

# Statement of Accounts

## Newry, Mourne and Down District Council

For the Year ended 31<sup>st</sup> March  
2018



Comhairle Ceantair  
an Iúir, Mhúrn  
agus an Dúin

**Newry, Mourne  
and Down**  
District Council

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## **Narrative Report**

### **Overview of Newry, Mourne and Down District Council and its External Environment**

Located in the south east of Northern Ireland, and covering parts of Counties Down and Armagh, our District is easily accessible from both Belfast and Dublin. Renowned for its scenic beauty, we are bounded on the east by Strangford Lough and Carlingford Lough, and on the west by Slieve Gullion and Slieve Croob, with the picturesque Mountains of Mourne at our centre. To complement our outstanding natural assets, we are also home to a number of significant built heritage assets including Struell Wells in Downpatrick, Dundrum Castle and Bagenal's Castle in Newry City.

#### *Population*

As the third largest Council, we make up approximately 11% of the total land area of Northern Ireland, more than 100 miles of coastline, and provide services to 178,996 residents (2017 mid-year population estimate). This represents 9.5% of the total population of Northern Ireland.

#### *Connectivity*

In addition to Newry City, our principal settlements are Downpatrick, Ballynahinch, Kilkeel, Newcastle, Warrenpoint and Crossmaglen. Our District enjoys excellent road and rail links with Dublin as well as Belfast and contains a number of ports and harbours, providing direct access by water. However, internal connectivity is a problem, in terms of roads, transport and communications (broadband and mobile) infrastructure.

#### *Health & Wellbeing*

We enjoy the highest percentage of people who are in very good health (50.32%). 70.1% of people have no long-term health problems, the second highest of all the eleven Councils in Northern Ireland. There are two major hospitals, Daisy Hill in Newry City and the Downe in Downpatrick.

#### *Education*

Our District has excellent primary, secondary and tertiary educational establishments and can claim some of the best results in Northern Ireland. Our District is also home to two major education campuses in the South Eastern and the Southern Regional Colleges.

#### *Tourism*

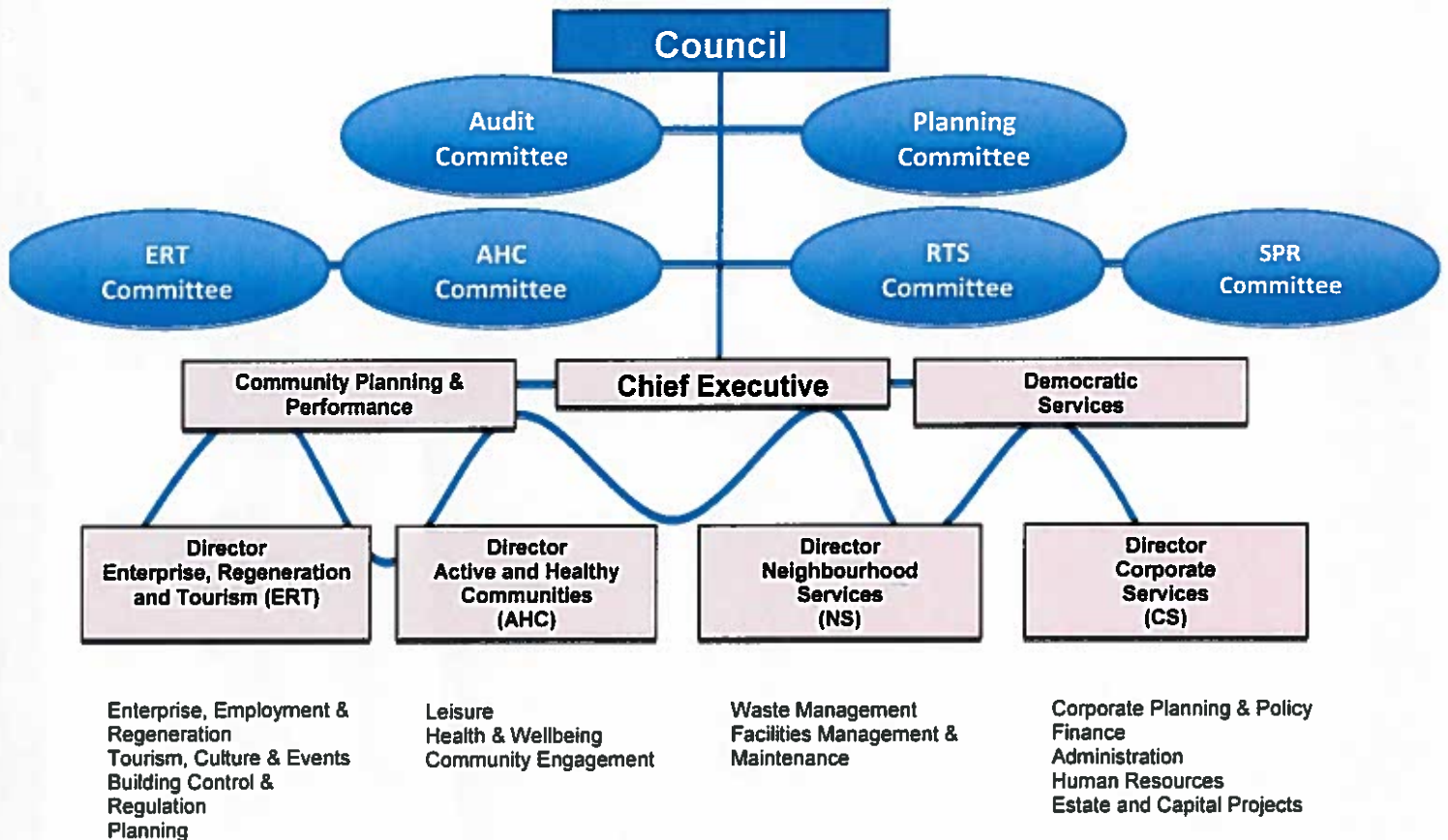
Our tourism potential is enormous with three areas of outstanding natural beauty in Strangford & Lecale, Slieve Gullion, and the Mourne, numerous Blue Flag beaches, and an unrivalled link to St Patrick.

#### *Enterprise & Employment*

Our District is an attractive location for business. Newry City is strategically placed on the A1 / M1 Belfast to Dublin corridor and Downpatrick is in close proximity to Belfast. The District is well served with a strong retail offering and a diverse range of service industries, manufacturing and agri-food businesses.

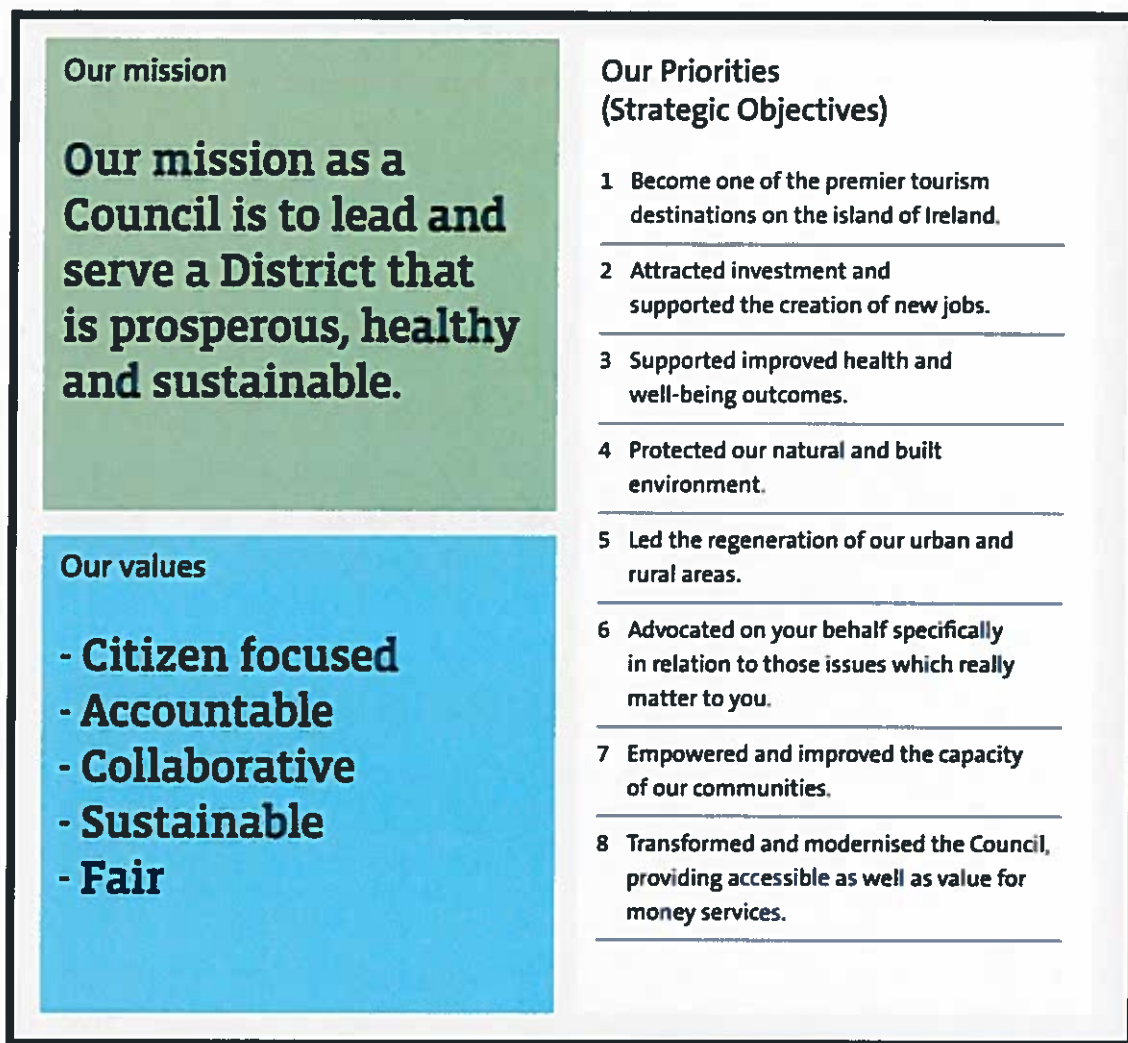
Figure 1 illustrates the Councils Management and Committee Structure. During the year there was on significant change in Directorates. The Regulatory and Technical Services (RTS) Directorate is now known as Neighbourhood Services (NS) directorate. The planning and building control functions have transferred from RTS to the Enterprise, Regeneration and Tourism Directorate (ERT). Corporate Services and the Active and Healthy Communities Directorates remain unchanged.

**Figure 1 - Council Management and Committee Structure**



The Council's mission is to lead and serve a District that is prosperous, healthy, as well as sustainable from an economic, environmental and social perspective. The Council will achieve this by focusing on eight core areas (the Council's strategic objectives):

**Figure 2 – The Councils Mission, Values and Strategic Objectives**



**Performance Report**

*Financial Performance*

The Councils General Fund Balance increased by £2.4m from the 31 March 2017. The General Fund Balance at 31 March 2018 was £11.3m. However the total unusable reserves increased by £3.5m to £56.2m.

The Councils Net Assets increased by £6.1m to £69m at 31 March 2018. The most significant reason for the increase was due to the Councils Land and Buildings being revalued by the Land and Property Services at the 31 March 2018, this led to a £8m increase in the Balance Sheet. The Council also had £17.3m in additions; most of this balance was related to the new Down Leisure Centre.

*Non-Financial Performance*

Newry, Mourne and Down District Council had five performance improvement objectives for 2017-18. See progress against each objective below:

1. *Encourage healthy lifestyles through increased participation in leisure, sport and recreational activities*

Significant progress has been made in achieving this objective, as the Council proactively encouraged residents to lead full, active and healthy lifestyles through sport and active recreation.

- New premier Newry Leisure Centre opened in November 2017;
- Increased attendances at indoor leisure facilities;
- Online booking and joining facility for leisure centres launched in January 2018;
- New brand 'Be Active-Your Way, Every Day' launched in November 2017;
- Customer satisfaction surveys carried out at six Council leisure centres;
- Implementation of the Play Strategy and Sports Facility Strategy underway;
- Over 1,175 children participated in Community Play initiatives; and
- Targeted physical activity programmes delivered through Everybody Active 2020.

2. *Improve economic growth by creating new business starts, supporting the growth of existing businesses and promoting Newry, Mourne and Down as a premier tourist destination*

Significant progress has been made in achieving this objective through continued investment in economic growth and tourism opportunities, which will have a positive impact on local communities and the local area.

- 167 new business starts supported and 168 new jobs promoted through business start-up activity;
- Business support provided to 32 community groups and organisations and 5 new social enterprise jobs created, between April-August 2017;
- The Carlingford Lough Greenway between the Weir and Victoria Lough is complete;
- 41% increase in visitor numbers and 27% increase in visitor spend;
- Destination Experience Development Plan for the Mournes and Ring of Gullion and the Mourne Coast launched; and
- The Giant Adventure Festivals attracted over 139,000 visitors and generated an estimated £4m for the local economy.

3. *Deliver urban and rural regeneration initiatives that will create a District where people want to live, work and invest in*

Significant progress has been made in achieving this objective, as the Council continues to identify and invest in urban and rural regeneration initiatives across the District.

- Physical re-development of Warrenpoint Municipal Park has commenced;
- Completion of the Forkhill Greenspace Pathway Project;
- Purple Flag accreditation achieved for Newry City centre for excellence in the evening and night-time economy;
- 45 Village Plans updated and created;
- Multiple initiatives launched to improve digital connectivity in rural areas; and
- Improved processing time for local planning applications.

4. *Create a cleaner, greener, more attractive District*

Progress has been made in achieving this objective, as the Council continues to prioritise and invest in street cleanliness, waste management and recycling.

- Increase of 5% in the rate of recycling with a 50% reduction for waste going to landfill;
- 14% reduction in black bin waste and a 4% and 60% increase in blue and brown bin waste respectively;
- Blue bin collections available to all commercial properties across the District;

- Over £39k was awarded to 18 environmental improvement projects through 'Down Your Street – Live Here, Love Here'; and
- 60 schools participated in the annual schools calendar competition, which promotes the benefits of recycling.

5. *Encourage and empower local communities to participate in Council engagement structures and initiatives*

Significant progress has been made in achieving this objective, as the Council focuses on strengthening participation in Council engagement structures and developing innovative ways to support minority groups across the District.

- Corporate Consultation and engagement framework adopted;
- Significant representation from the community, voluntary and business sectors on Council engagement structures;
- 48% of places currently occupied on the DEA Fora, PCSP, Neighbourhood Renewal Partnerships and PEACE IV Partnership are taken by representatives from the community, voluntary and business sectors;
- Over £1.3m awarded to 403 projects through the financial assistance scheme;
- Increase in the number of Neighbourhood Watch Schemes, from 150 in March 2017 to 180 in June 2017; and
- 50 groups involved in the Audit of Effectiveness for Community Centres, which is now complete.

### **Expenditure and Funding Analysis**

The Council receives three different types of taxation and non-specific grant income. The largest being District rate income totalling £50.5m (2016/17 - £48.4m). This is collected by Land & Property Services (LPS) and then passed to the Council. A general grant of £4.5m (2016/17 - £4.5m) is also received from the Department for Communities (DfC), all councils receive a percentage of this general grant. The Council also received £1.1m (2016/17 - £324k) of capital grants in year. The total taxation and non-specific grant income received for the 2017/18 year was £56.1m (2016/17 - £53.2m).

Gross Expenditure for the year was £74.6m (2016/17 – £68.9m). Neighbourhood Services and Active and Healthy Communities were the largest spending Directorates spending £27.5m and £15.0m respectively. Gross Income received in year was £68.7m (2016/17 - £66.7m). The deficit on the provision of services at 31 March 2018 was £5.9m (2016/17 - £2.2m).

Staff Costs in year increased by £851k to £28.7m. The average number of full time employees increased by 29 to 860 employees.

Figure 3 below demonstrates how the Council spent the income received in the 2017/18 year. The figures in the table are based on the forecast figures for 2017/18.

**Figure 3 – How we spent your money in 2017/18**

Service	£'000	% of total
Waste Collection	£13,078	23
Financing our Capital Projects	£8,605	15
Recreation and Sport	£7,826	14
Tourism	£3,765	7
Other Cleaning and Public Conveniences	£3,556	6
Environmental Health	£3,313	6
Community Services	£2,588	5
Culture and Heritage	£2,577	5
Democratic Representation and Management	£2,467	4
Economic and EU Rural Development	£2,003	4
Other Services	£1,851	3
Minor Works / Licencing / Cemeteries	£1,554	3
Planning	£910	2
Building Control:	£795	1
Waste Disposal	£512	1
Community Planning	£481	1
<b>Total</b>	<b>£55,881</b>	<b>100</b>

### Governance

The CIPFA/SoLACE Delivering Good Governance in Local Government Framework (2016) (the Framework) requires local Councils to publish an Annual Governance Statement, and to be responsible for ensuring that:

- their business is conducted in accordance with all relevant laws and regulations;
- public money is safeguarded and properly accounted for; and
- resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people.

"Core principles" underpinning the CIPFA/SoLACE Framework are set out below in figure 4.

