assurance is most valuable and is timed and conducted in a way that minimises interruption. At the same time AGRS highlights the increased need for independent assurance over the councils “new normal” risk, control and governance frameworks during a period of significant change, and stresses the importance of management cooperation on these audits and related work to allow sufficient work to be completed on which to provide the annual assurance statement for 20/21.*

- *While AGRS was able to provide positive statements of assurance in the majority of audits completed in 2019/20, four areas resulted in ‘major improvement’ assurance levels:*
 - *follow-up review of domestic waste collection*
 - *management of the corporate risk on safeguarding*
 - *IT asset management and;*
 - *performance management arrangements at Belfast Waterfront Ulster Hall Ltd.**It is important that the action plans that are in place to address these are reviewed in the context of Covid-19 and implemented in as timely a manner as possible.*

- *The pandemic poses significant challenges to the council, city and community and plans are being developed to respond, recover and rebuild. It is important that we identify and assess the main risks to delivery of these plans to help us prioritise mitigating actions and allocation of resources. To this end AGRS has facilitated a fundamental review of the corporate risk register, which will be followed by review of departmental / service level risks at the appropriate time. It is important that the outcome of this review is agreed, ownership assigned and mitigation plans developed and implemented in a timely manner.*

- *The Corporate and Departmental Fraud Risk Assessments will need to be reviewed in the light of Covid-19. AGRS will support management in this process.*

Finally, looking ahead, the Council will be developing and supporting the implementation of plans in 2020/21 to respond, recover and rebuild the organisation, the city and communities from the impact of Covid-19. These plans will be delivered alongside the delivery and potential reshaping of a number of other transformational programmes including the Belfast Region City Deal, Customer Focus Programme and Continuous Improvement Programme. These present significant risks and opportunities to the Council. AGRS will provide assurance and consultancy services in relation to these programmes.

Public Sector Internal Audit Standards

I can confirm that the AGRS Service has conformed to Public Sector Internal Audit Standards during 2019/20. 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 took place in 2017/18 and this confirmed the Service’s compliance with professional standards

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 and developing the arrangements for oversight of the management of these risks;
- 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 Public Sector Internal Audit Standards; and
- a Health & Safety Assurance Board.

Update on the Significant Governance Issues that were declared last year

Five issues were declared last year and two of these, digital information security and the relationship between elected members and officers, continue to be declared as standalone issues in this year's statement. Three other issues that were declared last year regarding waste management, Belfast Region City Deal and city centre recovery and revitalisation, are consolidated within issues in this year's statement under the headings 'Organisational Recovery' and 'City and Community Recovery'.

Significant Governance Issues for the year-end 2020

The significant governance issues for the year-end 2020 were identified through a fundamental review of the risks in the Corporate Risk Register and review of the Directors' Annual Assurance Statements.

The most significant issues for the Council are in relation to:

1. Financial position
2. Organisational Recovery
3. City and Community Recovery
4. Digital information security
5. The relationship between Elected Members and officers

More information on these significant governance issues is provided on the following pages.

1. Financial position

The Council set a rate for 2020/21 based on an expenditure budget of £205.7m. The expenditure is budgeted to be financed through £167.3m of rates income and £38.4m of Council generated income including £21.5m of fees & charges, £11.1m from other services and £5.8m of external grants.

The Covid-19 pandemic will have a major impact on the 2020/21 budget. The key financial risks are:

- a) Loss of income – the total loss of income which the Council will have to face will depend on how long the Council will need to keep facilities closed, cease to deliver services and the demand for services from customers in a social distancing environment. The Council gave all its tenants, industrial and otherwise, a rental holiday on estates from April 2020 to June 2020 for a 3 month period. This rental holiday relates to the 20/21 financial year and has not been included in 2019/20 accounts.
- b) Cash Flow – if the Council is unable to meet its cash flow demands there will be a need to borrow cash and / or exercise the already agreed overdraft facility it has with its bank.
- c) Rates Income – the four month (April – July 2020) non-domestic rates relief guarantees the Council its full non-domestic rate. Whilst the rates scheme has been extended, it is not on the same basis as for the first four months. There is a significant risk that the rates collected will be less than estimated because of an increase in non-domestic vacancies and higher levels of rates debt. In order to mitigate this risk local government is requesting the Finance Minister to guarantee councils its rate income based on the Estimated Penny Product (EPP) used to set the district rate. Officers are carrying out an analysis to quantify this risk for both 2020/21 and in future years.
- d) Debt – officers are anticipating higher levels of debt and have increased the bad debt provision by £542k. This will be kept under review during the year.
- e) Job Retention Scheme – this scheme is currently being used by both GLL (the social enterprise responsible for the operation of 14 leisure centres in Belfast in partnership with the council), and Belfast Waterfront and Ulster Hall (BWUH) Ltd. This means there has been no liability for the Council other than the payment of the budgeted management fee for both. However, with the amount of relief reducing, there could be significant financial consequences for the Council. For the BWUH Ltd the loss is forecast to be in the region of £1.5m. GLL have indicated that the cost of the removal of the scheme would be around £450k per month.
- f) Covid-19 Support – if Members agree to provide further financial support to Covid-19 community work this will not have been budgeted for and will require the finance to be found from existing budgets or reserves.

We are currently quantifying the risks and exploring funding opportunities. This work includes:

- Maximising external support through:
 - Requesting support from government through Department for Communities
 - Seeking support from Department for Agriculture, Environment and Rural Affairs for Zoo costs.
 - Scheme of Emergency Financial Assistance
- Use of Job Retention Scheme
- Reviewing income forecasts for 100 cost centres across 23 income types.
- Reviewing expenditure budgets to identify potential cost savings and spend increases.
- Reviewing BWUH Ltd and GLL financial position.
- Reviewing capital expenditure and the capital financing budget.
- Assessing the in-year and future years rates income.
- Reviewing potential re-alignment of specified reserves, if required.
- Developing a suite of temporary expenditure controls.
- Developing options to balance the budget for 2020/21.

2. Organisational Recovery

On 23 March 2020, in line with recent government advice regarding social distancing, the Chief Executive took the decision to send 'non critical' staff home to work from home and prioritized the continued delivery of critical services throughout the Covid-19 pandemic. During May / June 2020, arrangements were put in place to plan the move from emergency response period into the recovery period. An Organisational Recovery Group has been established, supported by three sub-groups on Assets, Physical Recovery and Homeworking. Six principles of internal recovery have been agreed as follows:

- Protecting the health of all staff and the public
- Ensuring social distancing measures are designed into facilities, and business processes as appropriate
- Adhere to the most up to date government and public health advice and regulation
- Optimise the use of technology and new business processes to deliver remote working and access to services where possible
- Phased and coordinated service recovery across the organisation
- Ensure all the principles are considered in the context of robust financial controls and equality

The Organisational Recovery Group is responsible for ensuring that the challenges associated with organisation recovery are managed in a consistent and coordinated way. Challenges include; adherence to the six principles of internal recovery; compliance with health, safety and wellbeing requirements; management of the additional information security risks arising from large scale remote working; management of the financial impact of recovery and realignment of corporate priorities and programmes. It is important to ensure that there is a clearly agreed corporate focus and direction going forward, that takes into account the financial challenges facing the council.

3. City and Community Recovery

City Recovery

In the midst of the Covid-19 pandemic, the Council focused on protecting health and minimising the human cost, providing relief to their communities and delivering essential day-to-day services. Council officers have been working closely with partner organisations in the public, private and statutory sectors to understand the scale of the challenge and develop collaborative solutions to mitigate the impact of Covid-19 on the local economy and community, supporting businesses to reopen in a safe way, providing employment opportunities and vibrancy to local communities and city centre.

It is evident that there will be lasting structural changes to the city's economy, its infrastructure, its environment and to its communities, and will likely result in financial and economic uncertainty for some time. Initial estimates are that the NI economy is likely to contract by around 12.7%, with 249,000 private sector workforce estimated to be furloughed/laid off and a significant increase in Universal Credit applications. The sectors most impacted include tourism, hospitality, retail manufacturing and real estate.

The crisis has shone a spotlight on vulnerabilities within key systems and the structures of our economy and society, however, some benefits will be felt by the city from the behavioural change brought about in response to the crisis (such as less car usage, flexible working arrangements, more community interaction, support for front line workers). It is important that we understand what these are, and how feasible it is to sustain these behaviours over time.

Given the scale, complexity and uncertainty which exists, an internal Recovery Leadership Group has been established, with resources aligned to support and principles in place to guide the development and implementation of a phased and integrated recovery programme 'Respond, Rebuild, Recovery, that adheres to the NI Executive's 5 Step Pathway to Recovery. The emerging recovery plan is focused on four interrelated pillars – economic, social and community, environmental and digital innovation. There is also a significant programme of work underway to ensure organisational and operational readiness in terms of staff, services, assets, facilities and processes.

Significant engagement is taking place with relevant government departments involved in the regional response to the pandemic, particularly Department for Communities, Department for Infrastructure, Department of Finance, Department of Health and Department for the Economy. Council officers are also working with our community and city partners to help shape our approach to recovery and help rebuild a new economy in a very different economic climate, maintaining a focus on sustainable and inclusive growth.

Community Recovery

The need for Council and other partners to work together with local communities to jointly plan and maximise the impact of interventions, services and investments, and to ensure these approaches are tailored to meet local priorities and needs, has never been greater.

The current Covid-19 crisis is creating significant economic and social challenges for Belfast, and these impacts will weigh heavily on the city's communities at neighbourhood levels in the coming years.

During the response to Covid-19 the strength of Belfast's vibrant communities and supporting sectors has been at the forefront, with many examples of partnership working to address urgent community needs, in localities and across the city. There has been significant learning as a result of the emergency response both internally within Council and based on feedback from community partners, which will inform our plans for recovery which will include:

- Ability to be responsive to need and empowering communities;
- Meaningful and highly effective relationships between Council, statutory and community partners to aid agile service delivery;
- Creating opportunities for engaging/supporting more volunteering in communities;
- Opportunity to embed area-working concept both internally/externally with partners.

Looking ahead it will be important that we work collaboratively to harness the energy of our communities and city partners, ensuring greater co-ordination and innovation in addressing the specific issues that communities face across the city. As we move forward, there is a need to work with communities to further develop community confidence, capacity and resilience across neighbourhoods through a range of programmes of support.

4. Digital Information Security

IT Asset Management (ITAM) is the practice of managing IT assets covering software, hardware, systems or services throughout their life to maximise value and minimise associated risks, including data leakage, security and increased costs. An internal audit of IT Asset Management found that:

- The processes for the management of IT assets are outlined in an IT Asset Management Strategy and related policies and procedures;
- There are some processes in place to manage the IT asset lifecycle and ensure accurate records are maintained.
- There is a disaster recovery plan in place identifying critical assets and a testing policy to ensure this is effective.

But that there is a need to implement key actions to:

- Establish a management and governance framework over the use of cloud computing services;
- Develop a plan to upgrade or protect servers that are running on unsupported operating systems;
- Extend vulnerability scanning;
- Introduce penetration testing in order to better manage risks in relation to security and data protection.

With large numbers of staff working from home in response to Covid-19, accurately identifying and reconciling where IT equipment and software assets are deployed will need greater co-operation from line of business managers and staff. Digital Services will maintain inventories outside normal processes for IT equipment provided on a temporary basis under extremely short timescales.

It should also be noted that now that the majority of Council officers are remote users and are relying on their home internet services for remote working, it will be more difficult to manage the risks relating to Cloud applications identified in the IT Asset Management Audit. For this reason Digital Services are currently working with external security specialists to carry out an Information security assessment to highlight the greatest areas of Information Security risk. This work is on-going, information gathering workshops have taken place and a final report is due before the end of December to include:

- An assessment of key risks;
- A review of existing security controls;
- An assessment of controls against and alignment with relevant industry best practice;
- Recommendations for enhancements to the existing security control environment to support our ICT Strategy and to improve the cyber resilience of the Council.

5. The relationship between Elected Members and officers

Belfast City Council is a political organisation and as such, this can often present a challenging working environment for officers, one that is particularly unique in public sector in the UK and Ireland. It is important for Elected Members to be cognisant of the organisation's duty of care to all employees while they fulfil their obligations as Elected Members. The legal rights of staff and individual officers must also be recognised. Governance is in place in order for Members and officers to follow due process. Operating outside that agreed governance could have a detrimental impact on relationships; therefore impacting on the effective delivery of the organisation's overall strategy and priorities, and damaging the image and reputation of the organisation. This could also undermine the confidence and morale of staff who, at all times, are required to carry out their duties in an impartial and balanced way, acting in the best interests of the organisation, and offering their expert advice and opinion without any political influence or bias. Staff need to have confidence that any interaction between officers and Elected Members, particularly on sensitive issues, takes place within that agreed governance, and that Members should consider this when making any comments on public forums or in the media.

A new policy incorporating a standards regime and monitoring is being developed to introduce new safeguards and strengthen those that currently exist for the member / officer interface. Senior officers and Party Group Leaders will continue to meet periodically to ensure alignment of objectives and to promote a shared understanding of the working environment.

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 2020

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.

Guidance and determinations on Councillors' Allowances applicable from 1 April 2019 were issued by the Department for Communities on 6 March 2019 (Circular LG 07/2019). Details of the allowances paid to individual councillors are published on council websites.

Following local elections on 2 May 2019, 462 councillors were elected to the 11 new Councils for a four year term. Belfast City Council has 60 elected Members representing 10 District Electoral Areas.

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 Corporate Management Team, namely the Chief Executive and Directors.

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	2019/20		2018/19	
	Total Allowances	Number of Councillors	Total Allowances	Number of Councillors
Basic Allowance	898,245	60	851,196	60
Special Responsibility	103,281	49	106,691	39
Lord Mayor Allowance	34,332	1	34,800	1
Deputy Lord Mayor Allowance	6,250	1	6,250	1
PCSP Allowance	10,800	29	12,360	25
High Sheriff's Allowance	6,250	1	6,250	1
Subsistence	2,098	10	4,223	25
Mileage Allowance	7,249	34	14,248	33
Courses/ Conferences Visits (registration & joining fees)	8,540	12	5,997	20
Telephone rental	285	5	4,410	16
Miscellaneous costs				
Other Travel allowance	4,705	10	9,270	27
TOTAL ALLOWANCES	1,082,035		1,055,695	-

Details of the allowances paid to individual councillors in 2019/20 are published on the council website at www.belfastcity.gov.uk/council/your-council/councillors-allowances

The above table provides further information and details on the allowances paid to councillors to that published on the council website.

Due to the elections on 6 May 2019, there were many newly elected Councillors and details of the current Councillors can be found on the council website.

REMUNERATION OF SENIOR EMPLOYEES

The remuneration of senior employees covers the Corporate Management Team. The following table provides details of the remuneration paid to senior employees:

Table 2 - Table 2: Remuneration (including salary)(audited information)

Officers	2019/20				2018/19			
	Salary (Full year equivalent in brackets where applicable) £'000	Bonus Payments £'000	Benefits in kind £'000	Total £'000	Salary (Full year equivalent in brackets where applicable) £'000	Bonus Payments £'000	Benefits in kind £'000	Total £'000
Chief Executive - Suzanne Wylie	140-145	0	0	140-145	140-145	0	0	140-145
Director of Finance & Resources - Ronan Cregan	110-115	0	0	110-115	110-115	0	0	110-115
Director of Physical Programmes - Gerry Millar*	25-30 (105-110)	0	0	25-30 (105-110)	105-110	0	0	105-110
Director of Physical Programmes - Sinead Grimes**	80-85	0	0	80-85	n/a	n/a	n/a	n/a
Director of City & Neighbourhood Services - Nigel Grimshaw	105-110	0	0	105-110	100-105	0	0	100-105
City Solicitor - John Walsh	105-110	0	0	105-110	100-105	0	0	100-105
Director of City & Organisational Strategy - John Tully	105-110	0	0	105-110	100-105	0	0	100-105
Strategic Director of Place & Economy - Alistair Reid	100-105	0	0	100-105	85-90 (95-100 FYE)	0	0	85-90 (95-100 FYE)
Commissioner for Resilience - Grainia Long	85-90	0	0	85-90	65-70 (80-85 FYE)	0	0	65-70 (80-85 FYE)

*Director of Physical Programmes Gerry Millar left the post on 30 June 2019

**Director of Physical Programmes - Sinead Grimes was appointed on 6 May 2019

Councils are required to disclose the relationship between the remuneration of the highest paid member of the Corporate Management Team and the median remuneration of the Councils workforce.

The banded remuneration of the highest paid member of the Corporate Management Team in the financial year 2019/20 was £140-145k. This was 6 times the median remuneration of the workforce, which was £23,836.

Table 3: Relationship between the remuneration of the highest paid member of the Corporate Management Team and the median remuneration of the Councils workforce (audited information)

	2019/20	2018/19
Salary Band of Highest Paid member of the Executive	140-145	140-145
Median Total Remuneration	23.8	23.1
Ratio	6	6.1

In 2019/20, no employees received remuneration in excess of the highest paid member of the Corporate Management Team.

Total remuneration includes salary, bonus payments and benefits in kind.