**Figure 4 – Core Principles of the CIPFA/SoLACE governance framework**

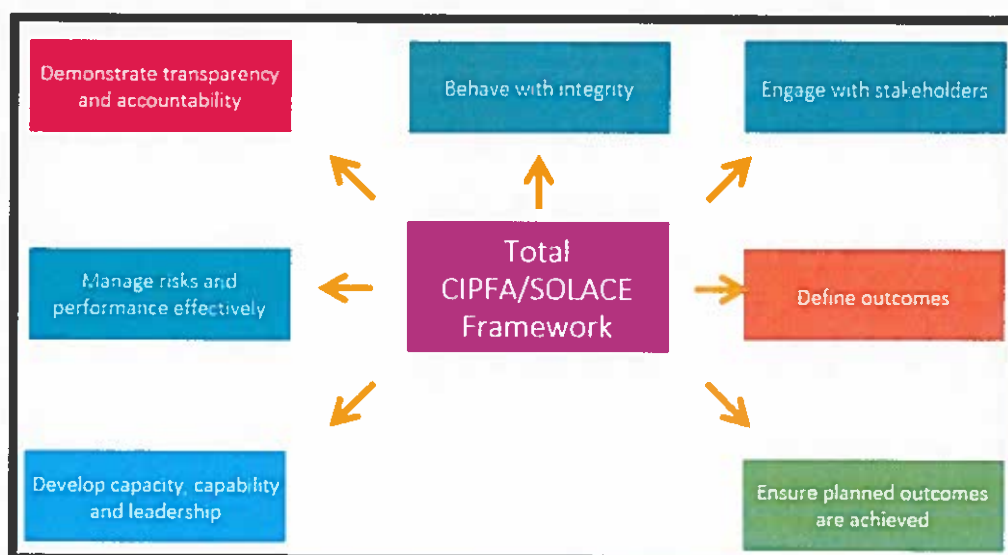
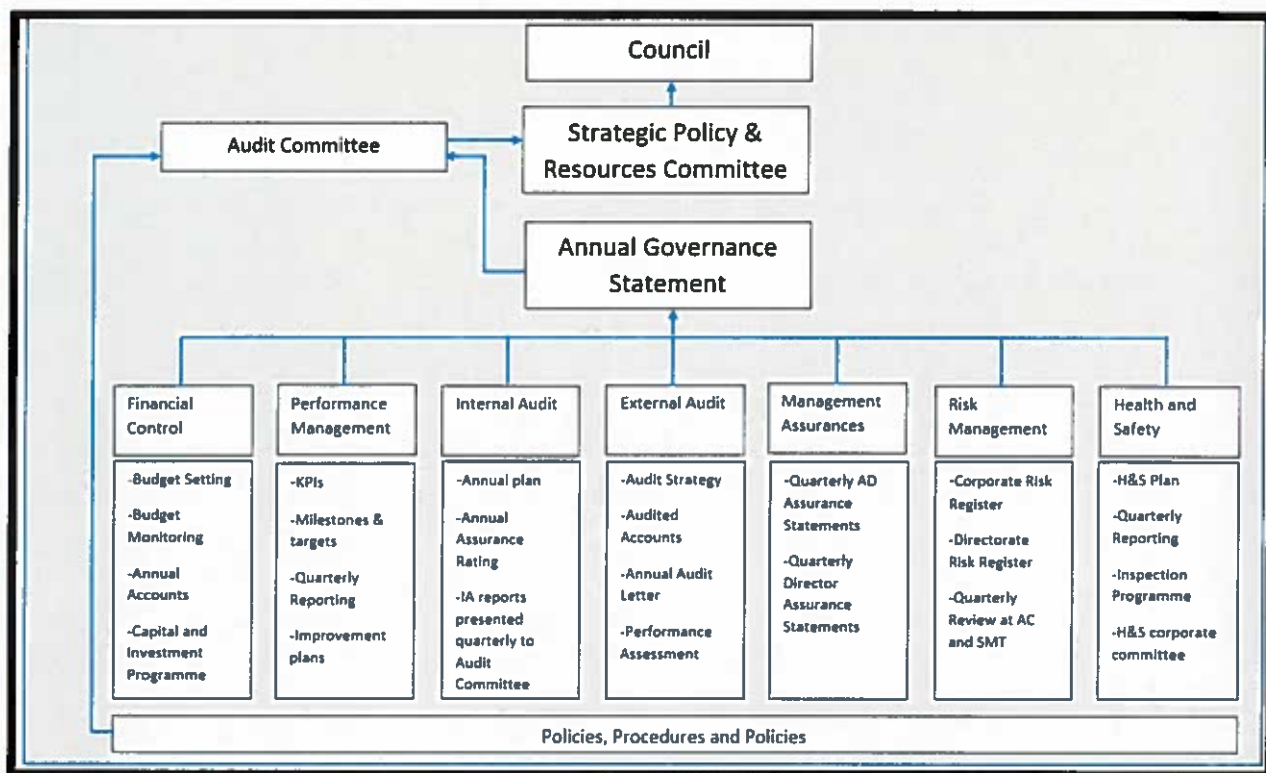




Figure 5 illustrates the assurance framework in place within the Council that provides information on compliance with various elements of the Councils Governance arrangements.

**Figure 5 – Key Components of the Councils Assurance Framework**



All significant governance issues in the 2017/18 financial year have been highlighted within the Annual Governance Statement on page 13. There have been no significant changes to the governance arrangements during the year.

### Risks and opportunities

The Council has an embedded process to manage risks and assist the achievement of its objectives and performance targets. The Corporate Risk Register plays an integral role in supporting production of the Corporate Plan and is subject to a quarterly review by the Audit Committee and the Senior Management Team (SMT).

A risk management policy is in place to identify and evaluate risk. There are clearly defined steps to support better decision making through the understanding of risk, whether a positive opportunity or threat and the likely impact. Council formally adopted a Corporate Risk Management Policy in March 2016, and this was since revised in November 2017 to make the document more user friendly. The Council had 11 Corporate Risks at 31 March 2018, which included:

1. Failure to develop and improve our tourism offering;
2. Failure to deliver the capital investment programme for the district;
3. Breach of legislation in relation to the procurement of goods and services and works;
4. Non-compliance with legislative requirements (including GDPR);
5. Failure to effectively manage waste;

6. Failure to provide timely planning decisions;
7. Failure to have necessary staffing structures and resourcing to deliver efficient and effective services;
8. Risk that IT services do not support the statutory, strategic or operational requirements of the Council;
9. Failure to develop a transformational programme of organisational change that addresses Local Government Reform and delivers efficiencies and improvement, as well as supporting the realisation of the strategic outcomes of the Community and Corporate Plans;
10. Failure to adequately react to a major incident; and
11. Failure to implement an economic development programme to regenerate the district and attract inward investment due to financial uncertainties caused by the current economic and political climate.

Controls are in place to manage the risks were possible, and where actions have been identified to further mitigate the risk, these are being progressed by a member of the Senior Management Team.

### **Strategy and resource allocation**

The Medium Term Financial Plan was approved by the Council in February 2018. In accordance with the Local Government Finance Act (Northern Ireland) 2011, the Chief Executive, as Chief Financial Officer is required to provide assurance to Members on the robustness of the revenue estimates and the adequacy of the Council's reserves position as part of the rate setting process. Detailed estimates were formulated, presented and scrutinised by members. They took into account past outturn, current spending plans and likely future demand and pressures, and any significant uncertainties existing at the time were highlighted.

### **Financial Performance – Revenue**

The final set of management accounts for the 2017/18 were presented to the SP&R committee on the 14 June 2018. The management accounts compared the budgeted expenditure for the 12 months to the actual expenditure and revenue for the same period. There was a positive overall position of £2.5m at the 31 March 2018 when the budgeted figures were compared against actuals.

Additional income over that budgeted for was due to changes in the Councils borrowing strategy, a reduction in the minimum revenue provision due to phasing of the £103m capital programme and an increase in the annual rates finalisation figure advised by Land and Property Services. Spending on central government match funded projects such as the Rural Development projects was delayed, with a reported underspend this year. Savings against budget arising from efficiencies were noted in a number of areas across the organisation including human resources, corporate policy, community planning and performance, democratic services and administration.

### **Financial Performance – Capital**

The Council has an ambitious four-year capital programme of £104 million. The four-year capital programme is updated and approved annually by Council in February each year. The investment will help Council meet the strategic objectives which are set out on the Corporate Plan.

Examples of major schemes contained and funding plans are listed below:

- Newry City Centre Regeneration project – £20.2million
- A new state of the art leisure centre in Downpatrick - £16.3m
- Refurbishments to playing fields in relation to the recently adopted Play Strategy - £2.1m
- Revitalising Camlough lake into a recreational hub - £1.9m
- An upgrade to Newry Town Hall - £1.5m
- Public convenience upgrades - £1.2m

Council have also made a commitment to a 15 acre park in Newry, and to the Belfast Region City Deal investment. These projects will require significant investment by Council over the future years.

### **Future Uncertainties**

There are a number of significant uncertainties, which could lead to changes in resources, which the Council receives. These include:

- At present, there has been no agreed budget by the NI Executive. The absence of an agreed budget has the potential to impact on the ability of DfC to issue rates support grant to Councils. During 2017-18 Council were advised of a 4% cut to the Rates Support Grant. Whilst the Local Government Finance Act (Northern Ireland) 2011, Section 27 states that "the Department shall for each financial year make a grant under this section to Councils", there may be further reductions to the Rates Support Grant.
- Included within our 2018-19 estimates are various areas of funding received from central government. We have included amounts on the basis of our previous arrangements with central government. However, it is important to note that until such times as a budget is agreed by the Northern Ireland Executive these funding streams are uncertain.

## **Explanation of the Financial Statements**

The Council's financial performance for the year ended 31st March 2018 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 2018 (the Code) and the Department for Communities Accounts Direction, Circular LG 05/2018. 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 Newry Mourne and Down District Council's finances during the financial year 2017/18 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

## **Group Accounts**

The Code requires Local Authorities to consider all their interests and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. The Council does not have material interests in such bodies and accordingly is not required to prepare group financial statements.

## **The Movement in Reserves Statement**

This Statement, as set out on page 41, 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). 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 Comprehensive Income and Expenditure Statement**

This statement, as set out on page 40, 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. Authorities 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 Balance Sheet**

The Balance Sheet, as set out on page 42, shows the value as at the Balance Sheet date of the Council's assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, 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 (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 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'.

### **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 Councils 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.

### **Basis of preparation**

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. The Statement of Accounts has been prepared on a 'going concern' basis.

The concept of materiality recognises that the absolute accuracy in financial statements is rarely possible. Therefore, the external audit is designed to provide reasonable, rather than absolute assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would reasonably influence the decisions of the users of the financial statements.

## **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 Executive on xxth September 2018.

### **The Chief Financial Officer's Responsibilities**

Under Regulation 8 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015, the Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in the form directed by the Department for Communities.

The accounts must give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

In preparing this Statement of Accounts, the Chief Financial officer is required to:

- observe the Accounts Direction issued by the Department for Communities including compliance with the Code of Practice on Local Authority Accounting in the United Kingdom
- follow relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis, and
- make judgements and estimates that are reasonable and prudent.

The Chief Financial Officer is also required to:

- keep proper accounting records that are up-to-date, and
- take reasonable steps for the prevention and detection of fraud and other irregularities.

## **NORTHERN IRELAND LOCAL GOVERNMENT BODIES'**

### **ANNUAL GOVERNANCE STATEMENT**

Newry Mourne and Down District Councils Annual Governance Statement follows DfC accounts directions and where applicable, the factsheet on governance statements issued by the NIAO in 2013 and comprises the following sections:

- Scope of responsibility
- The purpose of the governance framework
- The governance framework
- Review of effectiveness
- Update on the significant governance issues that were declared at the year-end 2016-17
- Significant governance issues for the year end 2017-18

#### **Scope of Responsibility**

Newry Mourne and Down District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for, and used economically, efficiency and effectively.

Newry Mourne and Down District Council also has a duty under Local Government (Best Value) Act (Northern Ireland) 2002 to make arrangements for continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness,

In discharging this overall responsibility, Newry Mourne and Down District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its function, which includes arrangements for the management of risk.

Newry Mourne and Down District Council is required to prepare an Annual Governance Statement which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. This statement explains how the Council meet the requirements of Regulation 4 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in relation to the publication of a statement on internal control.

#### **The Purpose of the Governance Framework**

The governance framework comprises the systems and processes, and culture and values, by which the local government body is directed and controlled and its 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, cost-effective services.

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 local government body'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 has been in place at Newry Mourne and Down District Council for the year ended 31 March 2018 and up to the date of approval of the financial statements.

### **The governance framework**

This section describes the key elements of the systems and processes that comprise the Councils governance arrangements:

- **Identifying and communicating the Councils vision of its purpose and intended outcomes for citizens and service users.**

The Council communicates its vision of its purpose and intended outcomes through a number of channels, namely its community plan, local community plans, its corporate plan and its ongoing approach to communications and engagement.

The current Corporate Plan spans the period 2015 to 2019 and has been widely disseminated, both online and in hard copy. The Corporate Plan was informed by a variety of internal and external engagements, which sought to involve all relevant stakeholders. The Corporate Plan also benefitted from considerable Member input prior to it being formally adopted by Council. Council completed its first annual review of the Corporate Plan in June 2016 informed by a series of consultation workshops with a range of stakeholders. The Council has a dedicated website and facebook pages to support access to information by citizens and service users.

The first Community Plan, known as 'Living Well Together' was published in April 2017. Further details in relation to the Councils first Community Plan can be found at <http://www.newrymournedown.org/living-well-together>. Community Planning is a process whereby the Council, statutory bodies, and the community work together to develop and implement a shared vision for promoting the wellbeing of our area and pave the way for the most efficient use of scarce resources. Community Planning is everyone working together to make life better and deliver real improvements for local people. It means planning ahead to improve the big issues that matter to people like health, education, employment, safety and the environment.

The Community Plan was developed following extensive engagement with the citizens of Newry Mourne and Down District Council to identify the long-term vision they would like to see achieved over the next 15 years. The engagement mechanism will continue to be used to consult with people on how the community plan will improve the delivery of public services. The Community Plan gives the context for the next Corporate Plan and the Council's first Local Development Plan.

The Council is responsible for the preparation of a development plan for the District and has commenced work on the Newry, Mourne and Down Local Development Plan (LDP). The LDP will provide a 15 year plan framework to support economic and social needs in the District, in line with regional strategies and policies, while providing the delivery of sustainable development. The LDP will inform the general public, statutory authorities, developers and other interested bodies of the policy framework and land use proposals that will guide development decisions; and will be the primary consideration in the determination of planning applications for the development or use of land in the District.



The LDP will be prepared within the context of the Council's Corporate Plan and Community Plan.

The Preferred Options Paper (POP) contains a series of options for dealing with key issues in the District, as well as the Council's justification for its proposed approach. The POP indicates the Council's preferred options for growth and development in the District. The POP was launched on the 29 May 2018 and the consultation period for the POP runs for a period of 12 weeks from 1 June 2018 to 24 August 2018. Further information on the POP can be obtained by following this link <http://www.newrymouredown.org/local-development-plan>

- **Reviewing Newry Mourne and Down Districts Councils vision and its implications for Council's governance arrangements**

The Corporate Plan for the period 2015 to 2019 sets out the Council's vision and the Corporate Risk Register identifies the main risks associated with achievement of Council's objectives. Both these documents are kept under review, particularly in the context of Council's statutory performance improvement duty.

Each of the Councils Directorates have agreed business plans against which they report to their standing committee. Each business plan is aligned to the Councils Corporate objectives. The Councils SP&R committee has responsibility for overseeing performance management process and agreeing the Councils Statutory performance Improvement Plan prior to Council approval. The SP&R and Audit Committee receive regular reports on performance, ensuring that progress in each of the key areas is carefully monitored.

Council formally adopted a Corporate Risk Management Policy in March 2016, and this was since revised in November 2017 to make the document more user friendly. The Policy outlines the key governance arrangements to ensure Council effectively manage the risks faced in achieving its objectives. SMT and Audit Committee quarterly review the Corporate Risk Register. Directorate Risk Registers are now also in operation and are used to inform the Corporate Risk Register.

- **Measuring the quality of services for users through the Citizen Satisfaction Survey, for ensuring they are delivered in accordance with Council's objectives and for ensuring that they represent the best use of resources.**

The Council strives to operate in an efficient, effective, economic and ethical manner. It has established arrangements to secure continuous improvements in line with the Local Government Act (NI) 2014. The Council has complaints procedures in place across its services.

Individual Council Services monitor their performance to ensure that they maintain customer satisfaction levels. The Community Planning and Performance Service area links key performance indicators (KPIs) via business plans to the Council's overall objectives and shows progress against same.

The Council is subject to audit by the Local Government Auditor, within the Northern Ireland Audit Office. The scope of auditors' work covers not only the audit of the Council's Financial Statements, but also aspects of corporate governance, arrangements to secure the economic, efficient and effective use of resources and

an audit and assessment of the Council's Performance Improvement Plan. The Local Government Auditor makes an annual report on the results of both her financial audit and improvement audit, which are published on the Council's website.

The Council has established a Performance Improvement Service Unit with responsibility for developing and implementing effective performance governance arrangements in addition to supporting projects and activities aimed at improving the better use of resources to achieve outcomes.

- **Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.**

As a statutory body, the Council performs a range of functions that are provided for in legislation. The Council takes overall responsibility for discharging these functions, with its performance delegated to either a Committee or an Officer.

The main decision making committee is full Council. Council meetings are led by the Council Chair and Council meets on a monthly basis. Its work is supported by a Committee structure with decisions taken by Committees subject to ratification by full Council.

Each Committee has a defined Terms of Reference, documenting its roles and responsibilities including determining policy in its own area within the remit delegated from the Council. There are also a number of established sub-committees and working groups involving Elected Members, which report to the relevant Committees.

In line with section 2 of the Local Government Act (Northern Ireland) 2014, the Council has prepared its constitution. This has been published on the Council's website. The purpose of the constitution is to:

- a) enable the Council to provide clear leadership to the community, in partnership with citizens, businesses and other organisations;
- b) support the active involvement of citizens in the process of Council decision-making;
- c) help Councillors represent their constituents more effectively;
- d) enable decisions to be taken efficiently and effectively;
- e) create a powerful and effective means of holding decision-makers to public account;
- f) ensure that no one will review or scrutinise a decision in which they were directly involved;
- g) ensure that those responsible for decision-making are clearly identifiable to local people and that the decision-makers explain the reasons for decisions; and
- h) provide a means of improving the delivery of services to the community.

The Senior Management Team consists of the Chief Executive and Directors and meets to make strategic decisions, while a Corporate Management Team (CMT) consisting of Assistant Directors is responsible for Operational delivery and informing strategic work.

The Councils Efficiency Working Group (EWG) provides oversight of the range of capital and strategic projects undertaken by the Council, while a Strategic Project Group provides additional objective scrutiny of projects on the corporate portfolio.

The Council has also set up a Corporate Health and Safety Committee comprising Directors, Assistant Directors, the Council's Health and Safety Officer, Human Resources and Trade Union representatives to ensure the streamlining of Health and Safety throughout all Council functions and to report on incidents. This meets quarterly. In addition, each Directorate has its own Health and Safety Committee.

The Council is also a member of the arc21 Waste Management Joint Committee along with five other Northern Ireland Councils. The Joint Committee has delegated authority to deal with financial matters up to £250,000 and all other decisions are subject to ratification by the constituent Councils.

The responsibilities of the Chief Financial Officer are set out in the Local Government (Accounts & Audit) Regulations (Northern Ireland) 2015. Council has designated the Chief Executive as its Chief Financial Officer.

- **Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff.**

The Council has a wide range of policies and procedures, which are subject to ongoing review and include the standard of behaviour expected from all employees.

Council defined the standards of behaviour for Members and staff within its standing orders, Member's Code of Conduct and Employee Code of Conduct. The Members and staff must comply with their respective Codes of Conduct. A number of briefing sessions were held for staff to inform them of the revised Code of Conduct and induction training was provided to Members during the year. The Northern Ireland Local Government Code of Conduct for Councillors came in to force in May 2014 and all councillors have signed up to this.

All Members, SMT and CMT completed a declaration of conflicts of interest during 2017-18. The Register of Members Interests and the Chief Executives declaration of conflicts of interest is published on the website to aid transparency.