Salary

"Salary" includes gross salary and any ex 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 all staff by the Council, together with total cost per band and total cost of the voluntary redundancies as agreed under the Council's voluntary redundancy scheme are set out in the table below:

Table 4: Exit Packages In 2019/20 (audited information)

Severance Package Cost Band	2019/20				2018/19			
	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	0	1	1	8	0	2	2	24
£20,001 - £40,000	0	9	9	259	0	5	5	126
£40,001 - £60,000	0	5	5	254	0	4	4	206
£60,001 - £80,000	0	2	2	134	0	7	7	497
£80,001 - £100,000	0	1	1	85	0	1	1	94
£100,001 - £150,000	0	2	2	237	0	6	6	691
£150,001 - £200,000	0	0	0	0	0	2	2	365
Total	0	20	20	977	0	27	27	2,003

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 2019, were as follows:

Table 5: Employee Contribution Rates

Band	Range	Employee Contribution Rate
1	£0 - £14,800	5.5%
2	£14,801 - £22,600	5.8%
3	£22,601 - £37,700	6.5%
4	£37,701 - £45,700	6.8%
5	£45,701 - £90,400	8.5%
6	More than £90,400	10.5%

Employers' contribution rates are determined by the fund's actuary every three years at the triennial valuation. Contribution rates for the 2019/20 year were set from the triennial actuarial valuation of the fund as at 31 March 2016. A formal triennial actuarial valuation of the Fund as at 31 March 2019 was carried out in 2019/20 and set the employer contribution rates for the 3 years commencing 1 April 2020 as follows:

Table 6: Employer Contribution Rates

Year	Employer Contribution Rate
1 April 2019 - 31 March 2020	20% + 2% deficit contribution
1 April 2020 - 31 March 2021	19.5%
2 April 2021 - 31 March 2022	19.5%*
1 April 2022 - 31 March 2023	19.5%*

*The employer contribution rates for 2021/22 and 2022/23 remain under review due to the possible impact of the Covid-19 crisis.

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 2019/20 was £184,788 (18/19 £160,306).

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 2019/20 (audited information)

Officers	Accrued Pension and Lump Sum (LS) at pension age as at 31/03/20 £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/03/20 £'000	CETV at 31/03/19 £'000	Real increase in CETV £'000
Suzanne Wylie	50-55	0-2.5	1,039	976	39
	105-110 (LS)	0-2.5 (LS)			
Ronan Cregan	50-55	0-2.5	996	923	45
	85-90 (LS)	0-2.5 (LS)			
Sinead Grimes	20-25	5-7.5	302	213	78
	20-25 (LS)	5-7.5 (LS)			
Nigel Grimshaw	5-10	0-2.5	115	83	19
	0 (LS)	0 (LS)			
John Walsh	40-45	2.5-5	773	703	47
	60-65 (LS)	0-2.5 (LS)			
John Tully	0-5	0-2.5	59	29	19
	0 (LS)	0 (LS)			
Alistair Reid	0-5	0-2.5	55	24	20
	0 (LS)	0 (LS)			
Grainia Long	0-5	0-2.5	30	13	10
	0 (LS)	0 (LS)			
Gerry Millar	50-55	0-2.5	1,110	1,084	21
	110-115 (LS)	0-2.5 (LS)			

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. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Chief Executive

Certificate of the Chief Financial Officer

I certify that:

- (a) The Statement of Accounts for the year ended on pages 42 to 133 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 46 to 69 and page 122.
- (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 2020.

Chief Financial Officer

Date

These accounts were approved by resolution of the Strategic Policy & Resource Committee on 18 December 2020

Chairperson

Date

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

Belfast City Council
Movement in Reserves Statement for the year ended 31 March 2020

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustment required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

	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 2018	24,408,596	28,241,306	4,739,457	57,389,359	481,505,711	538,895,070
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	(18,000,936)	-	-	(18,000,936)	-	(18,000,936)
Other Comprehensive Income and Expenditure	-	-	-	-	24,971,471	24,971,471
Total Comprehensive Income and Expenditure	(18,000,936)	-	-	(18,000,936)	24,971,471	6,970,535
Adjustments between accounting basis & funding under regulations	18,313,728	(89,928)	400,000	18,623,800	(18,583,644)	40,156
Net Increase before transfers to Statutory and Other Reserves	312,792	(89,928)	400,000	622,864	6,387,827	7,010,691
Transfers to / from Statutory and Other Reserves	349,548	(349,548)	-	-	-	-
Other movements	726,052	(8,058)	61,000	778,994	(304,704)	474,290
Increase/ Decrease in year	1,388,392	(447,534)	461,000	1,401,858	6,083,123	7,484,981
Balance as at 31 March 2019	25,796,988	27,793,772	5,200,457	58,791,217	487,588,834	546,380,051
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	(12,487,676)	-	-	(12,487,676)	-	(12,487,676)
Other Comprehensive Income and Expenditure	-	-	-	-	6,663,428	6,663,428
Total Comprehensive Income and Expenditure	(12,487,676)	-	-	(12,487,676)	6,663,428	(5,824,248)
Adjustments between accounting basis & funding under regulations	14,558,904	342,300	4,572,001	19,473,205	(22,498,871)	(3,025,666)
Net Increase before transfers to Statutory and Other Reserves	2,071,228	342,300	4,572,001	6,985,529	(15,835,443)	(8,849,914)
Transfers to / from Statutory and Other Reserves	(856,388)	856,388	-	-	-	-
Other movements	1,680,845	(94,388)	-	1,586,457	(156,902)	1,429,555
Increase in year	2,895,685	1,104,300	4,572,001	8,571,986	(15,992,345)	(7,420,359)
Balance as at 31 March 2020	28,692,673	28,898,072	9,772,458	67,363,203	471,596,489	538,959,692

Belfast City Council
Comprehensive Income and Expenditure Statement for the year ended 31 March 2020

The Comprehensive Income and Expenditure 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 statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

		2019/20			2018/19		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
Service Expenditure	Notes	£	£	£	£	£	£
Strategic Policy & Resources	2	65,875,784	(13,685,316)	52,190,468	78,594,231	(11,644,878)	66,949,353
City Growth & Regeneration	2	32,164,175	(9,715,544)	22,448,631	33,610,670	(10,302,272)	23,308,398
People & Communities	2	120,253,125	(15,574,828)	104,678,297	112,535,363	(16,091,022)	96,444,341
Planning & Licensing	2	8,145,681	(6,360,679)	1,785,002	8,527,144	(6,208,226)	2,318,918
Cost of Services on Continuous Operations		226,438,765	(45,336,367)	181,102,398	233,267,408	(44,246,398)	189,021,010
Other Operating Expenditure/Income	8	954,852	(1,192,650)	(237,798)	-	(30,080)	(30,080)
Financing and Investment Income and Expenditure	9	9,657,481	(10,744,838)	(1,087,357)	6,074,753	(13,984,884)	(7,910,131)
(Surplus) or Deficit on Discontinued Operations				-			-
Net Operating Expenditure		237,051,098	(57,273,855)	179,777,243	239,342,161	(58,261,362)	181,080,799
Taxation and Non-Specific Grant Income	10	1,794,150	(169,083,717)	(167,289,567)	(91,683)	(162,988,180)	(163,079,863)
(Surplus)/Deficit on the Provision of Services		238,845,248	(226,357,572)	12,487,676	239,250,478	(221,249,542)	18,000,936
(Surplus)/Deficit on revaluation of non-current assets	11			(27,846,428)			(9,648,471)
Impairment losses on non-current assets charged to the Revaluation Reserve	11			-			-
Surplus/(Deficit) arising on revaluation of available-for-sale financial assets	11						
Remeasurements of the Net Defined Benefit Liability (Asset)	20			21,183,000			(15,323,000)
Share of Other Comprehensive Expenditure & Income of associates and joint ventures	29			-			-
Other Comprehensive Income and Expenditure				(6,663,428)			(24,971,471)
Total Comprehensive Income and Expenditure				5,824,248			(6,970,535)

Belfast City Council
Balance Sheet as at 31 March 2020

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. 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, ie 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. The second category of reserves is those that the Council 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 2020	31st March 2019
		£	£
Fixed Assets	11	789,071,594	746,868,338
Long Term Investments		-	-
Investment In Associates and Joint Ventures	29	3,436,859	3,436,859
Long Term Debtors	15	439,542	603,659
Contract Assets		-	-
Contract Costs		-	-
LONG TERM ASSETS		792,947,995	750,908,856
Short Term Investments		-	-
Inventories	14	370,474	276,290
Short Term Debtors	15	20,851,890	14,936,338
Cash and Cash Equivalents	24	16,728,224	23,574,416
Assets Held for Sale	11	1,340,000	266,607
Contract Assets	3	378,981	1,947,969
CURRENT ASSETS		39,669,569	41,001,620
Bank Overdraft	24	-	-
Short Term Borrowing	16	9,739,488	4,000,000
Short Term Creditors	17	32,515,006	30,097,266
Provisions	18	3,131,517	2,894,851
Contract Liabilities	17	277,387	-
CURRENT LIABILITIES		45,663,398	36,992,117
Long Term Creditors	17	50,386	50,386
Provisions	18	1,822,694	1,789,315
Long Term Borrowing	16	62,967,173	58,888,981
Other Long Term Liabilities	20	182,307,942	146,360,942
Donated Assets Account	21	430,000	430,001
Capital Grants Receipts in Advance	22	416,279	1,018,683
LONG TERM LIABILITIES		247,994,474	208,538,308
NET ASSETS		538,959,692	546,380,051
USABLE RESERVES			
Capital Receipts Reserve	25	9,772,458	5,200,457
Deferred capital receipts	25	342,300	-
Capital Fund	25	19,369,748	25,288,151
Leisure Mobilisation Fund	25	887,800	1,441,702
Neighbourhood Regeneration Fund	25	8,000,000	-
Other Balances and Reserves	25	298,224	1,063,919
General Fund	25	28,692,673	25,796,988
		67,363,203	58,791,217
UNUSABLE RESERVES			
Capital Adjustment Account	26	467,891,058	470,959,253
Revaluation Reserve	26	187,575,231	164,611,507
Pensions Reserve	26	(182,307,942)	(146,360,942)
Accumulated Absences Account	26	(1,363,705)	(1,357,825)
Provisions Discount Rate Reserve	26	(198,153)	(263,159)
		471,596,489	487,588,834
NET WORTH		538,959,692	546,380,051

Belfast City Council
Cash Flow Statement at 31 March 2020

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 (ie borrowing) to the Council.

	Note	2019/20	2018/19
		£	£
Net Deficit on the provision of services		(12,487,676)	(18,000,936)
Adjustment for non-cash movements	24	41,007,732	46,538,139
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	24	(10,200,474)	(3,393,017)
Net cash flows from operating activities		18,319,582	25,144,186
Cash flows from Investing Activities	24	(34,983,455)	(38,113,940)
Net Cash flows from Financing Activities	24	9,817,681	26,125,958
Net increase or decrease in cash and cash equivalents		(6,846,192)	13,156,204
Cash and cash equivalents at the beginning of the reporting period		23,574,416	10,418,212
Cash and cash equivalents at the end of the reporting period		16,728,224	23,574,416

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting Policies

a General Principles

The Statement of Accounts summarises the Council's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. 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 2018/19, 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 contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

- 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 receivable on investments and payable on borrowings is accounted for respectively as income and expenditure 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 highly liquid 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 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.

iv)

Employee Benefits

Short-term employee benefits are those due to be settled wholly 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 (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the applicable wage and salary rate. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

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 in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

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.

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 based on the Aon Hewitt GBP Select AA Curve over the duration of the Employer's liabilities.

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 the following 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, this means that there are transfers 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.

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.

v) **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:

- 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
- 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 Statement of Accounts may subsequently be adjusted up to the date when they are authorised for issue. This date will be recorded on the Statement of Accounts and is usually the date the Local Government Auditor issues the 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.

vi) **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.

vii) **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 (unless stated otherwise) 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.

During 2019/20 the Council revised its Heritage Asset policy and this is included in section xxi of Note 1. Any necessary restatements have been reflected in the relevant notes and statements in the Accounts.

During 2019/20 the Council reviewed its methodology for the estimation of depreciation on vehicles. An improved methodology has been applied during 2019/20 and is reflected in the relevant notes and statements in the accounts, and will be applied for future years to more accurately reflect the pattern of use and consumption of vehicle assets. This change does not alter the Council's current accounting policy for vehicles nor their measurement bases, as set out in section xix of Note 1.

viii) **Financial Instruments**

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.

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 General 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 based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost 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 subsequently 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 financial assets held by the Council, 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 is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL 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. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices - the market price
- other instruments with fixed and determinable payments - discounted cash flow analysis.

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.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

ix) **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.

x) **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:

- the Council will comply with the conditions attached to the payments, and
- 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 in the form of 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.

xi) **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 FIFO costing formula.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

xii) **Overheads and Support Services**

The majority of overheads and support services are included in the expenditure of the Strategic Policy & Resources Committee in the Comprehensive Income and Expenditure Statement.

xiii) **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.

xiv) **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 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 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 General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £5,000) the Capital Receipts Reserve.

xv) **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, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measureable date. As a non-financial asset, investment properties are measured at highest and best use. 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 General 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.

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, plant or equipment 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, plant or equipment – 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 (where ownership of the asset does not transfer to the Council at the end of the lease period).

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 contribution is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution 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 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 is 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 capital receipt for the disposal of the asset is used to write down the lease 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 District rates, as the cost of non-current 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) **Surplus Assets**

Surplus assets are non-operational assets that do not meet the conditions to be classified as assets held for sale. They are measured at fair value, reflecting the actual market state and conditions at the balance sheet date (which is the valuation date) with best evidence of fair value in an active market for similar properties in the same location. The council classifies assets to surplus assets on the advice of its estates management officers and in consultation with its external property valuers.

The surplus assets held by the council comprise a number of properties including land, buildings or sites of land and buildings combined, which have not reached the stage where the council can market these for sale advantageously, or where the properties have restrictions that prevent them currently being brought to market.

xviii) **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 in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as assets 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 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 non-current 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.

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-minimis level of £25k to Plant & Machinery, Information Technology equipment, Fixtures & 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 addressed.

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 does not have commercial substance (ie it will not lead to a variation in the cash flows of the Council). In the latter case, where an 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, community assets and assets under construction – depreciated historical cost
- short life assets, including road vehicles, plant and equipment, fixtures and fittings, office equipment, and IT and IT equipment – depreciated historic cost as a proxy for current value
- surplus assets – fair value (at highest and best use)
- investment properties – 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),
- b. where there is no balance in the Revaluation Reserve or an insufficient balance, 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 tangible asset:

- 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) **Community Assets**

From 1 April 2017, community assets are recognised, measured and accounted for at their depreciated historic cost. The historical cost of a community asset is deemed to be the carrying amount of an asset as at 1 April 2007 or at the date of acquisition, whichever date is the later, and adjusted for subsequent depreciation or impairment (if applicable).

Community assets that consist of land or that have an indeterminable useful life will not be depreciated but will be subject to annual review for impairment. Community assets that are depreciable, or that have depreciable components, and have a determinable useful life will be depreciated systematically at a constant (straight-line) rate over their useful lives, as well as being subject to impairment review if there is evidence of excessive deterioration or that their value to the Council is below their then carrying amount.

Depreciation on community assets will be charged on an annual basis to the appropriate service of the Council in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

xxi) **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. Where no cost can be measured reliably, heritage assets are not held at a monetary value and are not reported in the balance sheet. Such assets will continue to be retained by the Council and will form part of its heritage assets collection, and will be reported in summary by way of a note to the financial statements.

Summary information on Heritage Assets has been provided for transactions in 2018/19 and 2019/20 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.

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 transferring amounts out of the General Fund Balance. 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 transferred back into the General Fund Balance 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, retirement benefits and employee 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**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current 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 contribution 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 amortisation are therefore replaced by the contribution in the General Fund Balance [minimum revenue provision (MRP)], by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the

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**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

xxvii) **The Carbon Reduction Commitment Scheme (CRC)**

The Council is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. The scheme is currently in the last year of its introductory phase, which ends on 31st March 2014. 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. There were no costs to be disclosed in 2019/20.

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. In 2019-20 the costs of production of gas were outweighed by the income and resulted net gain of £77k. 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 Council 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 Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council'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.

xxx) **Capital Receipts Unapplied**

This represents capital receipts that are held on the balance sheet to finance future capital expenditure. Income from disposal of fixed assets is posted into the capital receipts unapplied account until such time as it is allocated to finance other capital expenditure.

The amount of £112k in capital receipts unapplied relates to the remaining proceeds from a disposal to the NIHE which is being used to finance a playground.

b Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

At the balance sheet date, the following new standards and amendments to existing standards have been published, but not yet adopted by the Code of Practice for Local Authority Accounting:

- a) Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- b) Annual Improvements to IFRS Standards 2015–2017 Cycle
- c) Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement
- d) On implementation of IFRS16 for local government, there will be a requirement for Councils that are lessees to recognise most leases on their balance sheet as a right of use assets with corresponding lease liabilities (with exemptions for low value and short term leases)

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. The impact of amending the interest rates used to discount this provision has been mitigated through the creation of a Provision Discount Rate Reserve to accommodate fluctuations in the current value of the annual calculation of long term provisions for landfill costs.

d Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

Pension Liability

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 AON Hewitt 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 2020 and the projected service cost for the year ending 31 March 2021 is set out in Note 20.