- **Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality**

The Constitution lays out in detail the Councils decision-making process and the scheme of delegation for officers. The constitution is available on the Council's website. Please find the relevant links below:

Part 2 - Responsibility for Functions:

Annex 1 - [Terms Of Reference For Committees](#)

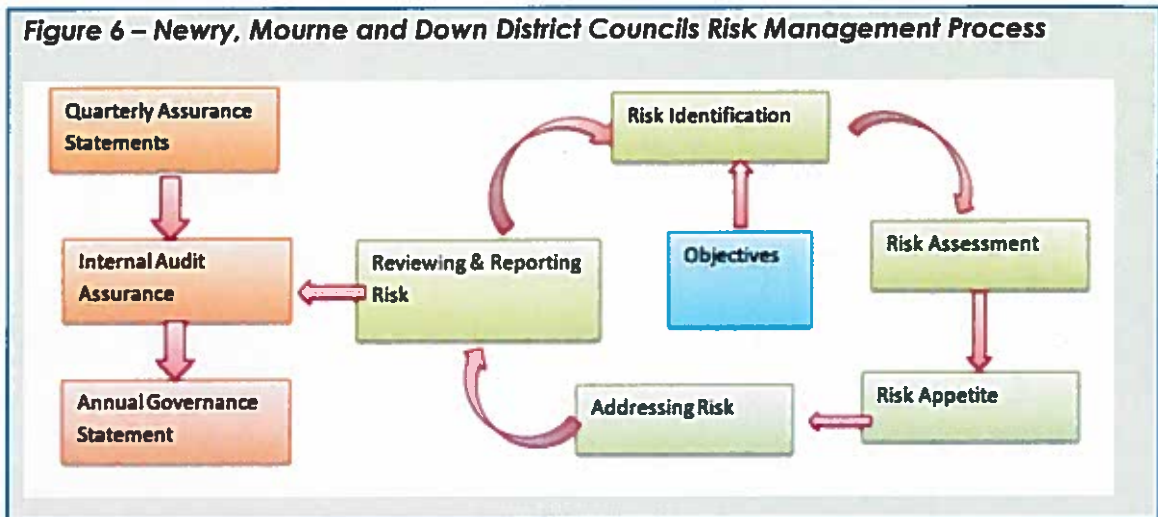
Annex 2 - [Council's Decision Making Process](#)

Annex 3 - [Scheme Of Delegation For Officers](#)

The Council aims at all times to comply with the Data Protection Act 1998 through its policies, Procedures, data security measures and training regimes and is currently working towards compliance with the General Data Protection Regulation, which came into force in May 2018.

- **Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability**

The Councils Risk Management Policy was updated in November 2017 to make the document more user friendly. The key elements of the risk management process are highlighted below:



The Council maintains a suite of risk registers for significant projects, directorate areas and a corporate risk register. The Corporate Risk Register is reviewed quarterly by the Audit Committee. This is a live document, which is subject to change as required.

The Corporate risk register will be included on the SMT Agenda for consideration quarterly to ensure that it is kept up to date and to streamline consideration of and mitigation against risk throughout the organisation, as outlined in the Council's Risk Management Policy.

The Directorate Risk Registers are updated on a quarterly basis and significant risks can be escalated to the Corporate Risk Register. All risks have to be linked to Corporate or Directorate Objectives.

A comprehensive database for managing identified risks across all areas (GRACE Governance Solution Software) is maintained by the Councils Audit Services Manager.

In order to assist the Chief Financial Officer in fulfilling his responsibilities, the Council have put in place a process for assurance / stewardship reporting. The assurance statements should reflect any significant internal control issues in the relevant Directorate or Service Area and is be timed to support the Accounting Officer in his preparation of the Annual Governance Statement. Directors and Assistant Directors complete Assurance Statements on a quarterly basis.

- **Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained**

The Anti-Fraud Policy and Fraud Response plan were revised during the financial year, the amended documents were ratified by Council in June 2017.

The Council is committed to protecting the public money we look after and to make sure that the opportunity for fraud or any other financial impropriety is reduced to the lowest possible risk. We expect all employees, agency assignees, elected members, contractors, consultants, suppliers and service users to be fair and honest.

Should allegations be made, we will deal with them in a firm and controlled manner. As well as being potentially criminal acts, fraud and financial impropriety can impact on the council's finances, its reputation, its staff and its stakeholders. There is a clear commitment from the Council and Senior Management that fraud will not be tolerated and the Council is committed to ensuring that opportunities for fraud are reduced to the lowest possible level of risk.

The Fraud Response Plan acts as a procedural guide which must be followed in the event of a fraud, or attempted fraud, being suspected. The plan sets out how Council staff and others should report suspicions of fraud and how the Council will handle them. Adherence to this plan will ensure that timely and effective action is taken to prevent further losses, maximise recovery and minimise recurrence of losses, identify the perpetrators and maximise the likelihood of success if any disciplinary/ legal action is taken. A Fraud Response Group has also been established which consists of the Chief Executive, the Director of Corporate Services and the Audit Services Manager.

All suspected or actual frauds are notified to the Local Government Auditor as soon as the Audit Services Manager becomes aware. The Audit Committee are updated quarterly on new and ongoing fraud and whistleblowing cases.

Governance awareness sessions were rolled out to staff during the year at numerous sites to make staff aware of their responsibilities in relation to recently amended policies. The Sessions covered Fraud, Whistleblowing, Gifts and Hospitality, Conflicts of Interests and Complaints. In total 585 staff attended 12 different sessions.

- **Ensuring effective management of change and transformation**

Newry, Mourne and Down District Council managed a smooth transfer of services and functions to the new organisation in April 2015. The organisational structure of the new organisation was clearly defined in 2015 and has been fully embedded with some adjustments to enhance efficiencies. Corporate values, vision and objectives are clearly defined.

The Council has developed a target-operating model of how the organisation should operate in the future to support service improvement, transformation and change. This agenda is being led by the Chief Executive's Office and supported by a number of task & finish groups from CMT. Elected Member support and oversight is provided for by the EWG and SP&R.

- **Ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and, where they do not, explain why and how they deliver the same impact**

The Chief Executive has been designated by the Council as its Chief Financial Officer. As a result, Newry Mourne and Down District Council complies with this statement with the exception of Principle 5, "The CFO in a local authority must be professionally qualified and suitably experienced". The Council does not comply with this principle because local regulations in Northern Ireland do not require the CFO to be a professionally qualified accountant nor for the role to be separated from that of the Chief Executive. However, the Council's governance arrangements deliver the same impact as the CFO is supported by a suitably qualified and experienced Director and staff within the Finance Service to ensure that decisions made by Council are based on sound technical knowledge and understanding.

- **Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.**

Compliance with laws and regulations is primarily ensured through operation of internal policies and procedures, which are supported by appropriate training. Council also has access to advice from a range of sources, including in house legal advice and more specialist advice from the Council's Solicitor. All Officers and elected Members are required to act in compliance with Council policies and procedures, and their respective Codes of Conduct while carrying out their duties and to declare any conflicts of interest. To support this, the Council operates under a system of Standing orders and approved policies that all Committees and Officers must follow.

To ensure legislative compliance is considered for all activities, reports to Council require relevant legislation to be quoted. All major expenditure proposals are subject to review by SP&R before being passed to Council and legal advice is sought where appropriate and reported to Council. All Directors and Assistant Directors are required to sign off quarterly Assurance Statements, which provide a chain of assurance to the Chief Executive with regard to compliance across a range of areas as well as the management of risks, control failings, incidents of fraud and whistleblowing and areas of concern.

- **Ensuring the authority's assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact**

The CIPFA Statement on the role of the Head of Internal Audit in public service organisations highlights three principles to perform this role, which are:

1. must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee;

The Councils Internal Audit function is fully contracted out to a specialist independent accountancy firm. The Senior Manager within the accountancy firm is the day-to-day contact for the Council. The Senior Manager is in regular communication with the Councils Audit Services Manager and the Director of Corporate Services. The Senior Manager also has direct access to any member of SMT including Chief Executive and the Chair of the Audit Committee. The Senior Manager also attends and presents audit findings and recommendations at each Audit Committee.

2. must lead and direct an internal audit service that is resourced to be fit for purpose;

The contracted in accountancy firm conduct the internal audit work in accordance with the Public Sector Internal Audit Standards (PSIAS) . In accordance with the PSIAS Standard 1300 on Quality Assurance and Improvement Programmes, each internal audit file is reviewed by a Senior Manager and each internal audit report is reviewed by the Head of Internal Audit. This process is supported by the accountancy firms internal quality control procedures which include a system of peer file reviews.

3. must be professionally qualified and suitably experienced.

The Accountancy firms nominated Head of Internal Audit, is a Fellow of Chartered Accountants Ireland ("FCA"), a qualified Internal Auditor and member of the IIA UK and Ireland ("CIIA") and has obtained the Government Internal Audit Certificate ("GIAC"). All of the firms internal audit team are either qualified/part qualified Chartered Accountants and/or Internal Auditors.

Within the Council, the Director of Corporate Services, the Assistant Director of Finance and the Audit Services Manager are all qualified Accountants.

- **Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities**

The Council has in place an Audit Committee whose overall purpose and objective is to assist Council in fulfilling its oversight responsibilities. The Audit Committee, which meets at least four times each year, has responsibility for reviewing:

- The system of internal control and management of risks;
- The financial reporting process;
- The audit process;
- Council's processes for monitoring compliance with laws and regulations; and
- Council's processes for monitoring compliance with its own Standing Orders, policies and procedures.

In performing its duties, the Audit Committee is responsible for maintaining effective working relationships with the Council as a whole, with management and with the internal and external auditors. The committee has 10 members and is chaired by an independent Chairperson. In April 2018 the Audit Committee produced an annual report in relation to the work undertaken by the Committee during the 2017-18 year.

- **Whistleblowing and receiving and investigating complaints from the public**

The Council is committed to the highest possible standards of openness, probity and accountability. It expects its employees who have serious concerns about anything improper that is happening in the Council, to come forward and raise those concerns.

The Council has a Whistle blowing policy designed for employees to raise concerns in the knowledge that they will be protected by the safeguards of the Public Interest Disclosure (Northern Ireland) Order 1998. Public concerns are also addressed through the elected Members who bring the issues to Council for review.

The Whistleblowing Policy was revised and was approved by Council in May 2017. The Anti- Fraud Policy and Fraud response plan was revised simultaneously. The Policies are maintained on the Council's internal network and are available to all staff and members of the public.

The handling of complaints is set out in the Councils Complaints Procedure, a copy of which is published on the Councils website. Training was rolled out to all staff with regards to Complaints in October and November 2017.

- **Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training**

Council continued to deliver elected Members' capacity building training throughout 2017-18 year. Training events related to the planning function, tailored specifically for the identified needs of the Council's Planning Committee Members; Chairing Meetings; Councillors' Code of Conduct; data protection; Community Planning; GDPR; Rural Needs Act; safeguarding; Irish language. Awareness events were held on a wide range of matters including Brexit and the Ireland/N Ireland Corridor; dignity at work; domestic violence; ethnic awareness; mental health awareness.

The Council holds the Northern Ireland Charter for Elected Member Development and has appointed a representative to the newly formed Regional Elected Member Development working group. The Council continues to offer the Elected Member accredited training programme, which facilitates members interested in undertaking course of study to enhance their own individual learning and personal development.

The development needs of senior officers are addressed through the Councils Learning and Development Strategy, as supported by a wide variety of available training courses.

- **Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation**

Council ensures that clear channels of communication are in place and engages in regular meetings with the community and voluntary sector and with the public. It both welcomes and encourages feedback from stakeholders.

In addition to the monthly meeting of full Council, Special Meetings of Council are also held, focused specifically on presentations from external bodies. All minutes of public meetings of the Council and its committees are available on the website, with



audio recording of Council and all committees available during 2017-18 to further enhance transparency and accountability. During 2017-18 the Council launched a new website format which is more user friendly and work is ongoing to further enhance a new website and offer more online services to the public during the 2018-19 year.

### **Review of effectiveness**

Newry Mourne and Down District Council has responsibility for conducting, at least annually, a review of the effectiveness of its system of internal control. The review of effectiveness is informed by the work of the SMT within Council who have responsibility for the development and maintenance of the governance environment, the Internal Audit's annual report, the annual report of the Audit Committee and by comments made by the external auditors.

Recommendations arising out of internal and external reviews are agreed with management before finalisation to ensure that they will achieve the desired enhancement to the control environment and are practical solutions. Registers are maintained of all outstanding recommendations and these are circulated at Audit Committee and to CMT. Follow up reviews are also reported to the Audit Committee.

The Chief Executive has responsibility for preparing this Annual Governance Statement. In preparing this statement, he has considered the governance framework and system of internal controls in place. The Chief Executive leads the Council's SMT to collectively have involvement in and oversight of the processes involved in maintaining and reviewing the effectiveness of the governance framework. In producing this statement, full regard has been made to the register of interests for both Councillors and Employees, reports of the internal and external auditor, the Corporate Risk Register, Assurance Statements provided by each Director and Assistant Director for year ended 31 March 2018.

The Council itself maintains overall control of the governance framework and has been involved, for example, in approving the implementation of the risk management and statement of assurance processes. Primary responsibility for overseeing the governance process is the responsibility of the Audit Committee as a standing committee of Council. The role of the Audit Committee extends to receiving reports from the Council's internal and external auditors to ensure that any issues raised are subject to due consideration and are addressed by officers on a timely basis. In considering this Annual Governance Statement, the Audit Committee have considered the review of the governance framework and system of internal controls prepared by the Chief Executive.

The following process has been applied in maintaining and reviewing the effectiveness of the governance framework:

- the Members: The main decision making body is full Council of elected Members who are ultimately responsible for ensuring effective governance arrangements are in place in order for Council to achieve its goals and objectives. Council meets monthly in statutory meetings. Council has established sub-Committees of Council to consider in further detail its operations in line with specific areas of responsibility, as set out in the Constitution. These Committees of elected members are informed by Council officers.
- the Senior Officers: The Chief Executive ensures that all Council services and activities are delivered in accordance with the aims of the Council's Corporate Plan. The Chief Executive is supported by a Senior Management Team who meet at least monthly to monitor strategic direction and good governance across the District. During 2017-18 a meeting of the Corporate Management Team (Assistant Directors) occurred monthly.

Directors meet regularly with senior members of their Directorates to ensure that all staff are aware of Council's priorities and that risks are being appropriately managed. Every quarter Assurance Statements are completed at both Assistant Director and Director level to give the Chief Executive assurance over the controls that are in place and also make the Chief Executive aware of any of the risks arising which may have a negative impact on the Council.

- The Audit Committee: The Audit Committee provides an important source of assurance to those charged with governance about the Council's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and other performance. The Audit Committee has an Independent Chairperson and met on four occasions during 2017/18.
- By Internal Audit: The Internal Audit function is carried out by an independent firm in accordance with Public Sector Internal Audit Standards. It provides assurance and advisory service to assist Council achieve its objectives and improve the effectiveness of internal control, risk management and governance processes. Eight internal audit assignments were carried out in 2017/18.
- Other explicit review / assurance mechanisms:
  - Health and Safety: By reviews of Health and Safety by professionally qualified officers, the Corporate Health and Safety Committee, and various Health and Safety sub committees.
  - Risk Management: Risk Management is embedded across all activities of the Council and is a continuously evolving process, which is monitored closely by the Audit Services Manager. The Corporate Risk Register is presented quarterly to both SMT and the Audit Committee.
  - External Funding: External funding throughout the year is subject to independent audits from the relevant funders i.e. European Court of Auditors, Government Departments, SEUPB.
  - Local Government Audit: Work carried out by the Local Government Auditor during 2017/18 is also used by the Council as an additional assurance mechanism.

The Accounting Officer has also been advised on the review of effectiveness of the governance framework by the Audit Committee and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

#### **Update on Significant Governance Issues that were declared in 2016-17**

Three issues were declared in last year's governance statement, two of these issues continue to be declared in this year's statement (Procurement and IT). An update on the remaining governance issue from 2016/17 is provided below:

*Delivery of the Capital Programme (particularly the new leisure centres)* – The concern was the long term financial sustainability of the Council could become economically challenging due to the number of large scale capital projects which were being undertaken. However to reduce the risk the Council has devised a rolling four year capital plan, which was approved by Council in February 2017. The Efficiencies Working Group approved the changes to the rolling capital plan in February 2018 and this was approved by Council. During the period in November 2017, phase two of Newry Leisure centre opened at a total cost of £22 million and the Down Leisure Centre is on course for completion by Autumn 2018.

The Council also has in place a robust medium term financial plan and extensive work was undertaken in respect of the treasury management strategy of the Council to ensure appropriate management of this risk.

### **Significant Governance Issues in 2017-18**

The significant governance issues for 2017/18 were identified through the review of significant risks in the Corporate Risk Register for the year ending 31 March 2018, consideration of significant events / issues, internal / External Audit reports and a review of the Directors Assurance Statements.

Internal Audit conducted nine reviews during the 2017-18. Six Internal Audit Reviews received a satisfactory assurance rating and three reports received a limited assurance rating.

Internal Audit also undertook a follow up review of recommendations made in their 2016/17 reviews. The review identified that, out of the 63 accepted recommendations, 26 recommendations were fully implemented, 22 recommendations were partially implemented, 11 recommendations were not implemented, and the remaining 4 recommendations were no longer accepted or superseded.

The internal audit assurance work as detailed in the Internal Audit Plan for 2017/18 was completed in full. Internal Audit's Annual Opinion during the period from 1 April 2017 to 31 March 2018 was that the Council's systems in relation to internal control, risk management and governance were adequate and operated effectively and provided satisfactory assurance in relation to the effective and efficient achievement of the Council's objectives.

The three internal audit reports, which received a limited assurance rating, were as follows:

1. *Strategic programmes Unit – Governance of Grants*: Internal Audit concluded that there are a number of key controls absent from the Council's systems for the governance of grants, particularly in relation to the Council's conflict of interest policy, a lack of clear guidance on the processes required to administer grants, a lack of oversight of the grant management processes by senior officers in the Directorate, a lack of training of Officers within the SPU and issues with the Council's adherence to current policies when processing grant applications.

A number of recommendations from the report have already been actioned.

- A Newry, Mourne and Down District Council Conflict of Interest Policy has been approved by SP&R in June 2018.
- The Strategic Programmes Unit have went out to tender in May 2018 for a consultant to revise and make their internal policies more robust.
- The Assistant Director of Community Engagement now performs a quarterly audit of financial assistance and Peace IV claims.
- In May 2018, the Strategic Programmes Unit submitted a business case to the IT Programmes Group for the introduction of an Electronic Grants Management System.
- The Strategic Programmes Unit will receive detailed training once Council has approved the new Strategic Programme Unit Procedures.

Internal Audit completed a follow up review in September 2018 to see what progress had been made in implementing the actions. Internal Audit are content that enough progress has been made to move the audit from a limited to a satisfactory assurance level.