2

a Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, and rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's committees. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	2019/20			2018/19		
	Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure In the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure In the Comprehensive Income and Expenditure Statement
	£	£	£	£	£	£
Strategic Policy & Resources	45,216,695	(6,973,773)	52,190,468	46,900,685	(20,048,668)	66,949,353
City Growth & Regeneration	16,699,905	(5,748,726)	22,448,631	17,772,285	(5,536,113)	23,308,398
People & Communities	81,714,666	(22,963,631)	104,678,297	81,126,640	(15,317,701)	96,444,341
Planning & Licensing	888,983	(896,019)	1,785,002	1,799,300	(519,618)	2,318,918
Net Cost of Services	144,520,249	(36,582,149)	181,102,398	147,598,910	(41,422,100)	189,021,010
Other Income and Expenditure	(147,415,934)	21,198,788	(168,614,722)	(148,987,302)	22,032,772	(171,020,074)
Surplus or Deficit	(2,895,685)	(15,383,361)	12,487,676	(1,388,392)	(19,389,328)	18,000,936
Opening General Fund			25,796,988			24,408,596
Surplus/(Deficit) on General Fund Balance In Year			2,895,685			1,388,392
Closing General Fund			28,692,673			25,796,988

2

b

Note to the Expenditure and Funding Analysis

- This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement

Adjustments between Funding and Accounting Basis

2019/20

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Other non-statutory Adjustments	Total adjustments
	£	£	£	£	£
Strategic Policy & Resources	(3,213,467)	(4,918,654)	48,169	1,110,179	(6,973,773)
City Growth & Regeneration	(4,572,468)	(920,616)	(1,851)	(253,791)	(5,748,726)
People & Communities	(17,087,160)	(5,865,716)	(10,755)	-	(22,963,631)
Planning & Licensing	-	(909,674)	13,655	-	(896,019)
Net Cost of Services	(24,873,095)	(12,614,660)	49,218	856,388	(36,582,149)
Other Income and Expenditure from the Expenditure and Funding Analysis	24,816,973	(1,937,340)	-	(1,680,845)	21,198,788
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(56,122)	(14,552,000)	49,218	(824,457)	(15,383,361)

Adjustments between Funding and Accounting Basis

2018/19

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Other non-statutory Adjustments	Total adjustments
	£	£	£	£	£
Strategic Policy & Resources	(3,284,280)	(17,218,473)	(72,116)	526,201	(20,048,668)
City Growth & Regeneration	(4,065,197)	(575,729)	(19,438)	(875,749)	(5,536,113)
People & Communities	(11,675,580)	(3,652,191)	10,070	-	(15,317,701)
Planning & Licensing	-	(529,803)	10,185	-	(519,618)
Net Cost of Services	(19,025,057)	(21,976,196)	(71,299)	(349,548)	(41,422,100)
Other Income and Expenditure from the Expenditure and Funding Analysis	25,191,548	(2,512,804)	-	(645,972)	22,032,772
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	6,166,491	(24,489,000)	(71,299)	(995,520)	(19,389,328)

Each committee is responsible for the delivery of key services to the Council and the main services included in each committee is as follows:

Strategic Policy and Resources Committee

The net expenditure of this committee includes Legal and Civic Services, Finance and Resources, City Organisation Structure and Major Projects and Corporate Priorities with Human Resources and Good Relations.

City Growth and Regeneration Committee

The net expenditure of the committee includes Economic Initiatives and City Regeneration, City Events and Venues including Off-Street Car Parking, Place and Economy and Parks Estates and Zoo.

People and Communities Committee

The net expenditure of the committee includes Cleansing, Waste Management and vehicles, Parks, Cemeteries and Leisure Centres, Environmental Health, Neighbourhood and Development and Community Services.

Planning and Licensing

The net expenditure includes Planning and Building Control services.

3 a Expenditure and Income Analysed by Nature

Expenditure		2019/20	2018/19
	Notes	£	£
Employee Benefits Expenses	7	89,672,827	88,602,500
Other Services Expenditure		123,015,131	126,408,328
Support Service Recharges		-	-
Depreciation, Amortisation, Impairment	11	21,084,420	19,025,057
Interest Payments	9	2,038,668	1,811,731
(Gain) on the Disposal of Assets	8	(237,798)	(80,080)
Other Expenditure		3,272,000	3,482,942
Total Expenditure		238,845,248	239,250,478

Income		2019/20	2018/19
	Notes	£	£
Fees, Charges and other service Income		(48,329,017)	(44,276,478)
Interest and Investment Income	9	(10,744,838)	(13,984,884)
District rate income	10	(155,996,334)	(154,776,084)
Government grants and Contributions	10	(11,287,383)	(8,212,096)
Support Service Income		-	-
Other Income		-	-
Total Income		(226,357,572)	(221,249,542)
Deficit on the Provision of Services		12,487,676	18,000,936

b Revenue from contracts with service recipients

On transition to IFRS 15, there is no impact on the Belfast City Council revenue recognition for contracts with customers.

Amounts included in the Comprehensive Income and Expenditure Statement for contracts with service recipients:

Revenue from contracts with service recipients		2019/20	2018/19
	Notes	£	£
Strategic Policy & Resources		3,932,921	3,923,655
City Growth & Regeneration		3,052,209	911,423
People & Communities		975,138	3,146,839
Total included in Comprehensive Income and Expenditure Statement		7,960,268	7,981,917

Revenue from contracts with service recipients includes services such as the provision of IT support, the provision of off street car parking facilities, and the sale of recycle. Income is recognised as the contract obligation is satisfied and received in arrears after each event.

The Council has applied the accounting standard to determine revenue recognition under IFRS 15.

Amounts included in the Balance Sheet for contracts with service recipients:

		31st March 2020	31st March 2019
	Notes	£	£
Receivables, which are included in debtors		-	-
Contract Assets		378,981	1,947,969
Contract Liabilities		(277,387)	-
Other		-	-
Total Included in Net Assets		101,594	1,947,969

4 Adjustments 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:

		2019/20		2018/19	
	Notes	£	£	£	£
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		-	-	-	-
Derecognition (other than disposal) of non-current assets	11	-	-	-	-
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	11	1,605,228		(6,312,957)	
Depreciation charged in the year on non-current assets	11	19,364,089	20,969,317	18,313,014	12,000,057
Net Revenue expenditure funded from capital under statute	12		-		-
Carrying amount of non current assets sold	11	4,704,852		350,000	
Proceeds from the sale of PP&E, investment property and intangible assets	8, 24	(4,942,650)	(237,798)	(430,080)	(80,080)
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	20		30,234,000		38,826,000
Direct revenue financing of Capital Expenditure	12,25		(7,870,253)		(9,239,567)
Capital Grants and Donated Assets Receivable and Applied in year	10		(5,252,737)		(2,919,677)
Capital Grants Receivable and Unapplied in year	10		(5,087)		(133,188)
Rates Claw-Back Reserve			-		-
Adjustments in relation to Short-term compensated absences	26		5,880		13,595
Adjustments in relation to Lessor Arrangements			-		-
Landfill Regulations Reserve Adjustment			-		-
Provisions Discount Rate Reserve Adjustment	26		(55,098)		57,704
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	26		(7,547,320)		(5,874,116)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	20		(15,682,000)		(14,337,000)
			14,558,904		18,313,728

b Net transfers (to)/from statutory and other earmarked reserves:					
	Notes	2019/20 £	2019/20 £	2018/19 £	2018/19 £
Capital Fund					
Interest		-	-	-	-
From Capital		-	-	-	-
Other	25c	(2,081,597)	(2,081,597)	247,604	247,604
Leisure Mobilisation Fund					
Interest		-	-	-	-
Other	25d	553,902	553,902	262,632	262,632
Capital Receipts Reserve					
Interest		-	-	-	-
Other	25	-	-	-	-
Other Funds and earmarked reserves					
Interest		(3,300)	-	(10,688)	-
From Other funds		-	-	-	-
Other	25f	674,607	671,307	(150,000)	(160,688)
Unusable reserves					
Capital Adjustment Account		-	-	-	-
			(856,388)		349,548

5 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 benefiting the area or its residents nor is it limited by existing powers.

There was expenditure of £20k under the power of competence during 2019/20.

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 Council's external auditors.

	2019/20 £	2018/19 £
External Audit Fees	89,000	78,000
National Fraud Initiative	-	1,982
Performance Improvement work	7,500	25,000
	96,500	104,982

There were no other fees payable in respect of any other services provided by the appointed auditor over and above those described above.

The reduction in the Performance Improvement audit fee for 2019/20 will be accounted for in the 2020/21 accounts.

6 Operating and Finance Leases
Council as Lessor

a Finance Leases (Council as lessor)

The Council leases out a number of land assets by long term leases with lease terms from 250 to 999 years. The leases for 250 years are on a perpetual basis and it is assumed the leases will be renewed so the economic substance is similar to disposal. The rental income is either nil or 5p per annum. Rent is not normally received on these properties and future minimum lease income is assumed to be nil.

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.

No contingent rents were recognised as receivable by the Council.

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 £6,715,859 (18-19 £6,440,849). 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 125 years. Future minimum lease income is set out below:

	2019/20		2018/19	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
	£	£	£	£
Minimum lease rentals receivable:				
No later than 1 year	6,121,046		6,330,814	
Later than 1 year and no later than 5 years	21,353,343		21,156,154	
Later than 5 years	419,413,365		422,374,653	
	446,887,754	-	449,861,621	-

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

	2019/20		2018/19	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
	£	£	£	£
Cost	96,880,000	-	88,905,000	-
Accumulated depreciation and impairments at 1 April	-	-	-	-
Depreciation charge for the year	-	-	-	-
Impairments	(80,000)	-	4,525,000	-
Revaluations	195,103	-	2,500,000	-
Transfers and reclassifications	404,897	-	1,300,000	-
Disposals	(3,750,000)	-	(350,000)	-
	93,650,000	-	96,880,000	-

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.

The assets acquired under these leases are carried as property, plant and equipment in the Balance Sheet at the following net amounts:

	2019/20	2018/19
	£	£
Other Land and Buildings	676,789	678,204
Vehicles, Plant, Furniture and Equipment	-	-
	676,789	678,204

d Operating Leases (Council as lessee)

The Council is leasing a number of office buildings with lease terms up to 15 years and vehicles/office equipment with lease terms up to 5 years.

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

	2019/20		2018/19	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
	£	£	£	£
Minimum lease payments	282,971	144,784	249,809	9,801
Contingent rentals				
Less: Sublease payments receivable				
	282,971	144,784	249,809	9,801

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:

	31st March 2020		31st March 2019	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
	£	£	£	£
Not later than 1 year	290,041	143,466	284,387	10,116
Later than 1 year and no later than 5 years	941,165	10,474	1,167,802	7,199
Later than 5 years	1,272,247	-	1,456,847	-
	2,503,453	153,940	2,909,036	17,315

7 Employee Costs and Member Allowances

a Staff Costs		2019/20	2018/19
		£	£
Salaries and Wages		69,303,352	68,192,147
Employers NIC		6,617,311	6,331,569
Employers Superannuation		13,752,164	14,078,784
Total staff costs		89,672,827	88,602,500

The above staff costs include the costs of voluntary redundancies in 2019/20. These costs total £977,075 (18/19 £2,003,028) and are disclosed separately in Table 4 of the Remuneration Report. In addition, agency costs during the year amounted to £5,626,073 (2018/19 £4,818,572).

The Council's current contribution rate to NILGOSC scheme is 20% plus a 2% Deficit Recovery Contribution.

Average Number of Employees - where FTE represents fulltime equivalent employees

b Average Number of Employees		2019/20	2018/19
		FTE	FTE
Strategic Policy & Resources		620	627
City Growth & Regeneration		146	153
People & Communities		1,162	1,225
Planning & Licensing		140	145
Total Number		2,068	2,151

		2019/20	2018/19
		Actual Numbers	Actual Numbers
Full-time numbers employed		1,880	1,982
Part-time numbers employed		331	323
Total Number		2,211	2,305

c Senior Employees' Remuneration		2019/20	2018/19
		£	£
£50,001 to £60,000		62	52
£60,001 to £70,000		22	15
£70,001 to £80,000		6	6
£80,001 to £90,000		6	4
£90,001 to £100,000		5	6
£100,001 to £110,000		4	4
£110,001 to £120,000		1	1
£120,001 to £130,000		-	-
£130,001 to £140,000		-	-
£140,001 to £150,000		1	1
Total Number		107	89

d Members' Allowances

	2019/20	2018/19
	£	£
Salaries	-	-
Basic Allowance	898,245	851,196
Mayor & Deputy Mayor's Allowance	40,582	41,050
Special Responsibility Allowance	103,281	106,691
High Sheriff's Allowance	6,250	6,250
Mileage	7,249	14,248
Conference & Courses	8,540	5,997
Travel & Subsistence	6,803	13,493
Miscellaneous Costs	-	-
PCSP Allowance	10,800	12,360
Telephone Rental	285	4,410
Total	1,082,035	1,055,695

e Northern Ireland Civil Service Pension Arrangements

As a result of Local Government Reform on 1st April 2015, staff transferred from Central Government to the Council but remain members of the Northern Ireland Civil Service Pension Scheme.

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Department for Communities is unable to identify its share of the underlying assets and liabilities. The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2016 scheme valuation has been finalised. The outcome of this valuation informed contribution rates from April 2019 for both employers and employees.

For 2019-20, employers' contributions of £327,779 (2018-19 £201,363) were payable to the NICS pension arrangements at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

Employers' contribution rates are determined by the fund's actuary every three years at the triennial valuation. Contribution rates for the 2019/20 year were set from the triennial actuarial valuation of the fund as at 31 March 2016. A formal triennial actuarial valuation of the Fund as at 31 March 2019 was carried out in 2019/20. The contribution rates are set to meet the cost of the benefits accruing during 2019-20 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

8 Other Operating Income & Expenditure

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

	2019/20	2018/19
	£	£
Proceeds from sale	(1,192,650)	(30,080)
Carrying amount of non-current assets sold (excl Investment Properties)	954,852	-
	(237,798)	(30,080)

There are additional disposal costs totalling £3.8m included in People & Communities expenditure.

b Other Operating Income/ Expenditure

	2019/20	2018/19
	£	£
Income	-	-
Expenditure	-	-
	-	-

Other Operating Expenditure	2019/20	2018/19
	£	£
(Surplus) / Deficit on Non Current Assets	(237,798)	(30,080)
Other Operating (Income) / Expenditure	-	-
	(237,798)	(30,080)

9 Financing and Investment Income and Expenditure

a Interest Payable and Similar Charges

	2019/20	2018/19
	£	£
Lease/hire purchase interest	-	-
Bank interest	-	-
Government Loan Interest	1,974,258	1,733,342
Commercial Loan Interest	-	-
Other interest	64,410	78,389
	2,038,668	1,811,731

b Interest and Investment Income

	2019/20	2018/19
	£	£
Bank Interest	142,013	82,444
Employee car loan interest	2,153	4,677
NIHE Loan interest receivable	16,410	21,226
<i>Investment income on Fund Balances</i>		
Capital Fund	-	-
Repairs & Renewals Fund	-	-
Election Fund	3,300	10,688
Other Investment income	-	-
	163,876	119,035

c Pensions interest costs and expected return on pensions assets

	2019/20	2018/19
	£	£
Net interest on the net defined benefit liability (asset)	3,272,000	3,324,000
	3,272,000	3,324,000

d Surplus/ (Deficit) on trading operations

	2019/20	2018/19
	£	£
Income from trading	-	-
Expenditure	-	-
(Surplus)/Deficit for the year	-	-

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

	2019/20	2018/19
	£	£
Income/Expenditure from Investment Properties:		
Income including rental income	(6,715,859)	(6,440,849)
Expenditure	596,813	589,022
<i>Net income from investment properties</i>	<i>(6,119,046)</i>	<i>(5,851,827)</i>
Surplus/deficit on sale of Investment Properties		
Proceeds from sale	(3,750,000)	(400,000)
Carrying amount of investment properties sold	3,750,000	350,000
<i>(Surplus)/deficit on sale of Investment Properties:</i>	<i>-</i>	<i>(50,000)</i>
Changes in Fair Value of Investment Properties	(115,103)	(7,025,000)
	(6,234,149)	(12,926,827)

Financing and Investment Income and Expenditure						
	2019/20			2018/19		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Interest Payable and Similar Charges	2,038,668	-	2,038,668	1,811,731	-	1,811,731
Interest and Investment Income	-	(163,876)	(163,876)	-	(119,035)	(119,035)
Pensions interest cost	3,272,000	-	3,272,000	3,324,000	-	3,324,000
Surplus/(Deficit) on trading operations	-	-	-	-	-	-
Other investment income	4,346,813	(10,465,859)	(6,119,046)	939,022	(6,840,849)	(5,901,827)
Changes in Fair Value of Investment Properties	-	(115,103)	(115,103)	-	(7,025,000)	(7,025,000)
	9,657,481	(10,744,838)	(1,087,357)	6,074,753	(13,984,884)	(7,910,131)

10 Taxation and Non Specific Grant Income

a Revenue Grants

	2019/20	2018/19
	£	£
General	(6,029,559)	(5,159,231)
Other	-	-
	(6,029,559)	(5,159,231)

b Revenue Grants - Unapplied

	2019/20	2018/19
	£	£
Government & Other Grants - Conditions met and applied in year	-	-
Other	-	-
	-	-

c Capital Grants and Donated Assets - Applied

	2019/20	2018/19
	£	£
Government & Other Grants - Conditions met and applied in year	(4,523,587)	(2,867,245)
Government & Other Grants - Transfer from receipts in advance	(729,150)	(42,432)
Donated Assets - Conditions met	-	-
Donated Assets - Transfer from donated assets creditor	-	(10,000)
	(5,252,737)	(2,919,677)

d Capital grants from capital receipts unapplied

	2019/20	2018/19
	£	£
Government & Other Grants - Conditions met and not applied in year	-	-
Capital grants from capital receipts unapplied	(5,087)	(133,188)
	(5,087)	(133,188)

e District Rates

	2019/20	2018/19
	£	£
Current year	(157,796,334)	(154,726,084)
Finalisation - previous year	1,800,000	(50,000)
Transitional Relief	-	-
Finalisation - other years	(5,850)	(91,683)
	(156,002,184)	(154,867,767)