2. *Planning Function:* Internal Audit recognised the pressures on resources within the Planning Department; however, they concluded that there are currently a number of key controls absent from the Council's systems for Planning. Particularly in relation to: the Council's performance against the legislative targets; the completeness and validation of the documentation supporting planning applications and enforcement actions; the lack of clarity in respect of key performance indicators within the Planning Department; and the level of non-compliance by the Council with its own planning and enforcement procedures.

A paper has been provided to the RTS Committee to identify the Council's options to improve the processing and enforcement rates and this now a standing item on the RTS agenda. The majority of the recommendations are not due for implementation until the end of September 2018; however, work is ongoing to strengthen controls and address concerns raised.

3. *Disaster Recovery and progress on implementing the Council's IT strategy:* Internal Audit concluded that there are a number of key controls absent from the Council's internal control system for Disaster Recovery and implementing its IT Strategy. They also highlighted that the Council has made limited progress on the implementation of its IT Strategy and that Council currently are reliant on a number of third party contractors for the delivery of services but that formal contract management arrangements are not fully in place.

Some recommendations have already been implemented but the majority are not due for implementation until December 2018.

The Audit Services Manager will continue to follow up on the 2016/17 Internal Audit Recommendations which have not yet been implemented, and will also follow up on the 2017/18 recommendations prior to the Independent Internal Auditor carrying their own follow up review during 2018-19. The progress on the implementation on Internal Audit recommendations will be reported quarterly at the Audit Committee.

In addition to those areas, noted by Internal Audit above, the following governance issues have been identified:

1. Procurement and Contract Management

Procurement has remained a significant risk in the Council's Corporate Risk Register at year-end. The risk that the Council may breach legislation in procuring goods and services could affect the Council's ability to deliver its objectives and achieve value for money, open the Council to legal challenge and could result in reputational damage.

Internal Audit gave purchasing, procurement and contract management a limited assurance rating during the 2015-16 year. There was limited progress in implementing the recommendations made in 2015/16 report until the current financial year. During the financial year procurement has become a standing agenda item at the quarterly meeting of the Audit Committee so members are kept abreast of the improvements in procurement controls. Within the 2017-18 financial year controls have been strengthened as followed;

- The Newry, Mourne and Down District Council Procurement Policy and Procedures was approved by the SP&R committee on the 14 December 2017 and subsequently ratified by Council on the 8 January 2018.

- Business Case templates and procedures were approved in February 2018 by SMT. The templates had already been tested in a live environment prior to the approval by SMT.
- A procurement expert in June 2018 has been delivering training to relevant staff. The training covered drafting business cases, drafting tender documents, tender evaluation and training on the Councils e-procurement system.
- The Internal Auditor has completed stage one of the procurement internal audit that focused on the Procurement Policy and supporting templates. The revised policy and suite of documents has received a satisfactory assurance rating in April 2018. There were some comments / observations on the policy and supporting procedures for strengthening the procedures. These recommendations have been implemented.

Even though considerable progress has been made, we are still highlighting procurement as a significant issue as compliance with the policy and procedures has not yet been tested as the new policy and procedures are still being embedded. Internal Audit are to carry out stage two of the procurement audit in September 2018, which will involve detailed testing of current procurement exercises. The Council also has concerns in relation to contract management; however, there is a detailed section on contract management within the new policy to assist Council Officers.

## 2. IT Transformation Project

Council is currently undertaking an IT transformation project to improve the IT environment and enhance our IT services. This is a long-term project and until a time when the IT Strategy is fully implemented, we are actively working at managing risk in this area and ensuring our current IT systems and IT security is sufficiently robust to meet the needs of the organisation. As mentioned above the Disaster Recovery and progress on implementing the Councils IT strategy internal audit received a limited assurance. An IT Programme Group has been established and all recommendations falling out of the internal audit report in relation to the IT Strategy will be implemented via this group.

## 3. Economic and Political Climate

There is a major external influence on the Councils future financial security and that will be potentially impacted by the UK's progress in negotiating its exit from the European Union and agreeing its future trading arrangements. The domestic economy has remained relatively robust since the 2016 referendum, but there are indications that uncertainty over the future is now weighing on growth. Transitional arrangements may prevent a cliff edge, but will also extend the period of uncertainty for several years. Economic growth is therefore forecast to remain sluggish throughout 2018/19.

Northern Ireland no longer has a devolved government. This could have a potential impact on the ability of DfC to issue the Rates Support Grant to Councils, and how significant the reduction on the Rates Support Grant will be year on year. There is also a possibility that Local Councils could be given greater responsibilities in the absence of devolution.

The Council now have established a Brexit Member's forum in March 2018. The forum consists of Senior Officers and Members. Their role is to create contingency plans to monitor and take actions to reduce the risks arising due to the current levels of uncertainty.

#### 4. General Data Protection Regulation (GDPR)

The GDPR came into effect in the UK from 25 May 2018. The GDPR aims primarily to give control to citizens and residents over their personal data and to simplify the regulatory environment for international business by unifying the regulation within the EU.

The Council could face fines of up to 4% of annual turnover for serious infringements of compliance. Compliance will have a significant impact on the way personal information is requested and sorted by the Council.

An independent organisation were procured to commence a gap analysis on what the Council needed to do to be compliant with GDPR. The final audit report was complete in May 2018. The implementation of the data audit recommendations to ensure Council meets its obligations under GDPR will be progressed as soon as possible and training will be rolled out to all staff and elected members by September 2018.

#### 5. Belfast City Region Deal

In November 2017 the UK Government announced that they would open negotiations on the Belfast Region City Deal. Delivery of the deal may require the establishment of new financing and governance arrangements involving a range of partners.

A city region deal would see special powers devolved to councils and exemptions made to allow for the promotion of business, providing a welcome boost for the local economy. The six Belfast City region partner councils include; Antrim and Newtownabbey, Ards and North Down, Belfast City, Lisburn and Castlereagh, Mid and East Antrim, and Newry, Mourne and Down.

As these new arrangements are formulated, we will take necessary actions to consider any risks associated and to ensure robust arrangements are in place to monitor and mitigate any risks arising.

Over the coming year actions will be taken to monitor closely and address the above matters to mitigate risks and to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and we will monitor their implementation and operation as part of our next annual review.

Signed:   
CHAIRPERSON

Date 24/09/2018

Signed:   
CHIEF EXECUTIVE

Date 24/09/2018

Leading member & Chief Executive on behalf of Newry, Mourne and Down District Council.

## **NORTHERN IRELAND LOCAL GOVERNMENT BODIES'**

### **REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2018**

#### **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 2017 were issued by the Department for Communities on 6 July 2016 (Circular LG 14/2016). Details of the allowances paid to individual councillors are published on council websites.

Following local elections on 22 May 2014, 462 councillors were elected to the 11 new councils for a four year term. Newry, Mourne and Down District Council had 41 councillors in 2017/18.

##### **SENIOR EMPLOYEES**

The remuneration of senior employees employed by the Council is determined by the Council in line with that determined by the National Joint Council (NJC) for Local Government Services. Senior staff are those staff who are members of the Executive Management Team/Senior Management Team.

Council appointments of employees are made in accordance with the Local Government Staff Commissions' Code of Procedures on Recruitment and Selection, which requires appointment to be on merit and on the basis of fair and open competition.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended.

##### **INDEPENDENT MEMBER - AUDIT COMMITTEE**

Joseph Campbell is an Independent Member and Chairperson of the Audit Committee. The role is to help promote the highest standards in the financial management of the Council and thereby ensure the accountability of public funds. It is a temporary position until 31st March 2019. A payment of £500 is paid per meeting (this includes preparation time of £250 and £250 for the meeting) plus travel and expenses.

## 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	2017/18		2016/17	
	Total Allowances £	Number of Councillors receiving the Allowance	Total Allowances £	Number of Councillors receiving the Allowance
Basic Allowance	592,631	44 *	583,990	44
Special Responsibility Allowance	71,407	25	69,969	28
Chairperson	19,770	2	19,770	2
Vice Chairperson	6,170	2	6,170	2
Mileage Allowance	68,127	33	69,621	37
Public Transport and Other Travel Incidentals	17,441	20	14,089	23
Subsistence	5,407	14	2,585	8
Courses/ Conferences Visits (registration & joining fees)	10,768	16	16,486	5
Dependents' Carers Allowance	1,054	1	-	0
<b>TOTAL ALLOWANCES</b>	<b>792,775</b>		<b>782,680</b>	
* Please Note: 44 Councillors received an allocation of the 41 Basic Allowances as 3 Councillors resigned mid-year and and their replacements received the balance of the allowance.				

Details of the allowances paid to individual councillors in 2017/18 are published on the council website at <http://www.newrymournedown.org/councillors-allowances-and-expenses>



## REMUNERATION OF SENIOR EMPLOYEES

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

**Table 2: Remuneration (including salary)[audited information]**

Officers	2017/18				2016/17			
	Salary (Full year equivalent in brackets where applicable) £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)	Total £'000	Salary (Full year equivalent in brackets where applicable) £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)	Total £'000
<b>Liam Hannaway</b> Clerk & Chief Executive	115 - 120	0	300	115 - 120	115 - 120	0	100	115 - 120
<b>Edwin Curtis</b> Director of Strategic Planning & Performance	55 - 60 (80 - 85)	0	100	55 - 60	80 - 85	0	400	80 - 85
<b>Michael Lipsett</b> Director of Active Health & Communities	80 - 85	0	100	80 - 85	80 - 85	0	100	80 - 85
<b>Canice O'Rourke</b> Director of Regulatory & Technical Services until 30/06/2017	20 - 25 (80 - 85)	0	0	20 - 25	80 - 85	0	100	80 - 85
<b>Marie Ward</b> Director of Enterprise, Regeneration & Tourism	80 - 85	0	100	80 - 85	80 - 85	0	100	80 - 85
<b>Dorinnia Carville</b> Director of Corporate Services	80 - 85	0	100	80 - 85	75 - 80	0	100	75 - 80
<b>Roland Moore</b> Acting Director of Neighbourhood Services from 26/02/2018	5 - 10 (75 - 80)	0	800	5 - 10	-	-	-	-

Please Note: From 13/06/2017 to 28/02/2018 the position of Director of Regulatory and Technical Services was undertaken by Mr Adam Wilkinson on a consultancy basis. Mr Wilkinson received remuneration of £119,381 plus expenses of £732. He did not receive a bonus.

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

The banded remuneration of the highest paid member of the Executive Management Team/Senior Management Team in the financial year 2017/18 was £115k - £120k. This was 5.71 times the median remuneration of the workforce, which was £20,571.

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

	2017/18	2016/17
Salary Band of Highest Paid member of the	115 - 120	115 - 120
Median Total Remuneration	£20,571	£20,223
Ratio	5.71	5.81

In 2017/18, no employees received remuneration in excess of the highest paid member of the Executive Management Team/Senior Management Team.

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

#### Salary

"Salary" includes gross salary, overtime, and any gratia payments.

#### Bonus Payments

Bonus payments are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. No bonus payments were made in 2017/2018.

#### 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 compulsory and other redundancies are set out in the table below:

**Table 4: Exit Packages in 2017/18 (audited information)**

Severance Package Cost Band	2017/18				2016/17			
	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	0	0	0	0	1	1	13,538
£20,001 - £40,000	0	0	0	0	0	2	2	61,288
£40,001 - £60,000	0	2	2	102,485	0	3	3	166,603
£60,001 - £80,000	0	1	1	61,759	0	1	1	61,030
£80,001 - £100,000	0	0	0	0	0	2	2	162,080
£100,001 - £150,000	0	0	0	0	0	1	1	108,877
£150,001 - £200,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>164,244</b>	<b>0</b>	<b>10</b>	<b>10</b>	<b>573,416</b>

## 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 2017, were as follows:

**Table 5: Employee Contribution Rates**

Band	Range	Employee Contribution Rate
1	£0 - £14,100	5.5%
2	£14,101 - £21,500	5.8%
3	£21,501 - £35,900	6.5%
4	£35,901 - £43,400	6.8%
5	£43,401 - £85,800	8.5%
6	More than £85,800	10.5%

Employers' contribution rates are determined by the fund's actuary every three years at the triennial valuation. A formal triennial actuarial valuation of the Fund as at 31 March 2016 was carried out in 2016/17 and set the employer contribution rates for the 3 years commencing 1 April 2017 as follows:

**Table 6: Employer Contribution Rates**

Year	Employer Contribution Rate
1 April 2017 - 31 March 2018	18%
1 April 2018 - 31 March 2019	19%
1 April 2019 - 31 March 2020	20%

The Local Government Pension Scheme Regulations (Northern Ireland) 2014 were made on 27 June 2014 and The Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014 were made on 30 June 2014. Both sets of regulations are effective from 1 April 2015.

Councillors have been able to join the Scheme since May 2011 and therefore have not accrued significant benefits thus far. However, the in-year pension contributions made by the Council for all councillors during 2017/18 was £115,879.

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 2017/18 (audited information)**

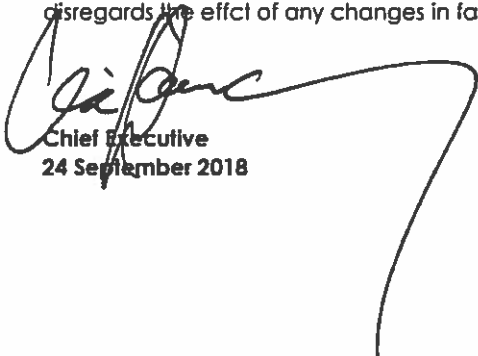
Officers	Accrued Pension at pension age as at 31/3/18 £'000	Real increase in pension and related lump sum at pension age	CETV at 31/3/18 £'000	CETV at 31/3/17 £'000	Real increase in CETV £'000
<b>Liam Hannaway</b> Clerk & Chief Executive	55 - 60 plus lump sum of 120 - 125	0.0 - 0.5 plus lump sum of (-2.0) - (-2.5)	1,133	1,074	21
<b>Edwin Curtis</b> Director of Strategic Planning & Performance	40 - 45 plus lump sum of 80 - 85	0.5 - 1.0 plus lump sum of (-1.5) - (-2.0)	818	765	25
<b>Michael Lipsett</b> Director of Active Health & Communities	35 - 40 plus lump sum of 70 - 75	1.5 - 2.0 plus lump sum of (-0.0) - (-0.5)	599	550	25
<b>Canice O'Rourke</b> Director of Regulatory & Technical Services until 30/06/2017	15 - 20 plus lump sum of 10 - 15	0.0 - 0.5 plus lump sum of (-0.0) - (-0.5)	252	246	3
<b>Marie Ward</b> Director of Enterprise, Regeneration & Tourism	10 - 15 no lump sum	1.5 - 2.0 no lump sum	121	101	10
<b>Dorinnia Carville</b> Director of Corporate Services	10 - 15 no lump sum	1.5 - 2.0 no lump sum	132	112	10
<b>Roland Moore</b> Acting Director of Neighbourhood Services from 26/02/2018	10 - 15 plus lump sum of 5 - 10	0.0 - 0.5 plus lump sum of 0.0 - 0.5	141	135	5

**The Cash Equivalent Transfer Value (CETV)**

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

**The real increase in the value of the CETV**

This reflects the increase in CETV effectively funded by the employer. It does not include 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 funded by the employer.

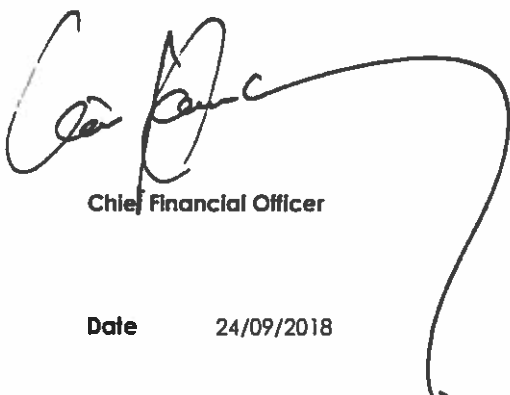


Chief Executive  
24 September 2018

## Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31st March 2018 on pages 40 to 107 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 44 to 67.
  
- (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 2018.




**Chief Financial Officer**

**Date** 24/09/2018

## Council Approval of Statement of Accounts

These accounts were approved by resolution of the Audit Committee on 20 September 2018".



**Chairman**

**Date** 24/09/2018

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWRY, MOURNE AND DOWN DISTRICT COUNCIL**

### **Opinion on financial statements**

I have audited the financial statements of Newry, Mourne and Down District Council for the year ended 31 March 2018 under the Local Government (Northern Ireland) Order 2005. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18, of the financial position of Newry, Mourne and Down District Council as at 31 March 2018 and its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Department for Communities' directions issued thereunder.

### **Basis of opinion**

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of Newry, Mourne and Down District Council in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

### **Other Information**

The Chief Financial Officer is responsible for the other information included in the Statement of Accounts. The other information comprises the information included in the Statement of Accounts other than the financial statements, the parts of the Remuneration Report described in the report as having been audited, and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Department for Communities' directions made under the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015; and
- the information given in the Narrative Report for the financial year ended 31 March 2018 is consistent with the financial statements.

## **Responsibilities of the Chief Financial Officer for the financial statements**

As explained more fully in the Statement of Council's and Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they 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.

## **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit the financial statements in accordance with the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice.

I am required to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

This report is made solely to the Members of Newry, Mourne and Down District Council in accordance with the Local Government (Northern Ireland) Order 2005 and for no other purpose, as specified in the Statement of Responsibilities of the Local Government Auditor and Local Government Bodies.

## **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if:

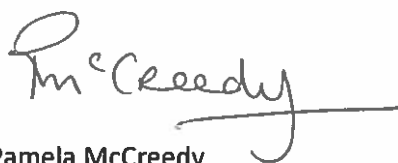
- in my opinion:
  - the Annual Governance Statement:
    - does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18;
    - does not comply with proper practices specified by the Department for Communities;
    - is misleading or inconsistent with other information I am aware of from my audit; or
  - adequate accounting records have not been kept; or
  - the Statement of Accounts and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or



- I have not received all of the information and explanations I require for my audit, or
- I issue a report in the public interest under Article 9 of the Local Government (Northern Ireland) Order 2005; or
- I designate under Article 12 of the Local Government (Northern Ireland) Order 2005 any recommendation made to the Council; or
- I exercise the other special powers of the auditor under Article 19 to 21 of the Local Government (Northern Ireland) Order 2005.

#### Certificate

I certify that I have completed the audit of accounts of Newry, Mourne and Down District Council in accordance with the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice.



Pamela McCreedy  
Local Government Auditor  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU

27 September 2018

**Newry, Moume and Down District Council**  
**Comprehensive Income and Expenditure Statement for the year ended 31 March 2018**

	Notes	2017/18			Restated 2016/17		
		Gross Expenditure £	Gross Income £	Net Expenditure £	Gross Expenditure £	Gross Income £	Net Expenditure £
<b>Service Expenditure</b>							
Chief Executive	2	2,335,093	(3,752)	2,331,341	1,816,368	(35,576)	1,780,792
Corporate Services	2	10,103,569	(347,649)	9,755,920	9,139,064	(497,977)	8,641,087
Economic Regeneration & Tourism	2	16,612,112	(5,863,870)	10,748,242	15,403,273	(6,195,235)	9,208,038
Neighbourhood Services	2	27,547,616	(1,233,579)	26,314,037	23,995,091	(1,154,179)	22,840,912
Active & Healthy Communities	2	15,028,020	(4,514,083)	10,513,937	15,736,148	(5,319,614)	10,416,534
<b>Cost of Services on Continuing Operations</b>		<b>71,626,410</b>	<b>(11,962,933)</b>	<b>59,663,477</b>	<b>66,089,944</b>	<b>(13,202,581)</b>	<b>52,887,363</b>
Other Operating (Income)/Expenditure	8	-	(108,477)	(108,477)	-	(102,792)	(102,792)
Financing and Investment Income and Expenditure	9	3,009,323	(537,862)	2,471,461	2,850,601	(213,661)	2,636,940
(Surplus) or Deficit on Discontinued Operations				-			-
Share of Operating Results of associates and joint ventures	30	-	-	-	-	-	-
<b>Net Operating Expenditure</b>		<b>74,635,733</b>	<b>(12,609,272)</b>	<b>62,026,461</b>	<b>68,940,545</b>	<b>(13,519,034)</b>	<b>55,421,511</b>
Taxation and Non-Specific Grant Income	10	-	(56,108,748)	(56,108,748)	-	(53,226,839)	(53,226,839)
<b>(Surplus)/Deficit on the Provision of Services</b>		<b>74,635,733</b>	<b>(68,718,020)</b>	<b>5,917,713</b>	<b>68,940,545</b>	<b>(66,745,873)</b>	<b>2,194,672</b>
(Surplus)/Deficit on revaluation of non-current assets	11			(12,117,341)			(2,738,182)
Surplus/(Deficit) arising on revaluation of available-for-sale financial assets	27			-			-
Remeasurements of the Net Defined Benefit Liability (Asset)	21			92,490			9,553,269
Share of Other Comprehensive Expenditure & Income of associates and joint ventures	30			-			-
<b>Other Comprehensive Income and Expenditure</b>				<b>(12,024,851)</b>			<b>6,815,087</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>(6,107,138)</b>			<b>9,009,759</b>

**Newry, Mourne and Down District Council**  
**Movement in Reserves Statement for the year ended 31 March 2018**

	General Fund Summary	Other Fund Balances and Reserves £	Capital Receipts Reserve £	Total Usable Reserves £	Total Unusable Reserves £	Total Council Reserves £
<b>Balance as at 1 April 2016</b>	<b>7,234,120</b>	<b>1,255,113</b>	<b>-</b>	<b>8,489,233</b>	<b>63,395,822</b>	<b>71,885,055</b>
<b>Movement in reserves during the year</b>						
Surplus/ (Deficit) on the provision of services	(2,194,672)	-	-	(2,194,672)	-	(2,194,672)
Other Comprehensive Income and Expenditure	-	-	-	-	(6,815,087)	(6,815,087)
<b>Total Comprehensive Income and Expenditure</b>	<b>(2,194,672)</b>	<b>-</b>	<b>-</b>	<b>(2,194,672)</b>	<b>(6,815,087)</b>	<b>(9,009,759)</b>
Adjustments between accounting basis & funding under regulations	3,869,643	-	-	3,869,643	(3,869,643)	-
<b>Net increase before transfers to Statutory and Other Reserves</b>	<b>1,674,971</b>	<b>-</b>	<b>-</b>	<b>1,674,971</b>	<b>(10,684,730)</b>	<b>(9,009,759)</b>
Statutory and Other Reserves	-	-	-	-	-	-
<b>Increase/ Decrease in year</b>	<b>1,674,971</b>	<b>-</b>	<b>-</b>	<b>1,674,971</b>	<b>(10,684,730)</b>	<b>(9,009,759)</b>
<b>Balance as at 31 March 2017</b>	<b>8,909,091</b>	<b>1,255,113</b>	<b>-</b>	<b>10,164,204</b>	<b>52,711,092</b>	<b>62,875,296</b>
<b>Movement in reserves during the year</b>						
Surplus/ (Deficit) on the provision of services	(5,917,713)	-	-	(5,917,713)	-	(5,917,713)
Other Comprehensive Income and Expenditure	-	-	-	-	12,024,851	12,024,851
<b>Total Comprehensive Income and Expenditure</b>	<b>(5,917,713)</b>	<b>-</b>	<b>-</b>	<b>(5,917,713)</b>	<b>12,024,851</b>	<b>6,107,138</b>
Adjustments between accounting basis & funding under regulations	8,535,935	-	-	8,535,935	(8,535,935)	-
<b>Net increase before transfers to Statutory and Other Reserves</b>	<b>2,618,222</b>	<b>-</b>	<b>-</b>	<b>2,618,222</b>	<b>3,488,916</b>	<b>6,107,138</b>
Statutory and Other Reserves	(240,000)	240,000	-	-	-	-
<b>Increase in year</b>	<b>2,378,222</b>	<b>240,000</b>	<b>-</b>	<b>2,618,222</b>	<b>3,488,916</b>	<b>6,107,138</b>
<b>Balance as at 31 March 2018</b>	<b>11,287,313</b>	<b>1,495,113</b>	<b>-</b>	<b>12,782,426</b>	<b>56,200,008</b>	<b>68,982,434</b>

**Newry, Mourne and Down District Council**  
**Balance Sheet as at 31 March 2018**

	Note	31st March 2018	31st March 2017
		£	£
Fixed Assets	11	175,008,502	156,750,850
Long Term Investments	16	-	-
Investment in Associates and Joint Ventures	30	-	-
Long Term Debtors	15	550,191	603,680
<b>LONG TERM ASSETS</b>		<b>175,558,693</b>	<b>157,354,530</b>
Short Term Investments	16	-	-
Inventories	14	381,218	409,790
Short Term Debtors	15	6,399,207	5,369,808
Cash and Cash Equivalents	25	2,649,235	7,806,689
Assets Held for Sale	11	18,000	575,000
<b>CURRENT ASSETS</b>		<b>9,447,660</b>	<b>14,161,287</b>
Bank Overdraft	25	213,628	986,177
Short Term Borrowing	17	5,433,111	5,350,470
Short Term Creditors	18	9,573,212	10,199,762
Provisions	19	207,251	143,748
<b>CURRENT LIABILITIES</b>		<b>15,427,202</b>	<b>16,680,157</b>
Long Term Creditors	18	-	-
Provisions	19	4,198,941	3,757,476
Long Term Borrowing	17	58,750,776	54,183,888
Other Long Term Liabilities	21	37,647,000	34,019,000
Donated Assets Account	22	-	-
Capital Grants Receipts in Advance	23	-	-
<b>LONG TERM LIABILITIES</b>		<b>100,596,717</b>	<b>91,960,364</b>
<b>NET ASSETS</b>		<b>68,982,434</b>	<b>62,875,296</b>
<b>USABLE RESERVES</b>			
Capital Receipts Reserve	26	-	-
Capital Grants Unapplied Account	26	-	-
Capital Fund	26	1,255,113	1,255,113
Renewal and Repairs Fund	26	-	-
Other Balances and Reserves	26	240,000	-
General Fund	26	11,287,313	8,909,091
		<b>12,782,426</b>	<b>10,164,204</b>
<b>UNUSABLE RESERVES</b>			
Capital Adjustment Account	27	50,010,076	52,120,218
Financial Instruments Adjustment Account	27	-	-
Revaluation Reserve	27	45,046,424	35,064,168
Available for Sale Financial Instruments Reserve	27	-	-
Pensions Reserve	27	(37,647,000)	(34,019,000)
Capital Receipts Deferred Account	27	-	-
Accumulated Absences Account	27	(357,308)	(454,294)
Landfill Regulations Reserve	27	-	-
Provisions Discount Rate Reserve	27	(852,184)	-
		<b>56,200,008</b>	<b>52,711,092</b>
<b>NET WORTH</b>		<b>68,982,434</b>	<b>62,875,296</b>

**Newry, Mourne and Down District Council**  
**Cash Flow Statement at 31 March 2018**

	Note	2017/18	2016/17
		£	£
Net Deficit on the provision of services		5,917,713	2,194,672
Adjustment for non-cash movements		15,795,457	6,537,481
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(1,790,127)	(479,583)
<b>Net cash flows from operating activities</b>	<b>25</b>	<b>8,087,617</b>	<b>3,863,226</b>
Cash flows from Investing Activities	25	(17,122,051)	(10,046,101)
Net Cash flows from Financing Activities	25	4,649,529	1,332,030
<b>Net increase or decrease in cash and cash equivalents</b>		<b>(4,384,905)</b>	<b>(4,850,845)</b>
Cash and cash equivalents at the beginning of the reporting period		6,820,512	11,671,357
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>2,435,607</b>	<b>6,820,512</b>

**Newry, Mourne and Down District Council  
Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2018**

**1 Accounting Policies**

**a General Principles**

The Statement of Accounts summarises the Council's transactions for the 2017/18 financial year and its position at the year-end of 31 March 2018. 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 2017/18, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

**Summary of Significant Accounting Policies**

**i) Accruals of Income and Expenditure**

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

ii) **Acquisitions**

Newry, Mourne and Down District Council has not acquired operations (or transferred operations under machinery of government arrangements) during the financial year.

iv) **Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in specified period, no more than three 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.

v) **Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

vi) **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.

vii) **Discontinued Operations**

The Council has no discontinued operations (or transferred operations under combinations of public sector bodies) during the financial year.

viii) **Employee Benefits**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, and are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year.

**Termination benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of:

- a) when the offer cannot be withdrawn or
- b) when the related restructuring costs are incurred.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.



## **Post Employment Benefits**

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.

The assets of the Northern Ireland Local Government Officers' pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- property – market value
- unitised securities – current bid price

The change in the net pensions liability is analysed into seven components:

#### **Within the Cost of Services**

**Current Service Cost** – the increase in the present value of the defined benefit obligation (liabilities) resulting from employee service in the current period.

**Past Service Cost** – (where applicable) the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction in the number of employees covered by the plan).

**Any Gains or Losses on Settlement** – (where applicable) arising where a council enters into a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan.

#### **Within Financing and Investment Income and Expenditure**

**Net Interest on the Net Defined Benefit Liability (Asset)** – the change in the net defined benefit liability (asset) that arises from the passage of time.

#### Within Other Comprehensive Income and Expenditure (Remeasurements)

The Return on Plan Assets – excluding amounts recognised in the Net Interest on the Net Defined Benefit Liability (Asset). This includes interest, dividends and other income derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of managing plan assets, and any tax payable by the plan itself other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation.

Actuarial Gains and Losses – changes in the present value of the defined benefit obligation resulting from: a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and b) the effects of changes in actuarial assumptions.

#### Within the Movement in Reserves Statement Appropriations

Contributions by Scheme Participants – the increase in scheme liabilities and assets due to payments into the scheme by employees (where increased contribution increases pension due to the employee in the future).

Contributions by the Employer - the increase in scheme assets due to payments into the scheme by the employer.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are made to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

#### Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies that are applied to the Northern Ireland Local Government Officers' pension fund.

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.

**ix) Events After the Balance Sheet Date**

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

a. those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events

b. those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect.

The financial statements may subsequently be adjusted up to the date when they are authorised for issue. This date will be recorded on the financial statements and is usually the date the Local Government Auditor issues her 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.

**x) 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.

**xi) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

**xii) Financial Instruments**

Most financial instruments held by Councils would fall to be classified into just one class of financial liability and two classes of financial assets:

Financial Liabilities  
Amortised Cost

Financial Assets  
Loans and Receivables  
Available for Sale

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the District Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

### **Financial Assets**

Financial assets are classified into two types:

- a. loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- b. available-for-sale assets – that have a quoted market price and/or do not have fixed or determinable payments.

## **Loans and Receivables**

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are then measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. No such impairments have been identified by Mid Ulster District Council.

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

## **Available-for-Sale Assets**

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g., dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- a. instruments with quoted market prices – the market price
- b. other instruments with fixed and determinable payments – discounted cash flow analysis
- c. equity shares with no quoted market prices – independent appraisal of company valuations.

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

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

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Additional policy detail required where a Council has financial assets at fair value through profit or loss (such as derivatives).

### xiii) **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.

xiv) **Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- a. the Council will comply with the conditions attached to the payments, and
- b. the grants or contributions will be received.

Amounts recognised as due are not credited to the Comprehensive Income and Expenditure Statement until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.



xv) **Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure is not capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the District Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £7,500) the Capital Receipts Reserve.

xvi) **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 value of works and services received under the contract during the financial year.

xvii) **Investment Property**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the District Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

xviii) **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.

xix) **Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets

**The Council as Lessee - Finance Lease**

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a. a charge for the acquisition of the interest in the property – applied to write down the lease liability, and
- b. a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Council is not required to raise district rates to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and impairment losses are therefore replaced by a revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **Operating Leases:**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

### **The Council as Lessor - Finance Lease**

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease asset (long term debtor) in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a. a charge for the acquisition of the interest in the property – applied to write down the lease asset (long term debtor) together with any premiums received, and
- b. finance income (credited to the Financing and Investment income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are paid, the element for the charge for the acquisition of the interest in the property is used to write down the lease asset (debtor). At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### ***The Council as Lessor - Operating Lease***

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

#### **xx) Disposals and Non-Current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Held for Sale, they are reclassified back to non-current assets and valued at the lower of its carrying amount before they were classified as Held for Sale: adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be decommissioned i.e. abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of, or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts and credited to the Capital Receipts Reserve. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against district rates, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xxi) **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.

## 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 cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Council. In the latter case, where the asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

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.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. 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 2008 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

## Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- a. where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains), with any excess charged to the service line in the Comprehensive Income and Expenditure Statement.
- b. where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

The same accounting treatment is applied to revaluation losses as a result of a general fall in asset prices across the board as opposed to a consumption of economic benefit specific to an asset as is in the case of impairment losses.



## **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- buildings, installations and fittings are depreciated on a straight line basis on their carrying value over the estimated remaining useful life of the asset as advised by the valuer from Land & Property Services.
- plant and equipment are depreciated on a straight line basis on historic cost using a standard useful life of 5 years
- vehicles are depreciated on a straight line basis on historic cost using a standard useful life between 5 and 7 years.

## **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.

## **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.

## xxii) **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.

**xxiii) 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.

**xxiv) Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against District Rates for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and do not represent usable resources for the Council – these reserves are explained in the relevant note to the accounts.

**xxv) Charges to Revenue for Non-Current Assets**

Charges to revenue for non-current assets e.g. services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- a. depreciation attributable to the assets used by the relevant service
- b. revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- c. amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise District Rates to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by minimum revenue provision [MRP] in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

**xxvi) 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.

**xxvii) Value Added Tax**

All expenditure and income, irrespective of whether it is revenue or capital in nature, is shown net of Value Added Tax, unless it is irrecoverable.

## xxviii) Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings [other financial instruments as applicable] at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

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

## c Critical Judgements in Applying Accounting Policies

In applying accounting policies set out from 1a below 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:

**(i) Property, Plant and Equipment**

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.

**(iii) 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 is engaged to provide the Council with expert advice about the assumptions to be applied.

2

Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business 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 directorates/ services/ departments

	2017/18			2016/17		
	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£	£	£
Chief Executive	2,333,898	2,557	2,331,341	1,780,792	-	1,780,792
Corporate Services	12,207,752	2,451,832	9,755,920	11,829,550	3,188,463	8,641,087
Economic Regeneration & Tourism	6,027,709	(4,720,533)	10,748,242	7,490,274	(1,717,764)	9,208,038
Neighbourhood Services	21,807,292	(4,506,745)	26,314,037	20,570,812	(2,270,100)	22,840,912
Active & Healthy Communities	7,951,913	(2,562,024)	10,513,937	7,540,781	(2,875,753)	10,416,534
<b>Net Cost of Services</b>	<b>50,328,564</b>	<b>(9,334,913)</b>	<b>59,663,477</b>	<b>49,212,209</b>	<b>(3,675,154)</b>	<b>52,887,363</b>
<b>Other Income and Expenditure</b>	<b>(52,946,786)</b>	<b>798,978</b>	<b>(53,745,764)</b>	<b>(50,887,179)</b>	<b>(194,488)</b>	<b>(50,692,691)</b>
<b>Surplus or Deficit</b>	<b>(2,618,222)</b>	<b>(8,535,935)</b>	<b>5,917,713</b>	<b>(1,674,970)</b>	<b>(3,869,642)</b>	<b>2,194,672</b>
<b>Opening General Fund</b>			<b>8,909,091</b>			<b>7,234,120</b>
<b>Surplus/ (Deficit) on General Fund Balance in Year</b>			<b>(5,917,713)</b>			<b>(2,194,672)</b>
<b>Statutory Adjustments</b>			<b>8,535,935</b>			<b>3,869,643</b>
<b>Net transfers (to)/from statutory and other earmarked reserves</b>			<b>(240,000)</b>			
<b>Closing General Fund</b>			<b>11,287,313</b>			<b>8,909,091</b>

## 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 2017/18

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 Differences	Total
	£	£	£	£	£
Chief Executive	-	-	2,557	-	2,557
Corporate Services	5,145,815	(2,707,510)	13,527	-	2,451,832
Economic Regeneration & Tourism	(4,741,507)	-	20,974	-	(4,720,533)
Neighbourhood Services	(3,689,187)	-	(817,558)	-	(4,506,745)
Active & Healthy Communities	(2,587,326)	-	25,302	-	(2,562,024)
Net Cost of Services	(5,872,205)	(2,707,510)	(755,198)	-	(9,334,913)
Other Income and Expenditure from the Expenditure and Funding Analysis	1,626,978	(828,000)	-	-	798,978
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(4,245,227)	(3,535,510)	(755,198)	-	(8,535,935)

Adjustments to General Fund Balances to meet the requirements of generally accepted accounting practices, this column adds in depreciation and impairment and revaluation gains and losses in the services line and for:

- Other operating expenditure - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure - the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from financing and investment income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and Non Specific Grant Income and Expenditure - Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

For services this represents the removal of the employer pension contributions made by the authority as permitted by statute and the replacement with current service costs and past service costs.

For Financing and investment income and expenditure - the net interest on the defined benefit liability is charged to the CIES.

Other Differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

The charge for services here is a statutory adjustment for a financial instrument relating to a decision by services to issue soft loans to community organisations. Soft loans are loans below market rates.

For Financing and investment income and expenditure the other differences column recognises adjustments to General Fund for the timing differences for premiums and discounts.

The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code.