Taxation and Non Specific Grant Income	2019/20	2018/19
	£	£
District Rate Income	(156,002,184)	(154,867,767)
Revenue Grants	(6,029,559)	(5,159,231)
Capital Grants from capital receipts unapplied	(5,087)	(133,188)
Capital Grants and Contributions	(5,252,737)	(2,919,677)
	(167,289,567)	(163,079,863)

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2020

11 a

Long - Term Assets - Current Year												
Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2019	101,444,001	418,784,515	5,774,607	-	42,744,747	47,025,764	48,154,248	5,689,001	669,616,883	9,158,827	-	678,775,710
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	(164)	-	(164)
Balance as at 1 April 2019	101,444,001	418,784,515	5,774,607	-	42,744,747	47,025,764	48,154,248	5,689,001	669,616,883	9,158,663	-	678,775,546
Additions	38	701,639	-	-	5,152,118	743,971	37,095,535	10,674	43,703,975	151,994	-	43,855,969
Donations	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) to Revaluation Reserve	2,546,720	11,560,018	-	-	-	-	-	-	14,106,738	51,758	-	14,158,496
Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services	(218,574)	(3,290,973)	-	-	-	(400,302)	-	115,000	(3,794,849)	(265,217)	-	(4,060,066)
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(1,823,708)	(14,000)	-	(540,000)	(2,377,708)	-	-	(2,377,708)
Derecognition - Other	-	(4,149,100)	-	-	-	(21,071)	-	-	(4,170,171)	-	-	(4,170,171)
Reclassifications & Transfers	619,118	43,660,425	-	-	432,197	(8,271,333)	(39,001,412)	1,604,326	(956,679)	95,525	-	(861,154)
Reclassified to(-) / from(+) Held for Sale	-	-	-	-	-	186,274	-	(1,340,000)	(1,153,726)	-	-	(1,153,726)
Balance as at 31 March 2020	104,391,303	467,266,524	5,774,607	-	46,505,354	39,249,303	46,248,371	5,539,001	714,974,463	9,192,723	-	724,167,186

Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2019	-	-	513,171	-	25,547,939	2,925,228	-	-	28,986,338	133,740	-	29,120,078
Adjustments between cost/value & depreciation/impairment	-	-	-	-	(1,037,101)	-	-	-	(1,037,101)	-	-	(1,037,101)
Balance as at 1 April 2019	-	-	513,171	-	24,510,838	2,925,228	-	-	27,949,237	133,740	-	28,082,977
Depreciation Charge	-	14,166,164	192,492	-	3,019,763	1,713,203	-	-	19,091,622	101,555	-	19,193,177
Depreciation written out on Revaluation Reserve	-	(13,687,932)	-	-	-	-	-	-	(13,687,932)	-	-	(13,687,932)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	(2,131,861)	-	-	-	-	-	-	(2,131,861)	(208,034)	-	(2,339,895)
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(1,503,188)	-	-	-	(1,503,188)	-	-	(1,503,188)
Derecognition - Other	-	(374,937)	-	-	-	(6,559)	-	-	(381,496)	-	-	(381,496)
Reclassifications & Transfers Eliminated on reclassification to Held for Sale	-	2,028,566	-	-	-	(2,028,566)	-	-	-	-	-	-
Balance as at 31 March 2020	-	-	705,663	-	26,027,413	2,603,306	-	-	29,336,382	27,261	-	29,363,643
Balance as at 31 March 2020	104,391,303	467,266,524	5,068,944	-	20,477,941	36,645,997	46,248,371	5,539,001	685,638,081	9,165,462	-	694,803,543

b Long - Term Assets - Comparative Year

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2018	100,840,501	414,305,914	5,774,607	-	41,921,733	44,867,100	25,304,135	7,129,001	640,142,991	8,631,550	-	648,774,541
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-
Prior year purchase	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2018	100,840,501	414,305,914	5,774,607	-	41,921,733	44,867,100	25,304,135	7,129,001	640,142,991	8,631,550	-	648,774,541
Additions	-	385,480	-	-	3,577,125	1,385,146	32,950,225	19,828	38,317,804	530,977	-	38,848,781
Donations	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Increases/decreases to Revaluation Reserve	339,640	(3,703,588)	-	-	-	-	893,060	(60,000)	(2,530,888)	(3,700)	-	(2,534,588)
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	263,860	(2,116,266)	-	-	-	(2)	5,539	(19,828)	(1,866,697)	-	-	(1,866,697)
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(1,884,805)	-	-	-	(1,884,805)	-	-	(1,884,805)
Derecognition - Other	-	-	-	-	(994,916)	-	-	-	(994,916)	-	-	(994,916)
Reclassifications & Transfers	-	9,912,975	-	-	125,610	960,127	(10,998,711)	(1,300,000)	(1,299,999)	-	-	(1,299,999)
Reclassified to(-) / from(+) Held for Sale	-	-	-	-	-	(186,607)	-	(80,000)	(266,607)	-	-	(266,607)
Balance as at 31 March 2019	101,444,001	418,784,515	5,774,607	-	42,744,747	47,025,764	48,154,248	5,689,001	669,616,883	9,158,827	-	678,775,710

Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2018	-	-	320,679	-	25,353,410	1,443,891	-	-	27,117,980	35,467	-	27,153,447
Adjustments between cost/value & depreciation/impairment	-	-	320,679	-	25,353,410	1,443,891	-	-	27,117,980	35,467	-	27,153,447
Balance as at 1 April 2018	-	-	320,679	-	25,353,410	1,443,891	-	-	27,117,980	35,467	-	27,153,447
Depreciation Charge	-	13,337,713	192,492	-	3,074,250	1,481,337	-	-	18,085,792	98,273	-	18,184,065
Depreciation written out on Revaluation Reserve	-	(12,183,059)	-	-	-	-	-	-	(12,183,059)	-	-	(12,183,059)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	(1,154,654)	-	-	-	-	-	-	(1,154,654)	-	-	(1,154,654)
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(1,884,805)	-	-	-	(1,884,805)	-	-	(1,884,805)
Derecognition - Other	-	-	-	-	(994,916)	-	-	-	(994,916)	-	-	(994,916)
Reclassifications & Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	-	-	513,171	-	25,547,939	2,925,228	-	-	28,986,338	133,740	-	29,120,078

Net Book Values

Balance as at 31 March 2019	101,444,001	418,784,515	5,261,436	-	17,196,808	44,100,536	48,154,248	5,689,001	640,630,545	9,025,087	-	649,655,632
Balance as at 31 March 2020	104,391,303	467,266,524	5,068,944	-	20,477,941	36,645,997	46,248,371	5,539,001	685,638,081	9,165,462	-	694,803,543

Valuations

The land and buildings assets held by the Council were valued originally as at 1 April 1997 by the Valuations and Lands Agency, in accordance with the statements of asset valuation practice and guidance notes of the Royal Institute of Chartered Surveyors. The Council operates a rolling programme for the valuation of its land and building properties with approximately 25% of these being revalued discretely by physical inspection each year, and the remainder being revalued by a desktop exercise.

In the 2019/20 year, land and buildings including investment properties were valued as at 31 March 2020. The valuations were carried out by Land and Property Services (LPS), a part of the Department of Finance. The valuations were reported by LPS during the initial period of the COVID-19 pandemic, and are made on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Global Standards. Consequently, less certainty, and a higher degree of caution, should be attached to these valuations than would normally be the case.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11th March 2020, has impacted global financial markets and the UK economy widely. Market activity is being impacted in many sectors. As at the valuation date, the Council's property valuers consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. The valuations for the Council's property as at 31 March 2020 are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to them than would normally be the case. For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that, in the current extraordinary circumstances, less certainty can be attached to the property valuations than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation. Given the unknown future impact that COVID-19 might have on both the global and local real estate markets, the Council, through our valuers, will keep these valuations under frequent review.

Capital Commitments

A total of 6 capital contracts were entered into during the period:

Project Name	Date	Capital Commitment
Leisure Programme - submersible lifts	08/05/2019	115,000
Leisure Programme - sports hall/pool/inflatable	18/07/2019	108,000
Leisure Programme - pool equipment	10/08/2019	133,000
Cathedral Gardens	20/09/2019	150,000
New Crematorium at Roselawn	01/10/2019	1,200,000
City Cemetery Visitor Centre	01/03/2020	1,000,000
Total		2,706,000

Effects of Changes in Estimates

In financial year 2018-19, the Council reviewed its accounting policy for community assets, and adopted the historic cost option, where applicable, for the recognition and measurement of community assets as set out in the Code. This was to present more clearly to users of the Council's financial statements the amount of resources invested by the Council in its community assets. During 2019-20, all community assets were reviewed by function and use, and where necessary reclassified to other appropriate classes of assets. Community assets with depreciable components have a depreciation charge applied, but community asset land only is not depreciated.

In financial year 2019-20, the council reviewed its accounting policy for heritage assets. It recognised that its accounting practice to hold a heritage asset at a nominal £1 when its value could not be measured reliably was not in accordance with the "Code of Practice on Local Authority Accounting in the United Kingdom" (the Code). The Code requires that such assets are disclosed in a separate note to the financial statements, which the council has continued to do since the classification of heritage assets was introduced by the Code, but should not be reported in the balance sheet. Accordingly, 164 such assets previously recorded at £1 were derecognised from the balance sheet, but continue to be held by the Council in its collection of heritage assets. This change is detailed further in the Heritage Assets note.

In financial year 2019-20, the council reviewed its accounting estimation technique for depreciation of vehicles. This was made possible by improvements in statistical analysis of the vehicle fleet using the finance system. As a result, more appropriate useful lives were assigned to the different types of vehicles held by the Council. This resulted in changes to the estimation of depreciation charge for vehicles in 2019-20 and in future years; but because this is a change in estimation technique, there is no requirement to restate depreciation in previous years. The impact of this change is reflected in this asset category.

There were no material changes in accounting estimates for other classes of 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 whose economic value will be realised by disposal, are actively being marketed, and ordinarily are expected to be disposed of within 12 months of the balance sheet date.

Impairment

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

Asset	Amount of impairment £	Asset class	Reason
Olympia Leisure Centre	(558,583)	Operational building	Valuation at 31.03.2020
Sum of material impairments over £500,000	<u>(558,583)</u>		

The Olympia leisure centre was brought into operation in January 2017. Its value was remeasured at 31 March 2020 using depreciated replacement cost basis, the valuation method for this type of specialised property, to reflect its current estimated service potential.

11 c Property, plant and equipment

Depreciation

The useful lives and depreciation rates applied to calculate the depreciation are outlined in Note 1.

d Intangible Assets

Intangible assets relate to landfill closure costs with a net book value of £nil (2018/19: £nil) and a gross cost before amortisation of £16,700k (2018/19: £16,700k); and purchased licensed software and related implementation costs with a net book value of £618k (2018/19: £333k), and a gross costs before amortisation of £2,796k (2018/19: £2,409k).

Intangible Assets	2019/20	2018/19
	£	£
Balance at start of year:		
Gross carrying amounts	19,108,746	19,108,746
Accumulated amortisation	(18,776,040)	(18,647,091)
Net carrying amount at start of year	332,706	461,655
Additions	-	-
Amortisation for the period	(170,912)	(128,949)
Reclassification and transfer from WIP	456,257	-
Net carrying amount at end of year	618,051	332,706
Comprising:		
Gross carrying amounts	19,565,003	19,108,746
Accumulated amortisation	(18,946,952)	(18,776,040)
Net carrying amount at end of year	618,051	332,706

e Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

Investment Properties	31/03/2020	31/03/2019
	£	£
Rental Income from Investment Activities	6,715,859	6,440,849
Direct Operating expenses arising from investment properties	(596,813)	(589,022)
Net gain/(loss)	6,119,046	5,851,827

The following table summarises the movement in the fair value of investment properties over the year:

Investment Properties	2019/20	2018/19
	£	£
Balance at start of the year	96,880,000	88,905,000
Additions	-	-
Disposals	(3,750,000)	(350,000)
Net gains/losses from fair value adjustments	115,103	7,025,000
Transfers to/ from inventories	254,897	-
Transfers to/ from property, plant and equipment	150,000	-
Other changes	-	1,300,000
Balance at end of the year	93,650,000	96,880,000

Investment Properties are comprised of the following properties, all held at valuation:

Investment Property	2019/20	2018/19
	£	£
Industrial Estates	72,500,000	73,800,000
Commercial Units	21,150,000	23,080,000
Balance at end of the year	93,650,000	96,880,000

Summary of the net book values of non-current assets as reported in the balance sheet

Non-current assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	TOTAL
	£	£	£	£	£
Net Book Value as at 31 March 2019	640,630,545	9,025,087	96,880,000	332,706	746,868,338
Net change in cost or valuation	45,357,580	33,896	(3,230,000)	456,257	42,617,733
Depreciation and Impairment in the year	(350,043)	106,480	-	(170,912)	(414,475)
Net movement for the year	45,007,537	140,376	(3,230,000)	285,345	42,203,258
Net Book Value as at 31 March 2020	685,638,082	9,165,463	93,650,000	618,051	789,071,596

Fair Value Hierarchy

Details of the Council's Investment Properties and information about the fair value hierarchy as at 31 March 2020 and 2019 are as follows

2019/20 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 2019
	£	£	£	£
Industrial Estates and Commercial Units	-	93,650,000	-	-
Total	-	93,650,000	-	-

2018/19 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 2018
	£	£	£	£
Industrial Estates and Commercial Units	-	96,880,000	-	-
Total	-	96,880,000	-	-

Transfers between levels of the fair value hierarchy

There were no transfers between Levels 1 and 2 during the year.

Investment Properties are considered to have enough uniqueness so they no longer can be compared to similar items that are used for reference in an active market, and are valued using inputs other than quoted prices that are observable. As such, they are valued using Level 2 inputs.

Valuation techniques used to determine Level 2 and 3 Fair Values for Investment Properties

Significant Observable Inputs - Level 2

In 2019/20, all Investment Properties were measured using the same methodology as in 2018/19 and additionally for Industrial Estates included within Investment Properties, an assessment is made of their incomes and expenditure over the preceding rolling 5-year period. The inputs used to value these properties have been classified as Level 2, other significant observable inputs.

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, reflecting best estimates of fair value given by current prices on a market for similar property in similar locations.

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 properties 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 properties is measured at market value as at 31 March 2020. All valuations are carried out by Land and Property Services, in accordance with their methodologies and bases for estimation as set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with Council finance officers reporting directly to the Chief Financial Officer on a regular basis regarding all valuation matters.

f Heritage Assets

The Council's collection of heritage assets consists of works of art, civic items, donated works of art, and certain historic buildings and monuments with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. These assets are reported in the balance sheet at valuation; or at insurance valuation as a proxy for market value; 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.

Where no cost can be measured accurately for a heritage asset, it is not held on the balance sheet at a monetary value. The item will still be retained in the Council's possession and will form part of its heritage asset collection. There are currently 168 of these items recorded by Belfast City Council.

Heritage assets- additions	31/03/2020	31/03/2019
Neil Shawcross "Writers of Belfast" collection	-	430,000
Portrait of Councillor Nuala McAllister	-	10,850
Tropical Ravine	130,992	90,127
9 Adelaide Art Collection	20,000	
Shapes of Home Painting	1,000	
Botanic Gardens - Palm House (land)	1	
Botanic Gardens - Tropical Ravine (land)	1	

Total	151,994	530,977
--------------	----------------	----------------

There were a number of reclassifications from property, plant and equipment, and transfers from assets under construction, to heritage assets during the year. Additions were made to the Tropical Ravine building, the Council's art collection and the Baby Haven memorial at City Cemetery. "The Knotted Gun" artwork was donated to the Council. Following a review of the Council's community assets, a number of land properties and monuments were reclassified to heritage assets at either valuation or at no valuation for the purposes of stewardship, in accordance with the Council's heritage asset accounting policy.

From 1 April 2019, 164 heritage assets that do not have a value that can be measured reliably but which were previously carried. There were no disposals of heritage assets during 2019/20.

g Assets Held for Sale

Assets Held for Sale	Current £	Non Current £	Total £
Cost or Valuation			
Balance as at 1 April 2019	266,607	-	266,607
Adjustments between cost/value & depreciation/impairment	-	-	-
Transferred from Non-Current Assets during year	1,340,000	-	1,340,000
Assets Held for Sale Donations	-	-	-
Assets Held for Sale Revaluation increases/decreases to Revaluation	-	-	-
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	(80,333)	-	(80,333)
Derecognition - Other	-	-	-
Reclassified from Current Assets Held for Sale to non current Assets Held for Sale	-	-	-
Transferred to Property, Plant & Equipment during year	(186,274)	-	(186,274)
Balance as at 31 March 2020	1,340,000	-	1,340,000
Impairment			
Balance as at 1 April 2019	-	-	-
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 Held	-	-	-
Transferred to Property, Plant & Equipment during year	-	-	-
Balance as at 31 March 2020	-	-	-
Net Book Value			
Balance as at 31 March 2020	1,340,000	-	1,340,000
Balance as at 31 March 2019	266,607	-	266,607

Two non-current assets were reclassified to current assets held for sale during 2019/20. The gain on assets classified to held for sale and sold during the year was £130k.