**Adjustments between Funding and Accounting Basis  
2016/17**

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 Differences	Total
	£	£	£	£	£
Chief Executive	-	-	-	-	-
Corporate Services	4,153,761	(974,731)	9,433	-	3,188,463
Economic Regeneration & Tourism	(1,715,575)	-	(2,189)	-	(1,717,764)
Neighbourhood Services	(2,267,921)	-	(2,179)	-	(2,270,100)
Active & Healthy Communities	(2,883,552)	-	7,799	-	(2,875,753)
Net Cost of Services	(2,713,287)	(974,731)	12,864	-	(3,675,154)
Other Income and Expenditure from the Expenditure and Funding Analysis	506,512	(701,000)	-	-	(194,488)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(2,206,775)	(1,675,731)	12,864	-	(3,869,642)

Adjustments to General Fund Balances to meet the requirements of generally accepted accounting practices, this column adds in depreciation and impairment and revaluation gains and losses in the services line and for:

- i) Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- ii) Financing and investment income and expenditure - the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from financing and investment income and expenditure as these are not chargeable under generally accepted accounting practices.
- iii) Taxation and Non Specific Grant Income and Expenditure – Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

For services this represents the removal of the employer pension contributions made by the authority as permitted by statute and the replacement with current service costs and past service costs.

Other Differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

The charge for services here is a statutory adjustment for a financial instrument relating to a decision by services to issue soft loans to community organisations. Soft loans are loans below market rates.

For Financing and investment income and expenditure the other differences column recognises adjustments to General Fund for the timing differences for premiums and discounts.

The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code.



2

c Segmental Income and Expenditure

Income and expenditure on a segmental basis are analysed below:

2017/18									
	Revenue from External Customers	Revenues from Transactions with Other Operating Segments of the Authority	Interest Revenue	Interest Expense	Depreciation and Amortisation	Material Items of Income and Expense	Interest in the Profit or Loss of Associates and Joint Ventures Accounted for by the Equity Method	Income Tax Expense or Income	Material Non cash items other than Depreciation and Amortisation
	£	£	£	£	£	£	£	£	£
Chief Executive	2,843	-	-	-	-	762,029	-	-	-
Corporate Services	395,502	-	1,289	2,158,786	208,193	4,199,818	-	-	5,367,993
Economic Regeneration & Tourism	4,016,309	-	-	-	1,414,809	4,747,019	-	-	3,348,823
Neighbourhood Services	1,212,247	-	-	-	2,437,083	15,430,874	-	-	1,266,950
Active & Healthy Communities	2,085,584	-	-	-	2,229,788	5,880,153	-	-	402,513
Total Income Analysed on a segmental basis	7,712,485	-	1,289	2,158,786	6,289,873	31,019,893	-	-	10,386,279

2016/17									
	Revenue from External Customers	Revenues from Transactions with Other Operating Segments of the Authority	Interest Revenue	Interest Expense	Depreciation and Amortisation	Material Items of Income and Expense	Interest in the Profit or Loss of Associates and Joint Ventures Accounted for by the Equity Method	Income Tax Expense or Income	Material Non cash items other than Depreciation and Amortisation
	£	£	£	£	£	£	£	£	£
Chief Executive	35,577	-	-	-	-	660,095	-	-	-
Corporate Services	281,121	-	7,053	2,118,882	311,505	4,239,295	-	-	5,007,248
Economic Regeneration & Tourism	4,569,818	-	-	-	1,391,163	4,434,199	-	-	-
Neighbourhood Services	742,701	-	-	-	1,936,582	15,520,651	-	-	-
Active & Healthy Communities	2,265,266	-	-	-	2,516,816	5,183,590	-	-	-
Total Income Analysed on a segmental basis	7,894,483	-	7,053	2,118,882	6,156,066	30,037,830	-	-	5,007,248

3 Expenditure and Income Analysed by Nature

Expenditure	Notes	2017/18 £	2016/17 £
Employee Benefits Expenses (Including Agency Cost)		(30,751,833)	(29,996,755)
Other Services Expenditure		(29,983,923)	(30,164,698)
Support Service Recharges		-	-
Depreciation, Amortisation, Impairment		(10,890,654)	(5,928,491)
Interest Payments		(2,986,786)	(2,819,882)
Other Expenditure		(22,537)	(30,719)
<b>Total Expenditure</b>		<b>(74,635,733)</b>	<b>(68,940,545)</b>

Income	Notes	2017/18 £	2016/17 £
Fees, Charges and other service Income		11,962,933	13,202,581
Interest and Investment Income		5,403	10,951
District rate income		50,471,839	48,395,501
Government grants and Contributions		5,636,909	4,831,338
Support Service Income		-	-
Gain on the Disposal of Assets		108,477	102,792
Other Income		532,459	202,710
<b>Total Income</b>		<b>68,718,020</b>	<b>66,745,873</b>
<b>Surplus or (Deficit) on the Provision of Services</b>		<b>(5,917,713)</b>	<b>(2,194,672)</b>

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:

	Notes	2017/18		2016/17	
		£	£	£	£
<b>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:</b>					
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	4,600,781		(227,575)	
Depreciation charged in the year on non-current assets	11	6,289,873	10,890,654	6,156,066	5,928,491
Net Revenue expenditure funded from capital under statute	11		(81,945)		1,709,089
Carrying amount of non current assets sold	8a	587,645		56,028	
Proceeds from the sale of PP&E, investment property and intangible assets	8a	(696,122)	(108,477)	(155,735)	(99,707)
Net charges made for retirement benefits in accordance with IAS 19	21		7,907,000		6,081,000
Direct revenue financing of Capital Expenditure	12		-		-
Capital Grants and Donated Assets Receivable and Applied in year	22		(1,094,005)		(323,849)
Capital Grants Receivable and Unapplied in year	23		-		-
Adjustments in relation to Short-term compensated absences	27d		(96,986)		(12,864)
Provisions Discount Rate Reserve Adjustment	27e		852,184		-
<b>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</b>					
Statutory Provision for the financing of Capital Investment	12, 27a		(5,361,000)		(5,007,248)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	21b		(4,371,490)		(4,405,269)
			<b>8,535,935</b>		<b>3,869,643</b>

b Net transfers (to)/from statutory and other		2017/18	2017/18	2016/17	2016/17
	Notes	£	£	£	£
<b>Capital Fund</b>					
Interest		-		-	
From Capital		-		-	
Other	27	-	-	-	-
<b>Renewal and Repairs Fund</b>					
Interest		-		-	
Other	27	-	-	-	-
<b>Capital Receipts Reserve</b>					
Interest		-		-	
Other	27	-	-	-	-
<b>Other Funds and earmarked reserves</b>					
Interest		-		-	
From Other funds		(240,000)		-	
Other	27	-	(240,000)	-	-
			(240,000)		-

## 5 Cost of Services on Continuing Operations

### a General power of competence

Prior to Local Government Reform on 1st April 2015, expenditure for special purposes was limited under Section 40 of the Local Government Finance Act (Northern Ireland) 2011. This section was repealed by Schedule 10 of the Local Government Act (Northern Ireland) 2014.

Under Section 79 of the Local Government Act (Northern Ireland) 2014, the Council has the power to do anything that individuals generally may do. Councils have the power to do this with or without charge. The power of competence is not limited to benefitting the area or its residents nor is it limited by existing powers.

The actual expenditure under the power of competence amounted to £0 during 2017/18 (£0 in 2016/17).

### 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.

	2017/18	2016/17
	£	£
External Audit Fees	63,000	63,000
Grant Claim Certification Fees	-	-
Other Fees	19,800	17,755
	82,800	80,755

The other fees of £19,800 (2016/17 £17,755) were incurred in respect of the audit on Performance Improvement

6 Operating and Finance Leases  
Council as Lessor

a Finance Leases (Council as lessor)

The Council has no Finance leases as lessor.

b Operating Leases (Council as lessor)

Rental income recognised in the Comprehensive Income and Expenditure Statement in the current year amounts to £349,185

	2017/18		2016/17	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
	£	£	£	£
<b>Minimum lease rentals receivable:</b>				
No later than 1 year	223,089	-	138,216	-
Later than 1 year and no later than 5 years	288,759	-	223,628	-
Later than 5 years	230,648	-	258,950	-
	742,496	-	620,794	-

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

	2017/18		2016/17	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
	£	£	£	£
Cost	1,754,267	-	1,589,953	-
Accumulated depreciation and impairments at 1 April	(120,468)	-	(90,762)	-
Depreciation charge for the year	(15,541)	-	(29,707)	-
Impairments	-	-	-	-
	1,618,258	-	1,469,484	-

**Council as Lessee**

**c Finance Leases (Council as lessee)**

	Within 1 year £	1 to 5 years £	After 5 years £	Total £
<b>2017/18</b>				
Finance leases payments	26,185	4,731	-	30,916
Less: finance charges	(2,455)	(559)	-	(3,015)
<b>Net present value</b>	<b>23,730</b>	<b>4,172</b>	<b>-</b>	<b>27,902</b>
<b>2016/17</b>				
Finance leases payments	49,285	30,916	-	80,201
Less: finance charges	(5,959)	(3,014)	-	(8,973)
<b>Net present value</b>	<b>43,326</b>	<b>27,902</b>	<b>-</b>	<b>71,228</b>
<b>Included in the Balance Sheet as:</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	
	£	£	£	
Current liabilities	23,730	43,326	-	
Long term liabilities	4,172	27,902	-	
<b>Total</b>	<b>27,902</b>	<b>71,228</b>	<b>-</b>	

**d Operating Leases (Council as lessee)**

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

	2017/18		2016/17	
	Land and Buildings £	Vehicles, Plant and Equipment £	Land and Buildings £	Vehicles, Plant and Equipment £
Minimum lease payments	210,062	-	172,886	-
Contingent rentals	-	-	-	-
Less: Sublease payments receivable	-	-	-	-
<b>Total</b>	<b>210,062</b>	<b>-</b>	<b>172,886</b>	<b>-</b>

The future minimum lease payments due under non-cancellable operating leases in future years are set out below:

	2017/18		2016/17	
	Land and Buildings £	Vehicles, Plant and Equipment £	Land and Buildings £	Vehicles, Plant and Equipment £
<b>Minimum lease rentals payable:</b>				
No later than 1 year	119,333	-	107,431	-
Later than 1 year and no later than 5 years	300,395	-	317,954	-
Later than 5 years	1,166,257	-	1,131,324	-
<b>Total</b>	<b>1,585,985</b>	<b>-</b>	<b>1,556,709</b>	<b>-</b>

7 Employee Costs and Member Allowances		
a Staff Costs		
	2017/18	2016/17
	£	
Salaries and Wages	22,387,848	21,637,232
Employers NIC	1,907,689	1,930,194
Employers Superannuation	4,376,902	4,253,194
<b>Total staff costs</b>	<b>28,672,439</b>	<b>27,820,620</b>

In addition, agency costs during the year amounted to £2,079,394

The Council's current contribution rate to NILGOSC scheme is 19% plus additional contributions. At the last actuarial valuation, dated 31 March 2013, the Fund's assets as a whole were sufficient to meet 91% of the liabilities accrued up to that date.

Average Number of Employees - where FTE represents fulltime equivalent employees

b Average Number of Employees		
	2017/18	2016/17
	FTE	
Chief Executive	18	18
Corporate Services	106	99
Economic Regeneration & Tourism	176	165
Neighbourhood Services	332	328
Active & Healthy Communities	228	221
<b>Total Number</b>	<b>860</b>	<b>831</b>

	2017/18	2016/17
	Actual Numbers	
Full-time numbers employed	764	726
Part-time numbers employed	178	208
<b>Total Number</b>	<b>942</b>	<b>934</b>

c Senior Employees' Remuneration		
	2017/18	2016/17
	£	
£50,001 to £60,000	14	14
£60,001 to £70,000	2	1
£70,001 to £80,000	1	1
£80,001 to £90,000	4	4
£90,001 to £100,000	-	-
£100,001 to £110,000	-	-
£110,001 to £120,000	1	1
<b>Total Number</b>	<b>22</b>	<b>21</b>

d Members' Allowances		
	2017/18	2016/17
	£	
Salaries	-	-
Basic allowance	592,631	583,990
Mayor's & Deputy Mayor's Allowance	25,940	25,940
Special Responsibility Allowances	71,407	69,969
Dependents' carers allowance	1,054	-
Employer costs	168,506	182,090
Mileage	68,127	69,621
Conferences and Courses	10,768	16,486
Travel & Subsistence Costs	22,848	16,674
Miscellaneous Costs	10,740	13,829
Severance Payments	-	-
<b>Total</b>	<b>972,021</b>	<b>978,599</b>

## • Northern Ireland Civil Service Pension Arrangements

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

The Northern Ireland Civil Service 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 most up to date actuarial valuation was carried out as at 31/3/2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DOF Superannuation and Other Allowances Resource Accounts as at 31 March 2018.

For 2017-18, employers' contributions of £258,930 were payable to the NICS pension arrangements at one of four rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31/3/2012 was completed by the Actuary during 2015-16. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2015. The contribution rates are set to meet the cost of the benefits accruing during 2017-18 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.



**8 Other Operating Expenditure****a Surplus/Deficit on Non-Current Assets (excl Investment Properties)**

	2017/18	2016/17
	£	£
Proceeds from sale	(696,122)	(155,735)
Carrying amount of non-current assets sold (excl Investment Properties)	587,645	52,943
	(108,477)	(102,792)

**b Other Operating Income/Expenditure**

	2017/18	2016/17
	£	£
Income	-	-
Expenditure	-	-
	-	-

Other Operating Expenditure	2017/18	2016/17
	£	£
(Surplus) / Deficit on Non Current Assets	(108,477)	(102,792)
Other Operating (Income) / Expenditure	-	-
	(108,477)	(102,792)

**9 Financing and Investment Income and Expenditure****a Interest Payable and Similar Charges**

	2017/18	2016/17
	£	£
Government Loan Interest	2,158,786	2,118,882
	2,158,786	2,118,882

**b Interest and Investment Income**

	2017/18	2016/17
	£	£
Bank Interest	1,289	7,052
Employee car loan interest	4,114	3,899
	5,403	10,951

**c Pensions interest costs**

	2017/18	2016/17
	£	£
Net interest on the net defined benefit liability (asset)	828,000	701,000
	828,000	701,000

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

	2017/18	2016/17
<b>Income/Expenditure from Investment Properties:</b>	£	£
Income including rental income	(107,963)	(119,577)
Expenditure	22,537	27,634
De-recognition in relation to amounts written off	-	-
<i>Net income from investment properties</i>	(85,426)	(91,943)
<b>Surplus/deficit on sale of Investment Properties</b>		
Proceeds from sale	-	-
Carrying amount of investment properties sold	-	3,085
<i>(Surplus)/deficit on sale of Investment Properties:</i>	-	3,085
<b>Changes in Fair Value of Investment Properties</b>	(424,496)	(83,133)
	(509,922)	(171,991)

Financing and Investment Income and Expenditure	2017/18			2016/17		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Interest Payable and Similar Charges	2,158,786	-	2,158,786	2,118,882	-	2,118,882
Interest and Investment Income	-	(5,403)	(5,403)	-	(10,951)	(10,951)
Pensions interest cost	828,000	-	828,000	701,000	-	701,000
Surplus/(Deficit) on trading operations	-	-	-	-	-	-
Other investment income	22,537	(107,963)	(85,426)	30,719	(119,577)	(88,858)
Changes in Fair Value of Investment Properties	-	(424,496)	(424,496)	-	(83,133)	(83,133)
	3,009,323	(537,862)	2,471,461	2,850,601	(213,661)	2,636,940

10 Taxation and Non Specific Grant Income

a Revenue Grants

	2017/18	2016/17
	£	£
General	(4,542,904)	(4,507,489)
Other	-	-
	<u>(4,542,904)</u>	<u>(4,507,489)</u>

b Capital Grants and Donated Assets - Applied

	2017/18	2016/17
	£	£
Government & Other Grants - Conditions met and applied in year	(1,094,005)	(323,849)
Donated Assets - Conditions met	-	-
	<u>(1,094,005)</u>	<u>(323,849)</u>

c District Rates

	2017/18	2016/17
	£	£
Current year	(49,712,269)	(48,175,514)
Finalisation - previous year	(759,570)	(219,987)
Transitional Relief	-	-
Finalisation - other years	-	-
	<u>(50,471,839)</u>	<u>(48,395,501)</u>

Taxation and Non Specific Grant Income	2017/18	2016/17
	£	£
District Rate Income	(50,471,839)	(48,395,501)
Revenue Grants	(4,542,904)	(4,507,489)
Capital Grants and Contributions	(1,094,005)	(323,849)
	<u>(56,108,748)</u>	<u>(53,226,839)</u>

Newry, Mourne and Down District Council  
Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2018

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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	Investment Properties	Intangible Assets	Assets Held for Resale	TOTAL
<b>Balance as at 1 April 2017</b>	24,795,807	126,605,572	221,304	5,501,137	17,225,650	57,668	15,383,273	3,272,139	193,062,550	1,371,786	2,730,187	735,071	-	197,899,594
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 1 April 2017</b>	24,795,807	126,605,572	221,304	5,501,137	17,225,650	57,668	15,383,273	3,272,139	193,062,550	1,371,786	2,730,187	735,071	-	197,899,594
Additions	65,000	6,324,242	-	-	1,611,904	-	9,342,507	-	17,343,653	-	1,133	-	-	17,344,786
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) to Revaluation Reserve	2,521,340	(11,665,887)	12,532	(5,071,132)	-	72,874	-	404,062	(13,726,211)	-	-	-	-	(13,726,211)
Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services	2,091,743	(11,093,101)	(20,566)	-	-	-	-	(260,800)	(9,282,724)	-	424,496	-	-	(8,858,228)
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	(12,205)	-	-	-	(987,628)	-	-	-	(999,833)	-	-	-	-	(999,833)
Derecognition - Other	-	-	-	-	(659,729)	-	(283,174)	-	(942,903)	-	-	-	-	(942,903)
Reclassifications & Transfers	90,000	6,968,111	-	-	143,962	-	(9,200,393)	-	(1,998,320)	-	-	1,998,320	-	-
Reclassified to (+) / from (-) Held for Sale	(49,800)	-	-	-	-	-	-	-	(49,800)	-	-	-	-	(49,800)
<b>Balance as at 31 March 2018</b>	29,501,885	117,138,937	213,270	430,005	17,334,159	130,542	15,242,213	3,415,401	183,406,412	1,371,786	3,155,816	2,733,391	-	190,667,405