Assets Held for Sale	Current £	Non Current £	Total £
Cost or Valuation			
Balance as at 1 April 2018	-	-	-
Adjustments between cost/value & depreciation/impairment	-	-	-
Transferred from Non-Current Assets during year	266,607	-	266,607
Assets Held for Sale Donations	-	-	-
Assets Held for Sale Revaluation increases/decreases to Revaluation	-	-	-
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	-	-	-
Transferred to Property, Plant & Equipment during year	-	-	-
Balance as at 31 March 2019	266,607	-	266,607
Impairment			
Balance as at 1 April 2018	-	-	-
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 Held	-	-	-
Transferred to Property, Plant & Equipment during year	-	-	-
Balance as at 31 March 2019	-	-	-

Three non-current assets were reclassified to current assets held for sale during 2018/19. No non current assets held for sale were disposed of during 2018/19.

h Fair Value Hierarchy for Surplus Assets

Surplus assets are non-operational assets that do not meet the conditions to be classified as assets held for sale. They are measured at fair value, reflecting the actual market state and conditions at the balance sheet date (which is the valuation date) with best evidence of fair value in an active market for similar properties in the same location. The council classifies assets to surplus assets on the advice of its estates management officers and in consultation with its external property valuers.

The surplus assets held by the council comprise a number of properties including land, buildings or sites of land and buildings combined, which have not reached the stage where the council can market these for sale advantageously, or where the properties have restrictions that prevent them currently being brought to market.

Details of the Council's surplus assets and information about the fair value hierarchy as at 31 March 2020 and 2019 are as follows:

2019/20 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 2019
	£	£	£	£
Land	-	1,924,001	-	1,924,001
Buildings	-	620,000	-	620,000
Land and Buildings combined	-	2,995,000	-	2,995,000
Total	-	5,539,001	-	5,539,001

2018/19 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 2018
	£	£	£	£
Land	-	1,824,001	-	1,824,001
Buildings	-	380,000	-	380,000
Land and Buildings combined	-	3,485,000	-	3,485,000
Total	-	5,689,001	-	5,689,001

Surplus Assets are considered to have enough uniqueness that they no longer can be compared to similar items that are used for reference in an active market, and are valued using inputs other than quoted prices that are observable. As such, they are valued using Level 2 inputs.

Transfers between levels of the fair value hierarchy

There were no transfers between Levels 1 and 2 during the year.

In 2019/20, all Surplus Assets were measured using the same methodology as in 2018/19. The inputs used to value these properties have been classified as Level 2, other significant observable inputs, due to the uniqueness of these properties.

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, reflecting best estimates of fair value given by current prices on a market for similar property in similar locations.

Valuation Techniques

There has been no change in the valuation techniques used during the year for surplus assets.

The fair value of the Council's Surplus Assets is measured at market valuation as at 31 March 2020. 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 valuations were reported by LPS during the initial period of the COVID-19 pandemic, and are made on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Global Standards. Consequently, less certainty, and a higher degree of caution, should be attached to these valuations than would normally be the case. 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.

12 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI 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 by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that is yet to be financed. The CFR is analysed in the second part of this note.

Capital Expenditure		2019/20	2018/19
		£	£
Opening Capital Financing Requirement		115,001,044	94,318,811
Capital Investment			
Property, Plant and Equipment	11	43,855,969	38,848,781
Investment Properties		-	-
Intangible Assets		-	-
Revenue Expenditure Funded from Capital under Statute		-	-
Investments		-	89,928
Sources of Finance			
Capital Receipts		-	-
Government Grants and Other Contributions	10	(5,257,824)	(3,052,865)
Transfers from Earmarked Reserves		-	(89,928)
Sums set aside from Revenue:			
Direct Revenue Contributions		(7,870,253)	(9,239,567)
Minimum Revenue Provision		(7,547,320)	(5,874,116)
Closing Capital Financing Requirement		138,181,616	115,001,044
Explanation of Movements in Year		2019/20	2018/19
		£	£
Increase in underlying need to borrow		23,180,572	20,682,233
Assets acquired under finance leases		-	-
Assets acquired under PFI/PPP contracts		-	-
Increase/(decrease) in Capital Financing Requirement		23,180,572	20,682,233

13 Future Capital Commitments

	Gross Cost	Grant Aid	Net Cost
	£	£	£
Schemes underway	85,701,258	4,572,896	81,128,362
Other Commitments	52,378,867	6,493,147	45,885,720
Total	138,080,125	11,066,043	127,014,082

Total net expenditure of £17,605,115 has been incurred against these projects in the year ended 31 March 2020.

14 Inventories	2019/20	2018/19
	£	£
Central Stores	370,474	276,290
Total	370,474	276,290

The cost of inventories written down, recognised as an expense and included in 'services' amounted to £591,234 (18/19 £643,688).

15	Debtors	2019/20	2018/19
a	Long Term Debtors		
		£	£
	Government Departments	-	-
	Other Councils	-	-
	Public corporations and trading funds	-	-
	Bodies external to general government	-	-
	Employee car loans	49,664	59,591
	Revenue Grants	-	-
	Capital Grants	-	-
	Interest Receivable	-	-
	Capital Debtors	-	-
	Loans and advances	-	-
	Finance lease debtors	-	-
	Trade debtors	218,298	285,208
	NIHE Loans	171,580	258,860
	Other	-	-
	Impairment of loans and receivables	-	-
	Contract Receivables	-	-
	Total Long-Term Debtors	439,542	603,659
b	Short Term Debtors	2019/20	2018/19
		£	£
	Government Departments	856,648	611,491
	Other Councils	229,001	58,122
	Public corporations and trading funds	-	-
	Bodies external to general government	-	-
	NIHE loans	87,280	81,950
	Employee car loans	41,483	56,516
	Revenue Grants	5,856,018	5,933,912
	Capital Grants	2,374,703	1,733,211
	Interest Receivable	-	-
	Capital Debtors	-	-
	Value Added Tax	2,524,478	1,848,860
	Prepayments	3,999,514	3,527,783
	Finance lease debtors	-	-
	Other	3,298,710	250,722
	Trade receivables	2,389,943	1,117,365
	Impairment loss - Trade receivables	(805,888)	(283,594)
	Contract Receivables	378,981	1,947,969
	Total Short-Term Debtors	21,230,871	16,884,307
	Total Debtors	21,670,413	17,487,966

Trade debtors, inclusive of VAT, can be analysed by age as follows:

	£
Less than 3 months	3,239,834
Three months to one year	614,739
More than one year	218,298
	4,072,871

16	Borrowings	2019/20	2018/19
a	Short Term Borrowing		
		£	£
	Loans re-payable within one year	9,739,488	4,000,000
	Finance Lease Principal	-	-
	Total Short Term Borrowing	9,739,488	4,000,000
b	Long Term Borrowing	2019/20	2018/19
		£	£
	Between 1 and 2 years	4,000,000	7,136,376
	Between 2 and 5 years	4,469,327	5,061,000
	Between 5 and 10 years	3,500,000	9,197,934
	In more than 10 years	50,997,846	37,493,671
	Government Loans Fund	62,967,173	58,888,981
	Total Borrowing	72,706,661	62,888,981

17 Creditors			
a Short Term Creditors			
		2019/20	2018/19
		£	£
Government Departments		1,585,600	1,818,188
Other Councils		4,040	13,010
Public corporations and trading funds		-	-
Bodies external to general government		-	-
Rates clawback		1,800,000	100,000
VAT		-	-
Remuneration due to employees		403,046	583,873
Accumulated Absences		1,363,705	1,357,825
Loan Interest Payable		346,162	331,903
Capital Creditors		2,096,936	1,450,637
Receipts in advance		6,374,183	4,473,249
Trade creditors		4,801,202	2,499,735
Creditor Accruals		13,740,133	17,468,846
Contract Payables		277,387	-
Total Short Term Creditors		32,792,394	30,097,266

b Long Term Creditors			
		2019/20	2018/19
		£	£
Other creditors falling due after more than one year			
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		50,386	50,386
Contract Payables		-	-
Total Long Term Creditors		50,386	50,386
Total Creditors		32,842,780	30,147,652

c Payment of Invoices

The council has a target, where no other terms are agreed, of paying supplier invoices within 30 days. During the year 19/20 the Council paid 67,810 (18/19 61,520) invoices totalling £182,900,458 (18/19 £163,474,395).

The Council paid:

63,385 invoices within 30 calendar days target (2018/19: 56,029);
50,885 invoices within 10 working days target (2018/19: 39,940); and
4,425 invoices outside of the 30 day target (2018/19: 5,491).

The average number of days taken to pay suppliers during the year was 10 days (2018/19: 15 days).

The Council paid 93% of invoices within the target of 30 days, against the target objective of 90%.

Provisions	Balance as at 1 April 2019 £	(Decrease)/Increase in provision during year £	Utilised during year £	Unused amounts reversed £	Interest cost and/or discount rate changes £	Balance as at 31 March 2020 £
Landfill Closure	3,550,409	(26,957)	(52,732)	-	(21,719)	3,449,001
Claims Management	1,133,757	445,220	(73,767)	-	-	1,505,210
Total	4,684,166	418,263	(126,499)	-	(21,719)	4,954,211

Current Provisions	2,894,851	418,263	(126,499)	-	(55,098)	3,131,517
Long Term Provisions	1,789,315	-	-	-	33,379	1,822,694

Total	4,684,166	418,263	(126,499)	-	(21,719)	4,954,211
--------------	------------------	----------------	------------------	----------	-----------------	------------------

Comparative Year

Provisions	Balance as at 1 April 2018 £	Increase in provision during year £	Utilised during year £	Unused amounts reversed £	Interest cost and/or discount rate changes £	Restated Balance as at 31 March 2019 £
Landfill Closure	3,530,260	(26,778)	(50,853)	-	97,780	3,550,409
Claims Management	1,125,952	45,413	(37,608)	-	-	1,133,757
Total	4,656,212	18,635	(88,461)	-	97,780	4,684,166

Current Provisions	2,906,973	18,635	(88,461)	-	57,704	2,894,851
Long Term Provisions	1,749,239	-	-	-	40,076	1,789,315

Total	4,656,212	18,635	(88,461)	-	97,780	4,684,166
--------------	------------------	---------------	-----------------	----------	---------------	------------------

Landfill Closure

The financial provision for the capping and annual monitoring costs required to meet the Council's environmental obligations under the NIEA licence has been agreed on a Local Authority Deed. The discount rates applied on the provision are based on PWLB borrowing rates adjusted for inflation which has resulted in a valuation of £3,449,001.

Claims Management

A provision of £1,505,210 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 2020, the total liability for legal cases notified but not processed amounted to an estimated maximum liability of £2,638,755.

19 Financial Instruments

Financial Assets as at 31 March 2020

The Council has the following non-current Investments and debtors:

The Council's contribution to Beltel LLP is included in 'Investments in Associates and Joint Ventures' and is disclosed at the original value of the contribution.

The majority of the long term debtors relate to trade debtors as well as balances with NIHE and car loan balances with employees. The relevant credit losses have been calculated and included in the impairment loss balance.

Current financial assets, namely trade debtors, employee car loans and cash balances have been assessed and relevant credit losses calculated. These amounts are included in the impairment loss balance of £805,888 for 2019/20.

The employee car loan rate is currently 2.2%, in comparison to the HMRC official rate of 2.5%.

Financial Liabilities as at 31 March 2020

The Council is in receipt of loans from the Department of Finance at concessionary interest rates that differ from the prevailing market rates. The fair value of these loans is £76,353,871 (2018-19 £69,174,552).

20 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	2019/20 £	2018/19 £
Net cost of services:			
Current service cost		26,101,000	20,655,000
Past service cost/(gain)*		861,000	14,847,000
Gains and losses on settlements or curtailments		-	-
Net operating expenditure:			
Net interest on net defined benefit Liability (asset)		3,272,000	3,324,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services		30,234,000	38,826,000
Movement in Reserves Statement:			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(30,234,000)	(38,826,000)
Actual amount charged against the general fund balance for pensions in the year:			
Employers' contributions payable to scheme		15,682,000	14,337,000
Net adjustment to General Fund		(14,552,000)	(24,489,000)

The service cost figures include an allowance for administration expenses of £325k (18/19 £250k).

The impact of the McCloud judgement has been allowed for in these figures with the change in allowance over the period being treated as an experience item through Other Comprehensive Income.

Remeasurements recognised in Other Comprehensive Income and Expenditure	Note	2019/20 £	2018/19 £
Liability gains/(losses) due to change in assumptions		15,149,000	(40,332,000)
Liability gains/(losses) due to demographic changes		25,468,000	29,809,000
Liability experience gains/(losses) arising in the year		3,948,000	(196,000)
Actuarial gains/(losses) on plan assets		(65,748,000)	26,042,000
Other		-	-
Total gains/(losses) recognised in Other Comprehensive Income and Expenditure		(21,183,000)	15,323,000

C Assets and liabilities in relation to retirement benefits			
Reconciliation of present value of the scheme liabilities:	Note	2019/20 £	2018/19 £
Balance as at 1 April		749,718,000	696,976,000
Current service cost		26,101,000	20,655,000
Interest cost		17,812,000	17,977,000
Contributions by members		4,379,000	4,190,000
Remeasurement (gains) and losses:			
Actuarial gains/losses arising from changes in financial assumptions		(15,149,000)	40,332,000
Actuarial gains/losses arising from demographic changes		(25,468,000)	(29,809,000)
Actuarial gains/losses arising on liabilities from experience		(3,948,000)	196,000
Other (if applicable)		-	-
Past service costs/(gains)*		861,000	14,847,000
Losses/(gains) on curtailments		-	-
Liabilities extinguished on settlements		-	-
Estimated unfunded benefits paid		(730,000)	(757,000)
Estimated benefits paid		(19,200,000)	(14,889,000)
Balance as at 31 March		734,376,000	749,718,000

Reconciliation of present value of the scheme assets:	Note	2019/20 £	2018/19 £
Balance as at 1 April		605,603,058	562,027,058
Interest income		14,540,000	14,653,000
Contributions by members		4,379,000	4,190,000
Contributions by employer		14,952,000	13,580,000
Contributions in respect of unfunded benefits		730,000	757,000
Remeasurement gain/(loss)		(65,748,000)	26,042,000
Assets distributed on settlements		-	-
Unfunded benefits paid		(730,000)	(757,000)
Benefits paid		(19,200,000)	(14,889,000)
Balance as at 31 March		554,526,058	605,603,058

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 2020.

The actual return on scheme assets in the year was a loss of £51,208k (2018/19 gain of £40,695k).

Fair Value of Plan Assets	2019/20 £	2018/19 £
Equity investments	236,228,134	360,333,843
Bonds	214,601,562	142,316,705
Property	55,452,600	67,827,536
Cash	26,062,722	16,351,281
Other	22,181,040	18,773,693
Total	554,526,058	605,603,058

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

	2019/20 £	2018/19 £
Fair Value of Employer Assets	554,526,058	605,603,058
Present value of funded defined benefit obligation	(724,096,000)	(738,398,000)
Pension asset/(liability) of Funded Scheme	(169,569,942)	(132,794,942)
Present Value of unfunded defined benefit obligation	(10,280,000)	(11,320,000)
Other movement in the liability (asset) (if applicable)	-	-
Net asset/(liability) arising from the defined benefit obligation	(179,849,942)	(144,114,942)
Amount in the Balance sheet:		
Liabilities	(734,376,000)	(749,718,000)
Assets	554,526,058	605,603,000
Net Asset/(Liability)	(179,849,942)	(144,115,000)

d Scheme History

Analysis of scheme assets and liabilities	2019/20 £	2018/19 £
Fair Value of Assets in pension scheme	554,526,058	605,603,058
Present Value of Defined Benefit Obligation	(734,376,000)	(749,718,000)

Surplus/(deficit) in the Scheme	(179,849,942)	(144,114,942)
--	----------------------	----------------------

Amount recognised in Other Comprehensive Income and Expenditure:	2019/20 £	2018/19 £
Actuarial gains/(losses)	(21,183,000)	15,323,000
Expected Return on Plan Assets	-	-
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	-	-
Remeasurements recognised in Other Comprehensive Income and Expenditure	(21,183,000)	15,323,000
Cumulative actuarial gains and losses	(58,346,000)	(37,163,000)
History of experience gains and losses:		
Experience gains and (losses) on assets	(65,748,000)	26,042,000
Experience gains and (losses) on liabilities	3,948,000	(196,000)

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £179,849,942 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet.

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 2021

	31/03/2021 £	31/03/2021
Projected current cost	24,988,000	87.0%
Net Interest on the net defined benefit liability (asset)	3,978,000	13.0%
Past service cost	-	0.0%
Gains and losses on settlements or curtailments	-	0.0%
	28,966,000	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 2020 is £13,869k.

History of experience gains and losses

The actuarial gains/losses identified as movements on the Pensions Reserve 2019/20 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2020.

	2019/20 %	2018/19 %
Experience (gains and (losses) on Assets	-11.86%	4.30%
Experience gains and (losses) on Liabilities	-0.54%	0.03%

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 2020.

Pension scheme assumptions:	2019/20	2018/19
	%	%
Mortality assumptions:		
<i>Longevity at 65 current pensioners:</i>	Years	Years
Men	21.8	22.6
Women	25.0	24.9
<i>Longevity at 65 for future pensioners:</i>		
Men	23.2	24.3
Women	26.4	26.7
Inflation/Pension Increase Rate	2.00%	2.20%
Salary Increase Rate	3.50%	3.70%
Discount Rate	2.30%	2.40%
Pension accounts revaluation rate	2.00%	2.20%
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 2020 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 disclosure above.

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	724,435,000	752,630,000
% change in the present value of the total obligation	-1.90%	1.90%
Projected service cost	24,157,000	25,844,000
Approximate % change in projected service cost	-3.30%	3.40%
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	742,556,000	734,281,000
% change in the present value of the total obligation	0.40%	-0.40%
Projected service cost	24,988,000	24,988,000
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	748,428,000	728,510,000
% change in the present value of the total obligation	1.70%	-1.70%
Projected service cost	25,844,000	24,157,000
Approximate % change in projected service cost	3.40%	-3.30%
Post Retirement Mortality Assumption		
Adjustment to mortality age rating assumption*	- 1 Year	+ 1 Year
Present value of the total obligation	761,933,000	715,068,000
% change in the present value of the total obligation	3.20%	-3.20%
Projected service cost	25,945,000	24,040,000
Approximate % change in projected service cost	3.80%	-3.80%

* 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:

	31/03/2020	31/03/2019
	%	%
Equity investments	42.60%	59.50%
Government Bonds	26.10%	16.50%
Corporate Bonds	12.60%	7.00%
Property	10.00%	11.20%
Cash	4.70%	2.70%
Other	4.00%	3.10%
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 2016. 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 2020.

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

Reconciliation of present value of the scheme liabilities:	Note	2019/20 £	2018/19 £
Balance as at 1 April		1,040,000	1,209,000
Current service cost		-	-
Interest cost		23,000	29,000
Contributions by members		-	-
Remeasurement (gains) and losses:			
Actuarial gains/losses arising from changes in financial assumptions		-	15,000
Actuarial gains/losses arising from demographic changes		-	-
Actuarial gains/losses arising on liabilities from experience		(4,000)	3,000
Other (if applicable)		-	-
Past service costs/(gains)		-	-
Losses/(gains) on curtailments		-	-
Liabilities extinguished on settlements		-	-
Net benefits paid		(200,000)	(216,000)
Balance as at 31 March		859,000	1,040,000

Reconciliation of present value of the scheme assets:	Note	2019/20 £	2018/19 £
Balance as at 1 April		1,061,000	1,269,000
Interest Income		23,000	30,000
Contributions by members		-	-
Contributions by employer		-	-
Remeasurement gain/(loss)		(20,000)	(22,000)
Assets distributed on settlements		-	-
Net Benefits paid		(200,000)	(216,000)
Balance as at 31 March		864,000	1,061,000

Analysis of scheme assets and liabilities	Note	2019/20 £	2018/19 £
Fair Value of Assets in pension scheme		864,000	1,061,000
Present Value of Defined Benefit Obligation		859,000	1,040,000
Net Asset/(Liability) recognised on the balance sheet		5,000	21,000

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	835,000	863,000
% 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	863,000	855,000
% 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	919,000	801,000
% change in the present value of the total obligation	7.00%	-6.80%

* 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	2019/20 %	2018/19 %
Government Bonds		49.10%	40.70%
Cash		50.90%	59.30%
Total		100.00%	100.00%

Mortality assumptions:

Members aged 85 at accounting date	Years	Years
Men	7.0	6.9
Women	7.8	7.8

Inflation/Pension Increase Rate	2.10%	2.20%
Discount Rate	2.30%	2.40%

Gas Pension Fund

The Council's Gas Pension Fund had been established under an agreement between the Council and the Department of Economic Development on 3rd July, 1990. The purpose of the Fund was to provide for the continuation of pension payments to former Gas Department employees and their dependants who were members of various statutory pension schemes. 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 2020 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 2020.

At 31 March 2020 there were 23 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	31/03/2020	31/03/2019
	£	£
INCOME:		
Investment Income	9,866	9,753
EXPENDITURE		
Pensions Paid	(194,436)	(206,035)
Administration Expenses	(5,361)	(10,230)
Surplus/(Deficit) for the Year	(189,931)	(206,512)
NET ASSET MOVEMENTS		
Brought forward balance at 01.04.2018	899,929	1,106,441
Unrealised gain at 01.04.2019	165,164	166,625
Opening Value of Fund	1,065,093	1,273,066
Add Contribution from City Council		
Add surplus/(deficit) for the year	(189,931)	(206,512)
CHANGE IN MARKET VALUES OF INVESTMENTS		
Realised gain for year	0	0
Unrealised gain/(loss) for year	(7,377)	(1,461)
Closing value of fund	867,785	1,065,093
FINANCED BY:		
UK Index Linked Investments	424,347	431,725
Cash deposits and at bank	439,628	629,560
Debtors	3,810	3,808
	867,785	1,065,093
Bank Balance	-	-
Creditors	-	-
Closing value of fund	867,785	1,065,093

Summary Net Asset/Liability recognised on the Balance Sheet	31/03/2020	31/03/2019
Northern Ireland Local Government Officer's Pension Fund	(179,849,942)	(144,114,942)
Gas Pension Fund	5,000	21,000
Belfast Waterfront & Ulster Hall Limited	(2,463,000)	(2,267,000)
Total Net Asset/Liability recognised on the Balance Sheet	(182,307,942)	(146,360,942)

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. Belfast City Council has agreed to include and disclose the net liability under this scheme up to 31 March 2020 within the net liability total for Belfast City Council.

Allowance for the McCloud Judgement and GMP Indexation / Equalisation

The above amounts include an allowance for additional liabilities arising from the McCloud Judgement and GMP Indexation and Equalisation cases outlined below.

McCloud Judgement

In December 2018 the Court of Appeal ruled in the 'McCloud/Sargeant' judgement that the transitional protection arrangements put in place when the Firefighters' and Judges' pension schemes were reformed were age discriminatory. While the judgement was not in relation to members with Local Government Pension Scheme (NI) benefits it would be reasonable to assume that the Government will seek remedy for all public sector schemes including Local Government Pension Scheme (NI).

Allowance has been made for the impact of the McCloud judgement. Belfast City Council accounted for a potential McCloud liability as at 31 March 2019 as a Past Service Cost, and any change in the allowance over the period has been treated as an experience item through Other Comprehensive Income.

The Current Service Cost includes a prospective allowance for McCloud liabilities of 3.2% of Pensionable Pay over the accounting period.

GMP Indexation and Equalisation

Guaranteed Minimum Pension (GMP) is a portion of pension that is payable to members who were contracted out of the State Second Pension and accrued benefits in the scheme between 6 April 1978 and 5 April 1997. The LGPS (NI) was contracted out. The GMP was intended to approximately replace the State Pension which members were giving up, however the payment terms of GMP are different between men and women, which was a consequence of the state pension itself being unequal at that time. On 26 October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs is required. The estimated liability has been based on a typical Local Government pension fund to quantify the value of fully indexing GMP's in line with CPI inflation for those reaching State Pension Age after 5 December 2018. This was calculated to be 0.3% of the liabilities / defined benefit obligation.

Allowance has been made for full pension increases to be paid on GMPs to individuals reaching SPA after 6 April 2016. Any increase in liability at this accounting date has been charged through Other Comprehensive Income.

21	Donated Assets Account	Note	2019/20 £	2018/19 £
	Opening balance		430,001	10,001
	Add: new donated assets received (condition of use not met)		-	430,000
	Less: amounts released to the District Fund - Comprehensive Income and Expenditure Account		(1)	10,000
			430,000	430,001

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	2019/20 £	2018/19 £
Animal Welfare Van		-	-
Councillor Samuel Turpin Mercer Portrait		-	1
Neil Shawcross "Writers of Belfast" collection		430,000	430,000
		430,000	430,001

One donated work of art was previously carried at a nominal value of £1 for the purposes of stewardship. This value has been derecognised under the Council's accounting policy for heritage assets, and its related Donated Asset Account amount released to the Comprehensive Income and Expenditure Account, in accordance with the "Code of Practice on Local Authority Accounting in the United Kingdom" (the Code) and the Council's accounting policy. The asset is still held by the Council in its collection of heritage assets but is not carried at a monetary value.

Capital Receipts Unapplied	Note	2019/20 £	2018/19 £
Opening balance		116,812	250,000
Add: new capital grants received in advance (condition of use not met)		-	-
Less: amounts released		(5,087)	(133,188)
		111,725	116,812

The amount of £250k in capital receipts unapplied relates to the proceeds from a disposal to the NIHE of which £138k has been used to date to finance a playground.

22	Capital Grants Received in Advance	Note	2019/20 £	2018/19 £
	Opening balance		901,871	997,132
	Add: new capital grants received in advance (condition of use not met)		159,404	-
	Less: amounts released to the Comprehensive Income and Expenditure Statement other projects		(27,571)	(52,829)
	Less: amounts released to the Comprehensive Income and Expenditure Statement		(729,150)	(42,432)
			304,554	901,871

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	2019/20 £	2018/19 £
Whiterock Community Garden Allotments		-	483
BSC 7 Alleygates Lenadoon		-	-
BSC Alleygates Divis		-	499
BSC Bikes Lower Oldpark		-	6,700
BSC Bikes Lower Falls		-	9,744
BSC Bikes Lower Shankill		-	9,859
BSC 26 Alleygates Lenadoon		-	769
Lisnasharragh Leisure Centre		-	500,000
Springfield Dam		304,554	373,817
		304,554	901,871

23 Contingencies

Residential Waste Treatment Project

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.

Landfill Site

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 18. 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 2020

24 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	2019/20	2018/19
		£	£
Depreciation	11	19,364,089	18,313,014
Impairment & downward revaluations (& non-sale derecognitions)	11	1,605,228	(6,312,957)
Amortisation (included with depreciation above)		-	-
(Increase)/Decrease in inventories		(94,184)	49,874
(Increase)/Decrease in Debtors		(4,704,741)	1,345,562
Increase/(decrease) in impairment provision for bad debts		522,294	(170,658)
Increase/(Decrease) in Creditors		2,689,248	4,911,557
Increase/(Decrease) in Interest Creditors		-	-
Payments to NILGOSC	20	14,552,000	24,489,000
Carrying amount of non-current assets sold	8a, 11e	4,704,852	350,000
AIC/WIP written off to Net Cost of Services		-	-
Contributions to Other Reserves/Provisions		2,368,947	3,572,747
Movement in value of investment properties-included above in Impairment & downward revaluations (& non-sale derecognitions)		-	-
Amounts posted to CIES from Donated Assets Account	21	(1)	(10,000)
Contract Costs		-	-
Contract Assets		-	-
Contract Liabilities		-	-
Deferred revenue		-	-
		41,007,732	46,538,139

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing	Notes	2019/20	2018/19
		£	£
Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		-	89,928
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		(4,942,650)	(430,080)
Capital grants included in "Taxation & non-specific grant income"		(5,257,824)	(3,052,865)
		(10,200,474)	(3,393,017)

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:

	2019/20	2018/19
	£	£
Cash and Bank balances	8,728,224	6,574,416
Short Term Deposits (considered to be Cash Equivalents)	8,000,000	17,000,000
Short Term Investments (considered to be Cash Equivalents)	-	-
Bank Overdraft	-	-
	16,728,224	23,574,416

There is currently a balance of £606,630 held within an escrow bank account with the BIG Lottery Fund in relation to the funding of the Connswater Greenway project. This balance is intended for future use within this wider project and funding will be drawn down accordingly. This balance is not included in the above total.

d Cash flows from Investing Activities

	2019/20	2018/19
	£	£
Purchase of PP&E, investment property and intangible assets	43,209,670	39,773,615
Purchase of Short Term Investments (not considered to be cash equivalents)	-	-
Purchase of Long Term Investments	-	89,928
Other Payments for Investing Activities	1,974,259	1,733,342
Proceeds from the sale of PP&E, investment property and intangible assets	(4,942,650)	(430,080)
Proceeds from Short Term Investments (not considered to be cash equivalents)	-	-
Proceeds from Long Term Investments	-	-
Capital Grants and Contributions Received	(5,257,824)	(3,052,865)
Other Receipts from Investing Activities	-	-
Net Cash flows from Investing Activities	34,983,455	38,113,940

e Cash flows from Financing Activities		2019/20	2018/19
		£	£
Cash Receipts from Short and Long Term Borrowing		30,000,000	65,000,000
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		(20,182,319)	(38,874,042)
Other payments for Financing Activities		-	-
Net Cash flows from Financing Activities		9,817,681	26,125,958

25 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	31/03/2020	31/03/2019
		£	£
At 1 April		5,200,457	4,739,457
Movement			
Transfers between statutory & other reserves & the General Fund		-	-
Disposal of Non Current Assets/ Capital Sales	8, 9e	4,572,001	400,000
Capital Receipts used to finance capital expenditure		-	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		-	-
Other Movements		-	61,000
At 31 March		9,772,458	5,200,457

b Deferred Capital Receipts Account

The Deferred Capital Receipts Account holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

Deferred Capital Receipts Account	Notes	31/03/2020	31/03/2019
		£	£
At 1 April		-	-
Movement			
Other movements		342,300	-
At 31 March		342,300	-

c Capital Fund

This fund is authorised under Section 9 of Part 1 of the Local Government Finance Act (Northern Ireland) 2011.

Capital Fund	Notes	31/03/2020 £	31/03/2019 £
At 1 April		25,288,151	25,669,445
Transfers between statutory & other reserves & the General Fund	4b	2,081,597	(247,604)
Transfer to Neighbourhood Regeneration Fund		(8,000,000)	
Financing from CCIF		-	(43,762)
Transfers between Capital Fund & CAA to finance Capital Expenditure	12	-	(89,928)
At 31 March		19,369,748	25,288,151

	£	£
Local Investment Fund	1,171,489	1,425,280
Belfast Investment Fund	723	5,559,723
City Centre Investment Fund	15,154,012	15,154,012
Social Outcomes Fund	3,043,524	3,149,136
Total	19,369,748	25,288,151

The movement and purpose of these funds is outlined below:

Local Investment Fund	31/03/2020 £	31/03/2019 £
Opening balance	1,425,280	2,301,028
Add: new contributions to fund		-
Less: financing drawn down from fund	4b (253,791)	(875,748)
At 31 March	1,171,489	1,425,280

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 2020 is £1,171,489.

Belfast Investment Fund	31/03/2020 £	31/03/2019 £
Opening balance	5,559,723	4,080,715
Add: new contributions to fund	4b 3,270,000	3,270,000
Less: financing drawn down from fund	4b (829,000)	(1,790,992)
Less: transfer to Neighbourhood Regeneration fund	(8,000,000)	-
At 31 March	723	5,559,723

There is a balance of £723 on the Belfast Investment Fund at year end 31 March 2020. This fund was established to support partnership projects across the City.

City Centre Investment Fund			31/03/2020	31/03/2019
			£	£
Opening balance			15,154,012	15,287,702
Add: new contributions to fund				
Less: amounts drawn down from fund			-	(133,690)
At 31 March			15,154,012	15,154,012

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

Belfast City Council used this fund to support ongoing and potential City Centre regeneration projects. The balance on CCIF at year end 31 March 2020 remains at £15,154,012.

Social Outcomes Fund			31/03/2020	31/03/2019
			£	£
Opening balance			3,149,136	4,000,000
Add: transfer from Belfast Investment fund				-
Less: amounts drawn down from fund		4b	(105,612)	(850,864)
At 31 March			3,043,524	3,149,136

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 2020 is £3,043,524.

d Leisure Mobilisation Fund

This fund is authorised under Section 9 of Part 1 of the Local Government Finance Act (Northern Ireland) 2011.

Leisure Mobilisation Fund		Notes	31/03/2020	31/03/2019
			£	£
At 1 April			1,441,702	1,704,334
Transfers between statutory & other reserves & the General Fund		4b	(553,902)	(262,632)
Transfers between Renewal & Repair Fund & CAA to finance Capital Expenditure		12	-	-
At 31 March			887,800	1,441,702

The Leisure Mobilisation Fund is a fund to support the Leisure Transformation Programme. This fund will cover programme level costs including communications, engagements and procurement costs.

e Neighbourhood Regeneration Fund

This fund is authorised under Section 9 of Part 1 of the Local Government Finance Act (Northern Ireland) 2011.

Neighbourhood Regeneration Fund		Notes	31/03/2020	31/03/2019
			£	£
At 1 April			-	-
Add: transfer from Belfast Investment Fund			8,000,000	-
Less: amounts drawn down from fund			-	-
At 31 March			8,000,000	-

The Neighbourhood Regeneration Fund is a fund to support neighbourhood regeneration and tourism projects in local neighbourhoods.

f Other Balances & Reserves

Other Balances & Reserves		Notes	31/03/2020	31/03/2019
			£	£
At 1 April			1,063,919	867,527
Transfers between statutory & other reserves & the General Fund		4b	(671,307)	160,688
Transfer to BWUH Subvention Fund			(187,168)	153,029
Transfer to BWUH Sinking Fund			92,780	(117,325)
At 31 March			298,224	1,063,919

	£	£
Election Fund	3,300	674,607
BWUH Subvention Fund	135,499	322,667
BWUH Sinking Fund	159,425	66,645
Total	298,224	1,063,919

The movement and purpose of these funds is outlined below:

Election Fund			31/03/2020	31/03/2019
			£	£
Opening balance			674,607	513,919
Add: new contributions to fund		4b	153,300	160,688
Less: financing drawn down from fund			(824,607)	-
At 31 March			3,300	674,607

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.

BWUH Subvention Fund			31/03/2020	31/03/2019
			£	£
Opening balance			322,667	169,638
Add: new contributions to fund			300,903	300,903
Less: amounts drawn down from fund			(188,071)	(147,874)
Less: amounts transferred to Sinking Fund			(300,000)	
At 31 March			135,499	322,667

BWUH Subvention Fund was established to support national and international corporate organisations in bringing their conferences to Belfast.