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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	Investment Properties	Intangible Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
<b>Balance as at 1 April 2017</b>	-	21,058,335	94,629	5,401,134	14,093,119	-	-	-	40,647,217	-	-	501,529	-	41,148,746
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 1 April 2017</b>	-	21,058,335	94,629	5,401,134	14,093,119	-	-	-	40,647,217	-	-	501,529	-	41,148,746
Depreciation Charge	-	5,044,650	22,031	-	1,119,797	-	-	-	6,186,478	-	-	103,395	-	6,289,873
Depreciation written out on Revaluation Reserve	-	(20,658,975)	(113,445)	(5,071,132)	-	-	-	-	(25,843,552)	-	-	-	-	(25,843,552)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	(4,286,032)	(3,215)	-	-	-	-	-	(4,289,247)	-	-	-	-	(4,289,247)
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(987,188)	-	-	-	(987,188)	-	-	-	-	(987,188)
Derecognition - Other	-	-	-	-	(659,729)	-	-	-	(659,729)	-	-	-	-	(659,729)
Reclassifications & Transfers Eliminated on reclassification to Held for Sale	-	(239,798)	-	-	-	-	-	-	(239,798)	-	-	239,798	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2018</b>	-	918,180	-	330,002	13,565,999	-	-	-	14,814,181	-	-	844,722	-	15,658,903
<b>Net Book Value as at 31 March 2018</b>	29,501,885	116,220,757	213,270	100,003	3,768,160	130,542	15,242,213	3,415,401	168,592,231	1,371,786	3,155,816	1,888,659	-	175,008,502

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	Investment Properties	Intangible Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
<b>Balance as at 1 April 2016</b>	23,756,901	123,104,796	216,780	5,501,137	18,977,396	57,668	5,666,841	3,272,139	180,553,658	1,371,786	2,650,139	566,166	-	185,141,749
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 1 April 2016</b>	23,756,901	123,104,796	216,780	5,501,137	18,977,396	57,668	5,666,841	3,272,139	180,553,658	1,371,786	2,650,139	566,166	-	185,141,749
Additions (Note 11)	36,573	69,501	-	-	945,023	-	11,810,235	-	12,861,332	-	-	-	-	12,861,332
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/decreases to Revaluation Reserve	489,049	2,677,629	4,524	-	-	-	-	-	3,171,202	-	-	-	-	3,171,202
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	-	176,969	-	-	-	-	-	-	176,969	-	83,133	-	-	260,102
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	(52,943)	-	-	-	(2,700,101)	-	-	-	(2,753,044)	-	(3,085)	(116,537)	-	(2,872,666)
Derecognition - Other	-	-	-	-	-	-	(87,125)	-	(87,125)	-	-	-	-	(87,125)
Reclassifications & Transfers	1,141,227	576,677	-	-	3,332	-	(2,006,678)	-	(265,442)	-	-	285,442	-	-
Reclassified to(-) / from(+) Held for Sale	(575,000)	-	-	-	-	-	-	-	(575,000)	-	-	-	-	(575,000)
<b>Balance as at 31 March 2017</b>	24,795,807	126,605,572	221,304	5,501,137	17,225,650	57,668	15,383,273	3,272,139	193,062,550	1,371,786	2,730,167	735,071	-	197,899,594

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	Investment Properties	Intangible Assets	Assets Held for Sale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
<b>Balance as at 1 April 2016</b>	-	15,687,283	70,834	5,336,133	15,734,850	-	-	-	36,829,100	-	-	514,671	-	37,343,771
Balance as at 1 April 2016	-	15,687,283	70,834	5,336,133	15,734,850	-	-	-	36,829,100	-	-	514,671	-	37,343,771
Depreciation Charge	-	4,907,804	21,496	65,001	1,058,370	-	-	-	6,052,671	-	-	103,395	-	6,156,066
Depreciation written out on Revaluation Reserve	-	430,721	2,299	-	-	-	-	-	433,020	-	-	-	-	433,020
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Revaluation Reserve	-	32,527	-	-	-	-	-	-	32,527	-	-	-	-	32,527
Derecognition - Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Other	-	-	-	-	(2,700,101)	-	-	-	(2,700,101)	-	-	(116,537)	-	(2,816,638)
Reclassifications & Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2017</b>	-	21,058,335	94,629	5,401,134	14,093,119	-	-	-	40,647,217	-	-	501,529	-	41,148,746
<b>Net Book Values</b>														
Balance as at 31 March 2017	24,795,807	105,547,237	128,675	100,003	3,132,531	57,668	15,383,273	3,272,139	152,415,333	1,371,786	2,730,187	233,542	-	156,750,850
Balance as at 31 March 2018	29,501,885	116,220,757	213,270	100,003	3,768,160	130,542	15,242,213	3,415,401	168,592,231	1,371,786	3,155,816	1,888,669	-	175,008,502

In addition to the disposals shown above, there was a disposal of land at Strangford Road, Downpatrick which was shown in Assets Held for Sale at 31/3/2017, the carrying amount was £575,000.

L.P.S undertook a revaluation at 31.3.18 of all Land and Buildings having regard to International Financial Reporting Standards as applied to the U.K. public sector, as part of a five year rolling programme whereby a percentage of assets are inspected each year with the remaining assets being valued on a desk-top basis.

## 11 c Intangible Assets

The Council also owns Intangible Assets which relate to market rights, purchased licensed software and a licence for a mountain bike site, as follows:

Intangible Assets	31/03/2018	31/03/2017
	£	£
Market Rights	35,000	35,000
Computer Software	95,147	198,542
Licence	1,758,522	-
	<b>1,888,669</b>	<b>233,542</b>

## d Investment Properties

Investment Properties	31/03/2018	31/03/2017
	£	£
Rental Income from Investment Activities	107,963	119,577
Direct Operating expenses arising from investment properties	(22,537)	(27,634)
<b>Net gain/(loss)</b>	<b>85,426</b>	<b>91,943</b>

## e Heritage Assets

The Councils collection of Heritage assets is reported in the Balance Sheet at insurance valuation or Historic cost. These assets include museum artefacts, works of art and civic items. Ross' monument is also included which is situated between Rostrevor and Warrenpoint.

## f Assets Held for Sale

Assets Held for Sale	Current	Non Current	Total
	£	£	£
<b>Cost or Valuation</b>			
Balance as at 1 April 2017	575,000	-	575,000
Revaluation increases/decreases taken to Surplus or Deficit on the	(31,800)	-	(31,800)
Derecognition - Other	(575,000)	-	(575,000)
Reclassified to Current Assets Held for Sale from non current Land	49,800	-	49,800
<b>Balance as at 31 March 2018</b>	<b>18,000</b>	<b>-</b>	<b>18,000</b>
<b>Impairment</b>			
Balance as at 1 April 2017	-	-	-
Adjustments between cost/value & depreciation/impairment	-	-	-
<b>Balance as at 31 March 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Book Value</b>			
<b>Balance as at 31 March 2018</b>	<b>18,000</b>	<b>-</b>	<b>18,000</b>
<b>Balance as at 31 March 2017</b>	<b>575,000</b>	<b>-</b>	<b>575,000</b>



g Long-Term Assets - Leased Assets

	Vehicles £	Equipment £	TOTAL £
<b>Cost or Valuation</b>			
At 1 April 2017	2,618,982	769,248	3,388,230
Additions	-	-	-
Disposals	-	-	-
<b>At 31 March 2018</b>	<b>2,618,982</b>	<b>769,248</b>	<b>3,388,230</b>
<b>Depreciation</b>			
At 1 April 2017	2,618,982	677,716	3,296,698
Disposals	-	-	-
Provided for year	-	7,726	7,726
<b>At 31 March 2018</b>	<b>2,618,982</b>	<b>685,442</b>	<b>3,304,424</b>
<b>Net Book Value</b>	<b>-</b>	<b>83,806</b>	<b>83,806</b>

	Vehicles £	Equipment £	TOTAL £
<b>Cost or Valuation</b>			
At 1 April 2016	2,618,982	769,248	3,388,230
Additions	-	-	-
Disposals	-	-	-
<b>At 31 March 2017</b>	<b>2,618,982</b>	<b>769,248</b>	<b>3,388,230</b>
<b>Depreciation</b>			
At 1 April 2016	2,618,982	669,990	3,288,972
Disposals	-	-	-
Provided for year	-	7,726	7,726
<b>At 31 March 2017</b>	<b>2,618,982</b>	<b>677,716</b>	<b>3,296,698</b>
<b>Net Book Value</b>	<b>-</b>	<b>91,532</b>	<b>91,532</b>

## 12 Capital Expenditure and Capital Financing

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

Capital Expenditure		2017/18	2016/17
		£	£
<b>Opening Capital Financing Requirement</b>		70,141,462	61,144,998
<b>Capital Investment</b>			
Property, Plant and Equipment	11	17,343,653	12,861,332
Investment Properties		1,133	-
Intangible Assets			-
Revenue Expenditure Funded from Capital under Statute		(81,945)	1,709,089
Investments		-	-
Other		(283,174)	(87,125)
<b>Sources of Finance</b>			
Capital Receipts		(696,122)	(155,735)
Government Grants and Other Contributions	10b	(1,094,005)	(323,849)
Transfers from Earmarked Reserves		-	-
<b>Sums set aside from Revenue:</b>			
Direct Revenue Contributions		-	-
Minimum Revenue Provision		(5,361,000)	(5,007,248)
<b>Closing Capital Financing Requirement</b>		<b>79,970,002</b>	<b>70,141,462</b>

## 13 Future Capital Commitments

The Council has an ongoing programme of capital works and the estimated cost of the schemes is as follows:

	Gross Cost	Grant Aid	Net Cost
	£	£	£
Schemes underway	46,825,639	(1,003,925)	<b>45,821,714</b>
Other Commitments	2,705,000	-	<b>2,705,000</b>
<b>Total</b>	<b>49,530,639</b>	<b>(1,003,925)</b>	<b>48,526,714</b>

Schemes underway include: Community Engagement £2.2m, Saintfield Community Hall £1.5m, Down Leisure Centre £16.3m.

14 Inventories	2017/18		2016/17	
	£		£	
Central Stores		206,863		340,127
Other		174,355		69,663
<b>Total</b>		<b>381,218</b>		<b>409,790</b>

15 Debtors	2017/18		2016/17	
	£		£	
a Long Term Debtors				
Government Departments		-		-
Other Councils		-		-
Public corporations and trading funds		-		-
Bodies external to general government		-		-
Employee car loans		37,521		50,256
Revenue Grants		-		-
Capital Grants		-		-
Interest Receivable		-		-
Capital Debtors		-		-
Loans and advances		54,341		57,972
Finance lease debtors		-		-
Trade debtors		-		-
NIHE Loans		-		-
Other		458,329		495,452
Impairment of loans and receivables		-		-
<b>Total Long-Term Debtors</b>		<b>550,191</b>		<b>603,680</b>

b Short Term Debtors	2017/18		2016/17	
	£		£	
Government Departments		1,124,442		581,742
Other Councils		146,505		250,995
Public corporations and trading funds		-		-
Bodies external to general government		-		-
NIHE loans		-		-
Employee car loans		31,205		37,513
Revenue Grants		1,610,486		1,645,580
Capital Grants		627,838		590,153
Interest Receivable		6,438		90,166
Capital Debtors		609,500		1,640
Value Added Tax		1,289,215		1,316,015
Prepayments		254,668		217,255
Finance lease debtors		-		-
Other		192,341		246,641
Trade receivables		818,185		709,461
Impairment loss - Trade receivables		(311,616)		(317,353)
<b>Total Short-Term Debtors</b>		<b>6,399,207</b>		<b>5,369,808</b>

<b>Total Debtors</b>		<b>6,949,398</b>		<b>5,973,488</b>
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**16 Investments**

The Council holds no investments.

**17 Borrowings**

a Short Term Borrowing		2017/18	2016/17
		£	£
Loans re-payable within one year		5,409,381	5,307,144
Finance Lease Principal		23,730	43,326
<b>Total Short Term Borrowing</b>		<b>5,433,111</b>	<b>5,350,470</b>

b Long Term Borrowing		2017/18	2016/17
		£	£
Between 1 and 2 years		4,758,777	5,274,020
Between 2 and 5 years		11,857,994	12,179,175
Between 5 and 10 years		16,243,806	15,564,213
In more than 10 years		25,890,199	21,166,480
<b>Government Loans Fund</b>		<b>58,750,776</b>	<b>54,183,888</b>
<b>Total Borrowing</b>		<b>64,183,887</b>	<b>59,534,358</b>

**18 Creditors**

c Short Term Creditors		2017/18	2016/17
		£	£
Government Departments		1,933,780	1,054,877
Other Councils		85,711	213,599
Public corporations and trading funds		3,103	-
Bodies external to general government		-	-
Rates clawback		-	-
VAT		-	-
Remuneration due to employees		465,018	449,302
Accumulated Absences		357,308	454,294
Loan Interest Payable		-	-
Capital Creditors		2,262,538	3,272,819
Receipts in advance		503,936	499,665
Trade creditors		3,742,137	3,774,056
Other		219,681	481,150
<b>Total Short Term Creditors</b>		<b>9,573,212</b>	<b>10,199,762</b>
<b>Total Long Term Creditors</b>		<b>-</b>	<b>-</b>
<b>Total Creditors</b>		<b>9,573,212</b>	<b>10,199,762</b>

**c Payment of Invoices**

The council has a target, where no other terms are agreed, of paying supplier invoices within 30 calendar days. During the year the Council paid 25,207 invoices totalling £61,399,902.

The number of disputed invoices were 88.

The Council paid:  
 21,554 (85.5%) invoices with 30 calendar days target;  
 1,979 (7.9%) invoices within 10 working days target; and  
 3,653 invoices outside of the 30 day target.

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

Provisions	Balance as at 1 April 2017	Increase in provision during year	Utilised during year	Unused amounts reversed	Interest cost and/or discount rate changes	Balance as at 31 March 2018
	£	£	£	£	£	£
Landfill closure	3,757,476	-	(493,849)	-	935,314	4,198,941
Staff Costs	143,748	63,503	-	-	-	207,251
Election	-	-	-	-	-	-
<b>Total</b>	<b>3,901,224</b>	<b>63,503</b>	<b>(493,849)</b>	<b>-</b>	<b>935,314</b>	<b>4,406,192</b>
Current Provisions	143,748	63,503	-	-	-	207,251
Long Term Provisions	3,757,476	-	(493,849)	-	935,314	4,198,941
<b>Total</b>	<b>3,901,224</b>	<b>63,503</b>	<b>(493,849)</b>	<b>-</b>	<b>935,314</b>	<b>4,406,192</b>

#### Comparative Year

Provisions	Balance as at 1 April 2016	Increase in provision during year	Utilised during year	Unused amounts reversed	Interest cost and/or discount rate changes	Restated Balance as at 31 March 2017
	£	£	£	£	£	£
Landfill closure	3,669,565	282,372	(194,461)	-	-	3,757,476
Landfill Closure	-	-	-	-	-	-
Staff Costs	146,343	-	(2,595)	-	-	143,748
<b>Total</b>	<b>3,815,908</b>	<b>282,372</b>	<b>(197,056)</b>	<b>-</b>	<b>-</b>	<b>3,901,224</b>
Current Provisions	146,343	-	(2,595)	-	-	143,748
Long Term Provisions	3,669,565	282,372	(194,461)	-	-	3,757,476
<b>Total</b>	<b>3,815,908</b>	<b>282,372</b>	<b>(197,056)</b>	<b>-</b>	<b>-</b>	<b>3,901,224</b>

#### Landfill closure

The expected cost of landfill closure and aftercare costs of £3,757,476 is based on the percentage utilisation of the landfill sites of both Drumanakelly and Aughnagun and has been recognised as a provision. Aughnagun Landfill Site was closed at 31st March 2015. Drumanakelly Landfill Site ceased to take landfill on 30th April 2016. It has to be stated that now the sites have closed it will take a period of time before there will be a reliable trend for closure and aftercare costs and gas generation income.

#### Staff Costs

The provision is to cover estimated monies due to employees for overtime due in respect of holiday pay.

The Council has no material exposure to any of the risk types identified below in its dealings with Financial Instruments.

#### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council. The provision for bad and doubtful debts reflects the Council's assessment of the risk of non-payment by trade debtors and, as such, there is no further additional estimated exposure to default and inability to collect.

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

		£
Less than three months		479,434
Three to six months		57,285
Six months to one year		143,190
More than one year		453,666
		1,133,575

There is no historical experience of default in relation to deposits with banks and other financial institutions. Therefore there is no estimated exposure to risk of default.

#### Liquidity Risk

As the Council has ready access to borrowings from the Department of Finance's Consolidated Fund, there is no significant risk that it will be unable to raise finance to meet its commitments under Financial Instruments. The maturity analysis of financial liabilities is included above. All trade and other payables are due for payment within one year.

#### Market Risk

Interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments. The Council is in receipt of loans from the Department of Finance, however these loans are at fixed concessionary interest rates that differ from the prevailing market rates.

#### Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies other than a bank account denominated in Euro. This account is used solely to facilitate the CANN Project (Collaborative Action for the Natura Network). The Council does not consider this a material exposure to loss arising from movements in the exchange rates.

#### Fair Value of Soft Loans and Government Loans

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 £75,171,538 broken down as follows:

		£
Government Loans		75,171,538
Market Loans		-
<b>Total</b>		<b>75,171,538</b>

## 21 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 Charges:

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.

	Note	2017/18 £	2016/17 £
Net cost of services:			
Current service cost		7,027,000	5,197,000
Past service cost/(gain)		52,000	183,000
Gains and losses on settlements or curtailments		-	-
Net operating expenditure:			
Net Interest on net defined benefit Liability (asset)		828,000	701,000
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>		<b>7,907,000</b>	<b>6,081,000</b>
Movement in Reserves Statement:			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(7,907,000)	(6,081,000)
Actual amount charged against the general fund balance for pensions in the year:			
Employers' contributions payable to scheme		4,371,490	4,405,269
<b>Net adjustment to General Fund</b>		<b>(3,535,510)</b>	<b>(1,675,731)</b>

Remeasurements recognised in Other Comprehensive Income and Expenditure	Note	2017/18 £	2016/17 £
Liability gains/(losses) due to change in assumptions		3,418,361	34,160,247
Liability gains/(losses) due to demographic changes		-	(1,192,000)
Liability experience gains/(losses) arising in the year		621,000	(8,905,000)
Actuarial gains/(losses) on plan assets		(3,946,871)	(14,509,978)
Other		-	-
<b>Total gains/(losses) recognised in Other Comprehensive Income and Expenditure</b>		<b>92,490</b>	<b>9,553,269</b>

c Assets and liabilities in relation to retirement benefits			
Reconciliation of present value of the scheme liabilities:			
	Note	2017/18 £	2016/17 £
Balance as at 1 April		183,143,000	151,328,000
Current service cost		7,027,000	5,197,000
Interest cost		4,728,000	5,101,000
Contributions by members		1,379,000	1,314,000
Remeasurement (gains) and losses:			
Actuarial gains/losses arising from changes in financial assumptions		3,418,361	34,160,247
Actuarial gains/losses arising from demographic changes		-	(1,192,000)
Actuarial gains/losses arising on liabilities from experience		621,000	(8,905,000)
Other (if applicable)		-	-
Past service costs/(gains)		52,000	183,000
Losses/(gains) on curtailments		-	-
Liabilities extinguished on settlements		-	-
Estimated unfunded benefits paid		(86,361)	(89,247)
Estimated benefits paid		(3,997,000)	(3,954,000)
<b>Balance as at 31 March</b>		<b>196,285,000</b>	<b>183,143,000</b>

Reconciliation of present value of the scheme assets:			
	Note	2017/18 £	2016/17 £
Balance as at 1 April		149,124,000	128,538,000
Interest Income		3,900,000	4,400,000
Contributions by members		1,379,000	1,314,000
Contributions by employer		4,285,129	4,316,022
Contributions in respect of unfunded benefits		86,361	89,247
Remeasurement gain/(loss)		3,946,871	14,509,978
Assets distributed on settlements		-	-
Unfunded benefits paid		(86,361)	(89,247)
Benefits paid		(3,997,000)	(3,954,000)
<b>Balance as at 31 March</b>		<b>158,638,000</b>	<b>149,124,000</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long term real rates of return experienced in the respective markets

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Fair Value of Plan Assets	31/03/2018 £	31/03/2017 £
Equity investments	118,185,310	107,220,156
Bonds	18,243,370	18,044,004
Property	16,656,990	19,684,368
Cash	4,124,588	3,429,852
Other	1,427,742	745,620
	<b>158,638,000</b>	<b>149,124,000</b>

The above asset values are at bid value as required by IAS 19. The bid values were provided by NLGOSC, the administering authority. The amounts included in the fair value of plan assets for property occupied by the Council was £nil.