BWUH Sinking Fund			31/03/2020	31/03/2019
			£	£
Opening balance			66,645	183,970
Add: new contributions to fund			300,000	
Less: amounts drawn down from fund			(207,220)	(117,325)
At 31 March			159,425	66,645

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

g 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	2019/20	2018/19
		£	£
At 1 April		25,796,988	24,408,596
Prior year adjustment			
Applied Capital Grants	10, 12	(5,257,824)	(3,052,865)
Unapplied Capital Grants received in year		-	-
Direct Revenue Financing	4, 12	(7,870,253)	(9,239,567)
Depreciation and Impairment adjustment	4	20,969,317	12,000,057
Statutory Provision for financing Capital Investment	4	(7,547,320)	(5,874,116)
Net Revenue expenditure funded from capital under statute			
	4, 12	-	-
Surplus/(Deficit) on the Provision of Services	CIES	(12,487,676)	(18,000,936)
Transfers between Statutory and Other Reserves and the General Fund			
	4	(856,388)	349,548
Net movements on Pension Reserve	4, 20	14,552,000	24,489,000
Disposal of Fixed Assets/Capital Sales	3, 4, 11, 23	(237,798)	(80,080)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		(49,218)	71,299
Other Movements		1,680,845	726,052
At 31 March		28,692,673	25,796,988

This fund represents the surplus of income over expenditure. It can be used to supplement income and unexpected expenditure in future years. Of the £28,693k, £15,792k relates to expenditure committed at the year end (18/19 £25,797k, £12,957k committed).

26 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 is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

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	2019/20	2018/19
		£	£
At 1 April		470,959,253	460,487,377
Applied Capital Grants	10, 12	5,257,824	3,052,865
Unapplied Capital Grants transferred to CAA in year		-	-
Direct Revenue Financing	4, 12	7,870,253	9,239,567
Depreciation & Impairment adjustment	11	(20,969,317)	(12,000,057)
Statutory Provision for financing Capital Investment	4, 12	7,547,320	5,874,116
Net Revenue expenditure funded from Capital under	4, 12	-	-
Disposal of Fixed Assets/ Capital Sales	4, 11	(8,493,528)	(350,000)
Capital Receipts used to finance capital expenditure	4, 12	-	-
Other Movements		5,719,253	4,565,457
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure	12	-	89,928
At 31 March		467,891,058	470,959,253

b 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 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	2019/20	2018/19
		£	£
At 1 April		164,611,507	159,528,493
Revaluation & Impairment	11	27,846,428	9,648,471
Movements from associates & joint ventures			-
Other Movements		(4,882,704)	(4,565,457)
At 31 March		187,575,231	164,611,507

c Pension Reserve

Pension Reserve	Notes	2019/20	2018/19
		£	£
At 1 April		(146,360,942)	(136,947,942)
Net Movements on Pension Reserve	4, 20	(14,552,000)	(24,489,000)
Revaluation & Impairment	20	(21,183,000)	15,323,000
Gas pension & BWUH movement		(212,000)	(247,000)
At 31 March		(182,307,942)	(146,360,942)

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

d 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	31/03/2020	31/03/2019
		£	£
At 1 April		(1,357,825)	(1,344,230)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		(5,880)	(13,595)
At 31 March		(1,363,705)	(1,357,825)

e Provisions Discount Rate Reserve

The Provisions Discount Rate Reserve covers the arrangement, put in place by the Department under its amendment to the 2017/18 accounts direction (see DiC circular LG O5/2018), to accommodate changes in the current value of the annual calculation of long term provisions for landfill costs, which arises as a result of changes to the interest rates used to discount these provisions and landfill cash flows being increased for inflation.

Provisions Discount Rate Reserve	Notes	31/03/2020	31/03/2019
		£	£
At 1 April		(263,159)	(217,987)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		55,098	(57,704)
Other Movements		9,908	12,532
At 31 March		(198,153)	(263,159)

27 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. The income and expenditure associated with these industrial estates is disclosed below;

Industrial Estate Lettings		2019/20	2018/19
		£	£
Rental Income		5,662,183	5,310,381
Rental Expenditure		(130,335)	(107,713)
Net income		5,531,848	5,202,668

These significant trading operations form part of Note 9e to these financial statements.

28 Agency Services

The Council provides administration services to Belfast One BID Ltd, Destination CQ BID Ltd and Belfast Central Business District. These entities pay an administration fee to the Council for these services. This fee amounted to £12,316 (2018/19 £30,059) across the 3 entities.

29 Joint Arrangements

During 2019/20 Belfast City Council did not make a financial contribution to Beltel LLP relating to the redevelopment of the Belfast Telegraph Building (18/19 £89,928).

The 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.

	2019/20	2018/19
	£	£
Long term assets	3,231,429	3,231,429
Current assets	242,435	242,435
Current liabilities	(37,005)	(37,005)
Long term liabilities	-	-
Net Assets	3,436,859	3,436,859

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 30 f.

A Related Party Transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related Party Transaction 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.

As part of their duties, Councillors are appointed to represent the Council in a range of other organisations and further details of these arrangements can be found on the Council's website.

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 2019/20 financial year the Council commissioned £3,175,796 (2018/19 £3,019,697) 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 £1,928,687 (2018/19 £1,403,026) 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 2019/20 the Council had expenditure of £488,842 (2018/19 £531,913) to other Councils and income received of £1,035,750 (2018/19 £1,508,972) from other Councils, of which £229,001 (2018/19 £58,122) was outstanding at 31 March 2020. These amounts mainly related to services provided.

The Council also borrowed £15m from other Local Authorities within the UK during 2019/20, with £5m outstanding at 31 March 2020.

a Other Organisations

	Councillors	2019/20	Restated 2018/19
		£	£
Action Cancer	1	420	0
Association of Port Health Authorities	1	124	222
Blackie River Centre	2	22,604	25,112
Belfast City Centre Management Board	2	207,185	238,260
Belfast Harbour Commissioners	4	31,482	36,369
Belfast Hills Partnership	1	0	36,900
Belfast Metropolitan College	1	7,878	11,266
Belvoir Area Residents' Group	1	964	23,990
Board of Ulster Orchestra Society Ltd	1	300,973	319,253
Castlereagh FC 82	1	170	680
Cathedral Quarter Trust	2	99,920	396,989
Colin Neighbourhood Partnership	2	39,430	40,855
Colin Safer Neighbourhood Project	1	800	0
Concorde Community Centre Committee	0	600	240
Cregagh Wanderers Club	1	11,600	8,939
Dee Street Community Centre Committee	6	600	0
Donegall Pass Community Centre Committee	3	0	600
Duncairn Community Centre Committee	4	600	0
Duncairn Community partnership	1	8,251	3,632
Early Years Company Ltd	1	28,541	0
East Side Arts	1	106,230	133,190
Falls Community Council	1	407,491	575,031
Finaghy Community Centre Committee	2	0	0
Grand Opera House Trust	1	37,034	35,000
Greater Shankill Partnership Board	6	94,622	49,414
Greater Village Regeneration Trust	1	67,327	24,184
Groundwork NI	1	1,842	2,929
Hammer Community Centre Committee	0	0	0
Highfield Community Centre Committee	0	0	0
Horn Drive Community Centre Committee	0	0	0
Impact Training	2	10,180	1,000
Intercomm Ireland Ltd	1	3,011	84,766
Inverary Community Centre Committee	1	600	0
knocknagoney Community Centre Committee	5	759	1,420
Lagan Valley Regional Park Advisory Committee	2	0	0
Lagan Village Youth and Community Group	1	20,873	23,276
Lighthouse (Ireland)	1	2,355	0
Ligoniel Amateur Boxing Club	1	7,528	4,812

Ligoniel Community Centre Committee	1	600	0
Linenhall Library Board	1	38,017	35,835
Local Strategic Partnership on Travellers Issues	2	0	1,000
Lyric Theatre Education Advisory Panel	2	100,000	150,978
Morton Community Centre Committee	4	0	0
Mount Vernon Community Development Forum	1	27,196	6,500
National Association of Councillors	6	3,560	3,560
NI Amenity Council	1	2,330	4,660
NI Local Government Association	9	90,740	90,434
Northern Regional College	1	522	0
Oh Yeah Centre, Belfast	1	43,865	0
Queens University Belfast	1	21,670	11225.28
Royal Society of Ulster Architects	1	4,408	1,489
Somme Advisory Council	3	0	1,894
Stratagem NI Limited	1	25,638	864
Ulster-Scots Community Network	1	400	72,400
Upper Andersonstown Community Forum	1	39,860	16,500
Upper Springfield Development Trust	1	6,884	2,950
Visit Belfast	4	3,175,796	3,019,648
Woodvale Community Centre Committee	2	1,003	0
At 31 March		5,104,483	5,498,266

b Payments to Community Groups

Belfast City Council made payments to the following Community Groups that have Councillors as part of their committee structure;

Councillors		2019/20	2018/19
		£	£
East Belfast Partnership Board	8	103,947	20,500
North Belfast Partnership Board	1	0	0
South Belfast Partnership Board	4	21,578	20,220
West Belfast Partnership Board	8	26,131	8,784
		151,656	49,504

c Joint Committees

Belfast City Council made payments to the following Joint Committees;

Councillors		2019/20	2018/19
		£	£
Arc 21	2	9,133,672	7,517,584

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.

d 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 £7,708,057 (2018/19 £7,269,390) for the provision of these services in the year ended 31 March 2020.

e 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 2020 was £91,147 (2018/19 £116,107).

f 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. During 2019/20 the Council invoiced BWUH Ltd for £2,542,853 for expenditure incurred on its behalf and also received invoices from the Company for £3,344,674 mainly for the management fee. At 31 March 2020, £424,927 (2018/19 £182,811) was owed to the company by the Council and £796,280 (2018/19 £132,142) receivable from the company.

g Beltel LLP

During 2019/20, Belfast City Council did not make a financial contribution to Beltel LLP (2018/19 £89,928), relating to the redevelopment of the Belfast Telegraph Building (as outlined in Note 29). 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 2020

	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 2018	24,404,895	28,241,306	4,739,457	57,385,658	481,505,711	538,891,369
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	(18,469,670)	-	-	(18,469,670)	-	(18,469,670)
Other Comprehensive Income and Expenditure	-	-	-	-	24,971,471	24,971,471
Total Comprehensive Income and Expenditure	(18,469,670)	-	-	(18,469,670)	24,971,471	6,501,801
Adjustments between accounting basis & funding under regulations	18,744,640	(89,928)	400,000	19,054,712	(18,583,644)	471,068
Net Increase before transfers to Statutory and Other Reserves	274,970	(89,928)	400,000	585,042	6,387,827	6,972,869
Transfers to / from Statutory and Other Reserves	349,548	(349,548)	-	-	-	-
Other movements	774,052	(8,058)	61,000	826,994	(304,704)	522,290
Increase/ Decrease In year	1,398,570	(447,534)	461,000	1,412,036	6,083,123	7,495,159
Balance as at 31 March 2019	25,803,465	27,793,772	5,200,457	58,797,694	487,588,834	546,386,528
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	(13,148,384)	-	-	(13,148,384)	-	(13,148,384)
Other Comprehensive Income and Expenditure	-	-	-	-	6,663,428	6,663,428
Total Comprehensive Income and Expenditure	(13,148,384)	-	-	(13,148,384)	6,663,428	(6,484,956)
Adjustments between accounting basis & funding under regulations	15,168,831	342,300	4,572,001	20,083,132	(22,498,871)	(2,415,739)
Net Increase before transfers to Statutory and Other Reserves	2,020,447	342,300	4,572,001	6,934,748	(15,835,443)	(8,900,695)
Transfers to / from Statutory and Other Reserves	(856,388)	856,388	-	-	-	-
Other movements	1,731,845	(94,388)	-	1,637,457	(156,902)	1,480,555
Increase In year	2,895,904	1,104,300	4,572,001	8,572,205	(15,992,345)	(7,420,140)
Balance as at 31 March 2020	28,699,369	28,898,072	9,772,458	67,369,899	471,596,489	538,966,388

Belfast City Council
Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2020

		2019/20			2018/19		
		Gross	Gross Income	Net Expenditure	Gross	Gross Income	Net Expenditure
Service Expenditure	Notes	£	£	£	£	£	£
Strategic Policy & Resources	2	65,875,784	(13,685,316)	52,190,468	78,594,231	(11,644,878)	66,949,353
City Growth & Regeneration	2	37,728,035	(14,669,696)	23,058,339	39,095,072	(15,365,940)	23,729,132
People & Communities	2	120,253,125	(15,574,828)	104,678,297	112,535,363	(16,091,022)	96,444,341
Planning & Licensing	2	8,145,681	(6,360,679)	1,785,002	8,527,144	(6,208,226)	2,318,918
Cost of Services on Continuing Operations		232,002,625	(50,290,519)	181,712,106	238,751,810	(49,310,066)	189,441,744
Other Operating Expenditure	8	954,852	(1,192,650)	(237,798)	-	30,080	(30,080)
Financing and Investment Income and Expenditure	9	9,708,481	(10,744,838)	(1,087,357)	6,122,753	(13,984,884)	(7,862,131)
Net Operating Expenditure		242,665,958	(62,228,007)	180,386,951	244,874,563	(63,325,030)	181,549,533
Taxation and Non-Specific Grant Income	10	1,794,150	(169,083,717)	(167,289,567)	(91,683)	(162,988,180)	(163,079,863)
(Surplus)/Deficit on the Provision of Services		244,460,108	(231,311,724)	13,148,384	244,782,880	(226,313,210)	18,469,670
(Surplus)/Deficit on revaluation of non-current assets	11			(27,846,428)			(9,648,471)
Surplus/(Deficit) arising on revaluation of available-for-sale financial assets	11			-			-
Remeasurements of the Net Defined Benefit Liability (Asset)	20			21,183,000			(15,323,000)
Other Comprehensive Income and Expenditure				(6,663,428)			(24,971,471)
Total Comprehensive Income and Expenditure				6,484,956			(6,501,801)

Belfast City Council
Group Balance Sheet as at 31 March 2020

	Note	31st March 2020	31st March 2019 Restated
		£	£
Fixed Assets		792,859,755	750,563,883
Long Term Investments		424,000	431,000
Investment in Associates and Joint Ventures		-	-
Long Term Debtors		439,542	603,659
Contract Assets		-	-
LONG TERM ASSETS		793,723,297	751,598,542
Short Term Investments		-	-
Inventories		370,474	276,291
Short Term Debtors		21,069,791	16,367,024
Cash and Cash Equivalents		20,516,975	27,866,068
Assets Held for Sale		1,340,000	266,607
Contract Assets		378,891	1,947,969
CURRENT ASSETS		43,676,131	46,723,959
Bank Overdraft		-	-
Short Term Borrowing		9,739,488	4,000,000
Short Term Creditors		37,276,256	36,502,814
Provisions		3,131,517	2,894,851
Contract Liabilities		277,387	-
CURRENT LIABILITIES		50,424,648	43,397,665
Long Term Creditors		64,304	50,386
Provisions		1,822,694	1,789,315
Long Term Borrowing		62,967,173	58,888,981
Other Long Term Liabilities		182,307,942	146,360,942
Contract Liabilities		-	-
Donated Assets Account		430,000	430,001
Capital Grants Receipts in Advance		416,279	1,018,683
LONG TERM LIABILITIES		248,008,392	208,538,308
NET ASSETS		538,966,388	546,386,528
USABLE RESERVES			
Capital Receipts Reserve		9,772,458	5,200,457
Deferred capital receipts		342,300	-
Capital Fund		19,369,748	25,288,151
Leisure Mobilisation Fund		887,800	1,441,702
Neighbourhood Regeneration Fund		8,000,000	-
Other Balances and Reserves		298,224	1,063,919
General Fund		28,699,369	25,803,465
		67,369,899	58,797,694
UNUSABLE RESERVES			
Capital Adjustment Account		467,891,058	470,959,253
Revaluation Reserve		187,575,231	164,611,507
Pensions Reserve		(182,307,942)	(146,360,942)
Accumulated Absences Account		(1,363,705)	(1,357,825)
Provisions Discount Rate Reserve		(198,153)	(263,159)
		471,596,489	487,588,834
NET WORTH		538,966,388	546,386,528

Belfast City Council
Group Cash Flow Statement at 31 March 2020

	Note	2019/20	2018/19
		£	£
Net Deficit on the provision of services		(13,148,384)	(18,469,670)
Adjustment for non-cash movements		42,021,062	48,275,099
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(10,200,474)	(3,393,017)
Net cash flows from operating activities		18,672,204	26,412,412
Cash flows from Investing Activities		(35,838,978)	(39,163,299)
Net Cash flows from Financing Activities		9,817,681	26,125,958
Net Increase or decrease in cash and cash equivalents		(7,349,093)	13,375,071
Cash and cash equivalents at the beginning of the reporting period		27,866,068	14,490,997
Cash and cash equivalents at the end of the reporting period		20,516,975	27,866,068

Belfast City Council
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2020

G1 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, only those notes affected by group transactions have been included.

G2 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 assets of the company were £6.7k at 31 March 2020. The profit on ordinary activities before taxation for the period to 31 March 2020 was £1.2k. No dividend payments were due to, or received by, the Authority in respect of its investment.

As noted in Note 20, the pension liability of BWUH Limited is included in the pension liability of Belfast City Council.

The latest set of accounts is for the year to 31 March 2020 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 now totalling £3,436,859 as at year ended 31 March 2020, 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 29 Joint Arrangements.

Gas Pension Fund

The asset of £5,000 in respect of the Gas Pension Fund is disclosed and recognised in Belfast City Council's balance sheet and Note 20 Retirement Benefits disclosures. The Group balance sheet has included the assets and liabilities giving rise to this asset:

	£
Long term assets	424,347
Current assets	443,436
Long term liabilities	862,783
Net asst	5,000

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

Financial Impact of combination

The effect of the inclusion of the subsidiaries and associates in 2019/20 was to increase the Council's reserves and net assets by £6.7k representing the net asset in the consolidating entities.

G3 Adjustments 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	2019/20		2018/19	
	£	£	£	£
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	-	-	-	-
Derecognition (other than disposal) of non-current assets	-	-	-	-
Revaluation	-	-	-	-
Increases/decreases taken to Surplus/Deficit on the Provision of Services	1,605,228		(6,312,957)	
Depreciation charged in the year on non-current assets	19,396,016	21,001,244	18,382,926	12,069,969
Net Revenue expenditure funded from capital under		-		-
Carrying amount of non current assets sold	4,704,852		350,000	
Proceeds from the sale of PP&E, investment property and intangible assets	(4,942,650)	(237,798)	(430,080)	(80,080)
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		31,257,000		39,630,000
Direct revenue financing of Capital Expenditure		(7,870,253)		(9,239,567)
Capital Grants and Donated Assets Receivable and Applied in year		(5,252,737)		(2,919,677)
Capital Grants Receivable and Unapplied in year		(5,087)		(133,188)
Rates Claw-Back Reserve		-		-
Adjustments in relation to Short-term compensated absences		5,880		13,595
Adjustments in relation to Lessor Arrangements		-		-
Provisions Discount Rate Reserve Adjustment		(55,098)		57,704
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		(7,547,320)		(5,874,116)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners		(16,127,000)		(14,780,000)
		15,168,831		18,744,640

Belfast City Council
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2020

G4 Fixed Assets

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2019	101,444,001	418,784,515	5,774,607	-	43,193,148	47,025,764	48,154,248	5,689,001	670,065,284	9,158,827	-	679,224,111
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	(164)	-	(164)
Balance as at 1 April 2019	101,444,001	418,784,515	5,774,607	-	43,193,148	47,025,764	48,154,248	5,689,001	670,065,284	9,158,663	-	679,223,947
Additions	38	701,639	-	-	5,567,641	743,971	37,095,535	10,674	44,119,498	151,994	-	44,271,492
Donations	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) to Revaluation Reserve	2,546,720	11,560,018	-	-	-	-	-	-	14,106,738	51,758	-	14,158,496
Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services	(218,574)	(3,290,973)	-	-	-	(400,302)	-	115,000	(3,794,849)	(265,217)	-	(4,060,066)
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(2,121,928)	(14,000)	-	(540,000)	(2,675,928)	-	-	(2,675,928)
Derecognition - Other	-	(4,149,100)	-	-	-	(21,071)	-	-	(4,170,171)	-	-	(4,170,171)
Reclassifications & Transfers	619,118	43,660,425	-	-	432,197	(8,271,333)	(39,001,412)	1,604,326	(956,679)	95,525	-	(861,154)
Reclassified to (-) / from (+) Held for Sale	-	-	-	-	-	186,274	-	(1,340,000)	(1,153,726)	-	-	(1,153,726)
Balance as at 31 March 2020	104,391,303	467,266,524	5,774,607	-	47,071,058	39,249,303	46,248,371	5,539,001	715,540,167	9,192,723	-	724,732,890

Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2019	-	-	513,171	-	25,617,567	2,925,228	-	-	29,055,966	133,740	-	29,189,706
cost/value & depreciation/impairment	-	-	-	-	(1,037,101)	-	-	-	(1,037,101)	-	-	(1,037,101)
Balance as at 1 April 2019	-	-	513,171	-	24,580,466	2,925,228	-	-	28,018,865	133,740	-	28,152,605
Depreciation Charge	-	14,166,164	192,492	-	3,041,747	1,713,203	-	-	19,113,606	101,555	-	19,215,161
Depreciation written out on Revaluation Reserve	-	(13,687,932)	-	-	-	-	-	-	(13,687,932)	-	-	(13,687,932)
Revaluation taken to Surplus or Deficit on the Provision of Services	-	(2,131,861)	-	-	-	-	-	-	(2,131,861)	(208,034)	-	(2,339,895)
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(1,503,188)	-	-	-	(1,503,188)	-	-	(1,503,188)
Derecognition - Other	-	(374,937)	-	-	-	(6,559)	-	-	(381,496)	-	-	(381,496)
Reclassifications & Transfers Eliminated on reclassification to Held for Sale	-	2,028,566	-	-	-	(2,028,566)	-	-	-	-	-	-
Balance as at 31 March 2020	-	-	705,663	-	26,119,025	2,603,306	-	-	29,427,994	27,261	-	29,455,255

Net Book Values

Balance as at 31 March 2020	104,391,303	467,266,524	5,068,944	-	20,952,033	36,645,997	46,248,371	5,539,001	686,112,173	9,145,462	-	695,277,635
------------------------------------	--------------------	--------------------	------------------	----------	-------------------	-------------------	-------------------	------------------	--------------------	------------------	----------	--------------------

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2018	100,840,501	414,305,914	5,774,607	-	42,003,695	44,867,100	25,304,135	7,129,001	640,224,953	8,631,550	-	648,856,503
cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-
Prior Period adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2018	100,840,501	414,305,914	5,774,607	-	42,003,695	44,867,100	25,304,135	7,129,001	640,224,953	8,631,550	-	648,856,503
Additions (Note 11)	-	385,480	-	-	4,285,412	1,385,146	32,950,225	19,828	39,026,091	530,977	-	39,557,068
Donations	-	-	-	-	-	-	-	-	-	-	-	-
Increases/decreases to Revaluation Reserve	339,640	(3,703,588)	-	-	-	-	893,060	(60,000)	(2,530,888)	(3,700)	-	(2,534,588)
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	263,860	(2,116,266)	-	-	-	(2)	5,539	(19,828)	(1,866,697)	-	-	(1,866,697)
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(2,226,653)	-	-	-	(2,226,653)	-	-	(2,226,653)
Derecognition - Other	-	-	-	-	(994,916)	-	-	-	(994,916)	-	-	(994,916)
Reclassifications & Transfers	-	9,912,875	-	-	125,610	960,127	(10,998,711)	(1,300,000)	(1,299,999)	-	-	(1,299,999)
Reclassified to(-) / from(+) Held for Sale	-	-	-	-	-	(186,607)	-	(80,000)	(266,607)	-	-	(266,607)
Balance as at 31 March 2019	101,444,001	418,784,515	5,774,607	-	43,193,148	47,025,764	48,154,248	5,689,001	670,065,284	9,158,827	-	679,224,111

b

Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets (Restated)	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2018	-	-	320,679	-	25,363,069	1,443,891	-	-	27,127,639	35,467	-	27,163,106
cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2018	-	-	320,679	-	25,363,069	1,443,891	-	-	27,127,639	35,467	-	27,163,106
Depreciation Charge	-	13,337,713	192,492	-	3,134,219	1,481,337	-	-	18,145,761	98,273	-	18,244,034
Depreciation written out on Revaluation Reserve	-	(12,183,059)	-	-	-	-	-	-	(12,183,059)	-	-	(12,183,059)
Revaluation taken to Surplus or Deficit on the Provision of Services	-	(1,154,654)	-	-	-	-	-	-	(1,154,654)	-	-	(1,154,654)
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(1,884,805)	-	-	-	(1,884,805)	-	-	(1,884,805)
Derecognition - Other	-	-	-	-	(994,916)	-	-	-	(994,916)	-	-	(994,916)
Reclassifications & Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	-	-	513,171	-	25,617,567	2,925,228	-	-	29,055,966	133,740	-	29,189,706

Net Book Values

Balance as at 31 March 2019	101,444,001	418,784,515	5,261,436	-	17,575,581	44,100,536	48,154,248	5,689,001	641,009,318	9,025,087	-	650,034,405
Balance as at 31 March 2020	104,391,303	467,266,524	5,068,944	-	20,952,033	36,645,997	46,248,371	5,539,001	686,112,173	9,165,462	-	695,277,635

Belfast City Council
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2020

Intangible Assets	2019/20	2018/19
	£	£
Balance at start of year:		
Gross carrying amounts	19,208,176	19,208,176
Accumulated amortisation	18,790,126	18,651,234
Net carrying amount at start of year	418,050	556,942
Additions	-	-
Assets reclassified as held for sale	-	-
Revaluation increases or decreases	-	-
Impairment losses recognised or reversed directly in the Revaluation Reserve	-	-
Impairment losses recognised or reversed directly in the Surplus/ Deficit on the Provision of Services	-	-
Amortisation for the period	(180,855)	(138,892)
Other Changes	456,257	-
Net carrying amount at end of year	693,452	418,050
Investment Properties	2019/20	2018/19
	£	£
Balance at start of the year	100,111,429	91,963,283
Additions	7,238	173,146
Disposals	(3,750,000)	(350,000)
Net gains/losses from fair value adjustments	115,103	7,025,000
Transfers to/ from inventories	254,897	-
Transfers to/ from property, plant and equipment	150,000	-
Other changes	-	1,300,000
Balance at end of the year	96,888,667	100,111,429
Investment Property	2019/20	2018/19
	£	£
Industrial Estates	72,500,000	73,800,000
Commercial Units	24,388,667	26,311,429
Balance at end of the year	96,888,667	100,111,429

G5

Employee Costs and Member Allowances		
Staff Costs	2019/20	2018/19
	£	£
Salaries and Wages	71,988,563	70,725,504
Employers NIC	6,819,001	6,536,203
Employers Superannuation	14,196,719	14,521,573
Total staff costs	93,004,283	91,783,280

The above staff costs include the costs of voluntary redundancies in 2019/20. These costs total £977,075 (18/19 £2,003,028) and are disclosed separately in Table 4 of the Remuneration Report. In addition, agency costs during the year amounted to £5,626,073 (2018/19 £4,818,572).

The Council's current contribution rate to NILGOSC scheme is 20% plus a 2% Deficit Recovery Contribution.

Average Number of Employees - where FTE represents fulltime equivalent employees

Average Number of Employees		
	2019/20	2018/19
	FTE	FTE
Strategic Policy & Resources	620	627
City Growth & Regeneration	369	289
People & Communities	1,162	1,225
Planning and Licencing	140	145
Total Number	2,291	2,286

	2019/20	2018/19
	Actual Numbers	Actual Numbers
Full-time numbers employed	1,927	2,029
Part-time numbers employed	362	333
Total Number	2,289	2,362

Senior Employees' Remuneration		
	2019/20	2018/19
	£	£
£50,001 to £60,000	62	52
£60,001 to £70,000	22	15
£70,001 to £80,000	6	6
£80,001 to £90,000	6	4
£90,001 to £100,000	5	6
£100,001 to £110,000	4	4
£110,001 to £120,000	1	1
£130,001 to £140,000	-	-
£140,001 to £150,000	1	1
Total Number	107	89

G6	Debtors		
a	Long Term Debtors	2019/20	2018/19
		£	£
	Government Departments	-	-
	Other Councils	-	-
	Public corporations and trading funds	-	-
	Bodies external to general government	-	-
	Employee car loans	49,664	59,591
	Revenue Grants	-	-
	Capital Grants	-	-
	Interest Receivable	-	-
	Capital Debtors	-	-
	Loans and advances	-	-
	Finance lease debtors	-	-
	Trade debtors	218,298	285,208
	NIHE Loans	171,580	258,860
	Other	-	-
	Impairment of loans and receivables	-	-
	Contract Receivables	-	-
	Total Long-Term Debtors	439,542	603,659
b	Short Term Debtors	2019/20	2018/19
		£	£
	Government Departments	856,648	611,491
	Other Councils	229,001	58,122
	Public corporations and trading funds	-	-
	Bodies external to general government	-	-
	NIHE loans	87,280	81,950
	Employee car loans	41,483	56,516
	Revenue Grants	5,856,018	5,933,912
	Capital Grants	2,374,703	1,733,211
	Interest Receivable	-	-
	Capital Debtors	-	-
	Value Added Tax	2,524,478	1,848,860
	Prepayments	3,999,514	3,527,783
	Finance lease debtors	-	-
	Other	3,298,710	1,726,399
	Trade receivables	2,607,754	1,072,374
	Impairment loss - Trade receivables	(805,888)	(283,594)
	Contract Receivables	378,981	1,947,969
	Total Short-Term Debtors	21,448,682	18,314,993
	Total Debtors	21,888,224	18,918,652

G7	Creditors		
a	Short Term Creditors	2019/20	2018/19
		£	£
	Government Departments	1,585,600	1,818,188
	Other Councils	4,040	13,010
	Public corporations and trading funds	-	-
	Bodies external to general government	-	-
	Rates clawback	1,800,000	100,000
	VAT	-	-
	Remuneration due to employees	403,046	583,873
	Accumulated Absences	1,363,705	1,357,825
	Receipts in advance	6,374,183	4,473,249
	Trade creditors	4,801,202	2,499,735
	Loan interest	346,162	331,903
	Capital Creditors	2,096,936	1,450,637
	Creditor Accruals	18,501,382	23,874,394
	Contract Payables	277,387	-
	Total Short Term Creditors	37,553,643	36,502,814
b	Long Term Creditors	2019/20	2018/19
		£	£
	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	64,304	50,386
	Contract Payables	-	-
	Total Long Term Creditors	64,304	50,386
	Total Creditors	37,617,947	36,553,200

G8 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	2019/20	2018/19
		£	£
Depreciation		19,396,016	18,382,926
Impairment & downward revaluations (& non-sale derecognitions)		1,605,228	(6,312,957)
Amortisation (included with depreciation above)		-	-
(Increase)/Decrease in Inventory		(94,184)	49,874
(Increase)/Decrease in Debtors		(3,491,866)	664,797
Increase/(decrease) in impairment provision for bad debts		522,294	(170,658)
Increase/(Decrease) in Creditors		1,059,137	6,178,708
Increase/(Decrease) in Interest Creditors		-	-
Payments to NILGOSC		15,130,000	24,850,000
Carrying amount of non-current assets sold		4,704,852	350,000
AIC/WIP written off to Net Cost of Services		-	-
Contributions to Other Reserves/Provisions		3,189,586	4,292,409
Movement in value of investment properties-included above in Impairment & downward revaluations (& non-sale derecognitions)		-	-
Amounts posted to CIES from Donated Assets Account		(1)	(10,000)
Contract Costs		-	-
Contract Assets		-	-
Contract Liabilities		-	-
Deferred revenue		-	-
		42,021,062	48,275,099

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities			
	Notes	2019/20	2018/19
		£	£
Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		-	89,928
Proceeds from the sale of PP&E, investment property and intangible assets		(4,942,650)	(430,080)
Capital grants included in "Taxation & non-specific grant income"		(5,257,824)	(3,052,865)
		(10,200,474)	(3,393,017)

b Cash and Cash Equivalents

	Notes	2019/20	2018/19
		£	£
Cash and Bank balances		12,516,975	10,866,068
Short Term Deposits (considered to be Cash		8,000,000	17,000,000
Short Term Investments (considered to be Cash		-	-
Bank Overdraft		-	-
		20,516,975	27,866,068

c

Cash flows from Investing Activities		2019/20	2018/19
		£	£
Purchase of PP&E, investment property and intangible assets		43,625,193	40,481,902
Purchase of Short Term Investments (not considered to be cash equivalents)		-	-
Purchase of Long Term Investments		440,000	431,000
Other Payments for Investing Activities		1,974,259	1,733,342
Proceeds from the sale of PP&E, investment property and intangible assets		(4,942,650)	(430,080)
Proceeds from Short Term Investments (not considered to be cash equivalents)		-	-
Proceeds from Long Term Investments		-	-
Capital Grants and Contributions Received		(5,257,824)	(3,052,865)
Other Receipts from Investing Activities		-	-
Net Cash flows from Investing Activities		35,838,978	39,163,299

d

Cash flows from Financing Activities		2019/20	2018/19
		£	£
Cash Receipts from Short and Long Term Borrowing		30,000,000	65,000,000
Other Receipts from Financing Activities		-	-
Cash payments for the reduction of the outstanding		-	-
Repayment of Short and Long Term Borrowing		(20,182,319)	(38,874,042)
Other payments for Financing Activities		-	-
Net Cash flows from Financing Activities		9,817,681	26,125,958

Events after the Balance Sheet Date

The coronavirus pandemic has had a profound impact on all aspects of life in the Belfast City Council area. Through 2020/21 the Council will adopt a pro-active approach to ensure that it responds to the emerging needs of residents and businesses.

On 17 October 2020, the First-tier Tribunal issued its decision in relation to a dispute concerning the VAT liability of charges paid by members of the public for access to sport and leisure facilities provided by Mid-Ulster District Council. HMRC contended that the charges should bear VAT at the standard rate, while Mid-Ulster District Council contended that the charges in dispute did not attract VAT. The appeal by Mid-Ulster District Council was allowed and now the quantum has to be agreed between both parties. However, pursuant to Rule 39 of the Tribunal Procedure (First-tier Tribunal) (Tax Chamber) Rules 2009, any party dissatisfied with the decision has a right to apply for permission to appeal not later than 56 days after the date of this decision. Therefore, at this stage it is too early to assess the impact of this decision on council finances.

Date of authorisation for issue

The Chief Financial Officer authorised these financial statements for issue on December 2020.