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

	31/03/2018 £	31/03/2017 £
Fair Value of Employer Assets	158,638,000	149,124,000
Present value of funded defined benefit obligation	(194,959,000)	(181,770,000)
Pension asset/(liability) of Funded Scheme	(36,321,000)	(32,646,000)
Present Value of unfunded defined benefit obligation	(1,326,000)	(1,373,000)
Other movement in the liability (asset) (if applicable)	-	-
<b>Net asset/(liability) arising from the defined benefit obligation</b>	<b>(37,647,000)</b>	<b>(34,019,000)</b>
<b>Amount in the Balance sheet:</b>		
Liabilities	(196,285,000)	(183,143,000)
Assets	158,638,000	149,124,000
<b>Net Asset/(Liability)</b>	<b>(37,647,000)</b>	<b>(34,019,000)</b>

**d) Scheme History**

Analysis of scheme assets and liabilities	31/03/2018 £	31/03/2017 £
Fair Value of Assets in pension scheme	158,638,000	149,124,000
Present Value of Defined Benefit Obligation	(196,285,000)	(183,143,000)

<b>Surplus/(deficit) in the Scheme</b>	<b>(37,647,000)</b>	<b>(34,019,000)</b>
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Amount recognised in Other Comprehensive Income and Expenditure:	31/03/2018 £	31/03/2017 £
Actuarial gains/(losses)	4,039,361	25,255,247
Expected Return on Plan Assets	(3,946,871)	(14,509,978)
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	4,039,361	24,063,247
Remeasurements recognised in Other Comprehensive Income and Expenditure	92,490	9,553,269
Cumulative actuarial gains and losses	3,004,517	2,912,027
<b>History of experience gains and losses:</b>		
Experience gains and (losses) on assets	(3,946,871)	(14,509,978)
Experience gains and (losses) on liabilities	3,418,361	34,160,247

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £196,285,000 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a net liability of £37,647,000

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Northern Ireland Local Government Officers' Pension Fund will be made good by increased contributions over the remaining working life of employees, assessed by the scheme actuary.

**Analysis of projected amount to be charged to the Comprehensive Income and Expenditure Statement for the year to 31 March 2018**

	31/03/2018 £	31/03/2018 £
Projected current cost	7,027,000	20.1%
Net interest on the net defined benefit liability (asset)	793,000	2.3%
Past service cost	52,000	0.1%
Gains and losses on settlements or curtailments	-	0.0%
	<b>7,872,000</b>	<b>22.5%</b>

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 2019 is £4,600,000.

### History of experience gains and losses

The actuarial gains/losses identified as movements on the Pensions Reserve 2017/18 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2018.

	31/03/2018	31/03/2017
	%	%
Experience (gains and (losses) on Assets	-2.49%	-9.73%
Experience gains and (losses) on Liabilities	-1.74%	-18.65%

### 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 2018.

Long-term expected rate of return on assets in the scheme:	2017/18	2016/17
	%	%
Equity investments	71.4%	74.5%
Bonds	12.4%	11.5%
Property	10.0%	10.5%
Cash	4.5%	2.6%
Other	1.7%	0.9%
<b>Mortality assumptions:</b>		
<i>Longevity at 65 current pensioners:</i>	Years	Years
Men	23.3	23.2
Women	25.5	25.8
<i>Longevity at 65 for future pensioners:</i>		
Men	25.9	25.8
Women	28.2	28.1
Inflation/Pension Increase Rate	2.10%	2.00%
Salary Increase Rate	3.60%	3.50%
Expected Return on Assets	0.00%	0.00%
Discount Rate	2.60%	2.60%
Pension accounts revaluation rate	2.10%	2.00%
<b>Take-up of option to convert annual pension into retirement lump sum:</b>		
Service to April 2009	0%	0%
Service post April 2009	0%	0%

## 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 2018 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	191,253,000	198,736,000
% change in the present value of the total obligation	-1.90%	1.90%
Projected service cost	7,273,000	7,029,000
Approximate % change in projected service cost	-2.70%	2.80%
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	196,060,000	193,868,000
% change in the present value of the total obligation	0.60%	-0.60%
Projected service cost	7,477,000	7,477,000
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	197,624,000	192,333,000
% change in the present value of the total obligation	1.40%	-1.30%
Projected service cost	7,686,000	7,273,000
Approximate % change in projected service cost	2.80%	-2.70%
Post Retirement Mortality Assumption		
Adjustment to mortality age rating assumption*	- 1 Year	+ 1 Year
Present value of the total obligation	200,729,000	189,220,000
% change in the present value of the total obligation	3.00%	-2.90%
Projected service cost	7,742,000	7,214,000
Approximate % change in projected service cost	3.50%	-3.50%

\* A rating of +1 year means that members are assumed to follow the mortality pattern of the base table above for an individual that is 1 year older than that.

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

	31/03/2017	31/03/2016
	%	%
Equity investments	71.40%	74.50%
Government Bonds	5.20%	5.40%
Corporate Bonds	7.20%	6.10%
Property	10.00%	10.50%
Cash	4.50%	2.60%
Other	1.70%	0.90%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## 9 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 31/03/2016. 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 2018.

Guaranteed Minimum Pension (GMP) is a portion of pension that was accrued by individuals who were contracted out of the state pension prior to 6 April 1997. At present there is an inequality of benefits between male and female members who have GMP. Although the Government intends that GMP should be equalised, at present it is not clear how this equalisation will be implemented. In July 2014 the Government stated an intention to develop fully considered proposals and to publish guidance when this work is completed, but no target date was given. The impact of any liabilities relating to the Council is therefore uncertain and no provision has been made in these financial statements.

## 22 Donated Assets Account

The Council does not have any donated assets for which conditions have not been met.

## 23 Capital Grants Received in Advance

The Council has no capital grants received in advance.

## 24 Contingencies

The Arc 21 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 Residual Waste Treatment Project. Payments made, if any, in accordance with this undertaking will be funded by the participant Councils. No further information on this agreement can be disclosed due to the commercial sensitivity of the procurement process.

Newry, Mourne and Down District Council  
Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2018

25 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	2017/18	2016/17
		£	£
Depreciation	11	6,289,873	6,156,066
Impairment & downward revaluations (& non-sale derecognitions)	11	4,783,539	(144,442)
Amortisation (included with depreciation above)		-	-
(Increase)/Decrease in Stock		28,570	(59,839)
(Increase)/Decrease in Debtors		(322,990)	324,301
Increase/(decrease) in impairment provision for bad debts		(5,737)	48,221
Increase/(Decrease) in Creditors		375,608	(1,607,893)
Increase/(Decrease) in Interest Creditors		-	-
Payments to NILGOSC	21	3,535,510	1,675,731
Carrying amount of non-current assets sold	8a	587,645	56,028
AIC/WIP written off to Net Cost of Services	11	(76,199)	87,125
Contributions to Other Reserves/Provisions		782,396	85,316
Movement in value of investment properties		(182,758)	(83,133)
Amounts posted to CIES from Donated Assets Account	22	-	-
		15,795,457	6,537,481

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing			
	Notes	2017/18	2016/17
		£	£
Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		-	-
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		(696,122)	(155,735)
Capital grants included in "Taxation & non-specific grant income"		(1,094,005)	(323,848)
		(1,790,127)	(479,583)

**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:

	2017/18	2016/17	Restated 2015/16
	£	£	£
Cash and Bank balances	645,630	5,271,112	8,415,730
Short Term Deposits (considered to be Cash Equivalents)	2,003,605	2,535,577	4,530,928
Short Term Investments (considered to be Cash Equivalents)	-	-	-
Bank Overdraft	(213,628)	(986,177)	(1,275,301)
	2,435,607	6,820,512	11,671,357

**c Cash Flow Statement: Operating Activities**

	2017/18	2016/17
	£	£
The cash flows from operating activities include:		
Interest received	5,403	10,952
Interest paid	2,158,786	2,118,882

**d Cash flows from Investing Activities**

	2017/18	2016/17
	£	£
Purchase of PP&E, investment property and intangible assets	(18,264,993)	(11,233,732)
Purchase of Short Term Investments (not considered to be cash equivalents)	-	-
Purchase of Long Term Investments	-	-
Other Payments for Investing Activities	-	-
Proceeds from the sale of PP&E, investment property and intangible assets	696,122	155,735
Proceeds from Short Term Investments (not considered to be cash equivalents)	-	-
Proceeds from Long Term Investments	-	-
Capital Grants and Contributions Received	446,820	1,031,896
Other Receipts from Investing Activities	-	-
<b>Net Cash flows from Investing Activities</b>	<b>(17,122,051)</b>	<b>(10,046,101)</b>

**e Cash flows from Financing Activities**

	2017/18	2016/17
	£	£
Cash Receipts from Short and Long Term Borrowing	10,000,000	6,536,500
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	(43,326)	(79,620)
Repayment of Short and Long Term Borrowing	(5,307,145)	(5,124,850)
Other payments for Financing Activities	-	-
<b>Net Cash flows from Financing Activities</b>	<b>4,649,529</b>	<b>1,332,030</b>

## 26 Usable Reserves

### 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	31/03/2018	31/03/2017
		£	£
<b>At 1 April</b>		-	-
Disposal of Non Current Assets/ Capital Sales	3,10, 23	696,122	155,735
Capital Receipts used to finance capital expenditure	3, 11	(696,122)	(155,735)
<b>At 31 March</b>		-	-

**b Capital Fund**

This fund was established under section 56 of the Local Government Act (NI) 1972, however this section of the act was repealed under the Local Government Finance Act (Northern Ireland) 2011. Councils should disclose details where any of these reserves are earmarked for specific purposes.

Capital Fund	Notes	31/03/2018	31/03/2017
		£	£
At 1 April		1,255,113	1,255,113
At 31 March		1,255,113	1,255,113

**c General Fund**

This reserve shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from District Rates. Councils raise rates to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

General Fund	Notes	31/03/2018	31/03/2017
		£	£
At 1 April		8,909,091	7,234,120
Applied Capital Grants	10b, 12	(1,094,005)	(323,849)
Unapplied Capital Grants received in year		-	-
Direct Revenue Financing	4, 12	-	-
Depreciation and Impairment adjustment	4, 11	10,890,654	5,928,491
Statutory Provision for financing Capital Investment	4, 12	(5,361,000)	(5,007,248)
Net Revenue expenditure funded from capital under statute	4, 12	(81,945)	1,709,089
Surplus/(Deficit) on the Provision of Services	CIES	(5,917,713)	(2,194,672)
Transfers between Statutory and Other Reserves and the General Fund	4	(240,000)	-
Net movements on Pension Reserve	4, 21	3,535,510	1,675,731
Disposal of Fixed Assets/Capital Sales	4, 8a, 11,	(108,477)	(99,707)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	4	(96,986)	(12,864)
Other Movements	4	852,184	-
At 31 March		11,287,313	8,909,091

**d Other Balances and Reserves (Election Reserve)**

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.

Other Usable Reserves	Notes	31/03/2018	31/03/2017
		£	£
At 1 April		-	-
Transfers between Statutory and Other Reserves and the General Fund		240,000	-
At 31 March		240,000	-



27 Unuseable Reserves  
 a Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement, with reconciling postings from the Revaluation Reserve to convert fair value figures to an historic cost basis.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2008, the date that the Revaluation Reserve was created to hold such gains.

Capital Adjustment Account	Notes	31/03/2018	31/03/2017
		£	£
At 1 April		52,120,218	48,301,310
Applied Capital Grants	10b, 12	1,094,005	323,849
Unapplied Capital Grants transferred to CAA in year		-	-
Direct Revenue Financing	4, 12	-	-
Depreciation & Impairment adjustment	4, 11	(10,890,654)	(5,928,491)
Statutory Provision for financing Capital Investment	4, 12	5,361,000	5,007,248
Net Revenue expenditure funded from Capital under statute	4, 12	81,945	(1,709,089)
Disposal of Fixed Assets/ Capital Sales	4, 8a, 11	(587,645)	(56,028)
Capital Receipts used to finance capital expenditure	4, 12	696,122	155,735
Other Movements		2,135,085	6,025,684
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure	12	-	-
<b>At 31 March</b>		<b>50,010,076</b>	<b>52,120,218</b>

## 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	31/03/2018	31/03/2017
		£	£
At 1 April		35,064,168	38,351,670
Revaluation & Impairment	11	12,117,341	2,738,182
Movements from associates & joint ventures		-	-
Other Movements		(2,135,085)	(6,025,684)
At 31 March		45,046,424	35,064,168

## c Pension Reserve

Pension Reserve	Notes	31/03/2018	31/03/2017
		£	£
At 1 April		(34,019,000)	(22,790,000)
Net Movements on Pension Reserve	4, 21	(3,535,510)	(1,675,731)
Revaluation & Impairment	21	(92,490)	(9,553,269)
At 31 March		(37,647,000)	(34,019,000)

## 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	31/03/2018	31/03/2017
		£	£
At 1 April		(454,294)	(467,158)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	4	96,986	12,864
At 31 March		(357,308)	(454,294)

## e Provisions Discount Rate Reserve

The Provisions Discount Rate Reserve covers the arrangement, put in place by the Department under its amendment to the 2012/13 accounts direction (see DOE circular 28/2013), to allow for mitigation of the costs not allowed for by Councils who had adopted the HM Treasury Central Government discount rate for long-term provisions such as Landfill costs.

Subject to agreement with the Department, this arrangement allows a council to spread the cost of the impact of discount rate changes over a period of not more than 6 years.

Provisions Discount Rate Reserve		Notes	31/03/2018	31/03/2017
			£	£
At 1 April			-	-
Difference between finance and other costs and income	4		(852,184)	-
Other Movements			-	-
At 31 March			(852,184)	-

## 28 Significant Trading Operations

The Council considers its only significant trading operation to be the provision of car parking facilities. The results for this are disclosed in Note 2, namely Income of £694,471 and costs of £636,790.

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.

## 29 Agency Services

1. Newry BID Company Ltd - Business Improvement Districts (BIDs) were an initiative established through the Department for Communities which allow town centres to establish action plans to bring forward additional initiatives, services and projects under a BID plan. Rate paying businesses within the defined BID area then vote whether to accept the plan or not. If the BID is approved by a majority of the ballot received an additional BID levy is then invoiced to all businesses within the BID area to implement the agreed plan. The Council provides invoicing and debt collection services to Newry BID Company Ltd. During the year the Council raised invoices on behalf of the company amounting to £354,657. Payments were made to the company of £218,000. The company also reimburses the Council's reasonable charges and expenses which amounted to £15,613 for the financial year under review. The balance outstanding from the BID company's debtors amounted to £212,924 at 31st March 2018. This resulted in a net amount of debt held by the Council on behalf of the company at 31st March 2018 of £47,588, this balance is included in Short Term Creditors. No transactions other than the charges noted previously have been reflected in the Comprehensive Income and Expenditure Statement.

2. C.A.N.N. is the abbreviation for Collaborative Action for the Natura Network. The Group consists of eleven project partners. Agri-Food and Biosciences Institute, Argyll and the Isles Coast and Countryside Trust, Armagh City, Banbridge and Craigavon Borough Council, East Border Region Ltd, Golden Eagle Trust, Institute of Technology Sligo, Monaghan County Council, Newry, Mourne and Down District Council, Scottish Natural Heritage, Ulster University and the Ulster Wildlife Trust. The project is funded by the Special EU Programmes Body (SEUPB). Newry Mourne and Down District Council (NMDDC) are the lead partners where they pay the salaries of employees and invoices. Claims for the project partners are made by the individual organisations to SEUPB. The funding for all partners is paid into NMDDC's bank account. The Council subsequently pays this funding to the project partners. During this current year NMDDC received €673,346 of grants from SEUPB on behalf of the ten project partners and paid €496,395 to the project partners. These transactions are not reflected in the Council's Revenue accounts. There was a balance of €176,951 (£154,988 stg) owing to the other ten project partners at 31st March 2018.

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.

Transactions with related parties not disclosed elsewhere in these financial statements are set out below, where a description of the nature, the amount of the transaction and the amount of the outstanding balance is as follows. Note that related party relationships where control exists should be disclosed irrespective of whether there have been transactions between the related parties.

Councillors have direct control over the Council's financial and operating policies. During the year ,the Council paid for works and services amounting to £692,322 from organisations in which individual Councillors have an interest. The main recipient within this total is £420,404 to Mourne Heritage Trust

The Council paid grants of £129,619 to a number of organisations in which Councillors represented the Council's interests. These grants were made with proper consideration of declaration of interests.

The Council incurred expenditure of £293,915 to other councils of which £63,553 was outstanding as at 31st March 2018.

The Council has recorded income of £244,952 from other Councils of which £116,116 was outstanding as at 31st March 2018.

Arc 21 a joint committee organisation is a waste management group in Northern Ireland representing councils in the east of the province. The Council's contribution in the current year was £154,232. The Council paid an additional £1,381,201 to Arc 21 for various services provided during the year including the use of the Material Recycling Facility.

### **31 Events after the Reporting Period**

On 20 September 2018 judgement was handed down in a legal case taken by a Council against the Department for Communities relating to the allocation of Rate Support Grant. Newry, Mourne and Down District Council is a recipient of Rate Support Grant and the decision in this case potentially has a significant impact on the amount of Rate Support Grant that the Council may receive. It is not possible for the Council to accurately assess the impact of the Court decision until such times as the Department for Communities has indicated how it intends to give effect to the Court judgement.

### **32 Date of authorisation for issue**

The Chief Financial Officer authorised these financial statements for issue on 27 September 2018.