

October 6th, 2026

Notice Of Meeting

You are requested to attend the meeting to be held on **Tuesday, 6th October 2026** at **9:30 am** in **MS Teams**.

Committee Membership 2026-27

Ms Brona Slevin **Independent Chairperson**

Councillor Callum Bowsie

Councillor Jim Brennan

Councillor Pete Byrne

Councillor Laura Devlin

Councillor Mark Gibbons

Councillor Oonagh Hanlon

Councillor Cathal King

Councillor Kate Murphy

Councillor Siobhan O'Hare

Councillor Jill Truesdale

Agenda

1.0 Apologies and Chairperson's Remarks

2.0 Declarations of Interest

For Discussion/Decision

3.0 NMDDC Statement of Accounts 2025/26

For Decision

Attachment: Statement of Accounts Report.pdf

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Attachment: Draft Statement of Accounts - 31 March 2026 - NMDDC 05.10 v2.pdf

Page 4

Items deemed to be exempt under paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (NI) 2014

4.0 Draft Report to Those Charged With Governance

This item is deemed to be exempt under paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may, by resolution, be excluded during this item of business.

Attachment: Draft RTTCWG 5 October 2026.pdf

Not included

Report to:	Audit Committee
Date of Meeting:	6/10/26
Subject:	Statement of Accounts for Year ending 31 March 2025
Reporting Officer and Job Title:	Aileen Jones
Contact Officer and Job Title:	Aileen Jones

Purpose of Report:

For Decision

1.0	Purpose and Background
1.1	At the Audit Committee meeting held on July 2026, Members were advised that the draft Statement of Accounts for Newry, Mourne and Down District Council had been submitted to the Northern Ireland Audit Office (NIAO) for audit. The Accounts had also been submitted to the Department for Communities (DfC) on 30 June 2026. The NIAO audit is now nearing completion, and the audited Statement of Accounts for the year ending 31 March 2026 is presented for Members' approval.
2.0	Key Issues
2.1	As per the NIAO report to Those Charged with Governance (RTTCWG), there has been an adjustment to the Balance Sheet. This was to increase provisions by just over £3 million with a corresponding asset to the same value, for legal claims open at the balance sheet date and covered by insurance. The same matter impacted on the prior year, where an adjustment of £2.5 million was made to both provisions and assets. The impact of both on the Comprehensive Income and Expenditure Statement was nil. There has been an amendment to the disclosure 15 (prior year adjustment) and 19 (provisions). There has been an additional disclosure in relation to pensions considering the Goodwin and Virgin Media Judgment, these have been set out in Note 21. Note 24 has been amended to reflect the consideration of contingent liabilities. There have been no other material year adjustments. The Audited Accounts are attached, however, these will
3.0	Recommendations
3.1	It is recommended that Members note the NIAO RTTCWG and approve the Statement of Accounts for year ending 31 March 2026 for signing by the Chief Executive and Chairperson.
4.0	Resource Implications
4.1	None

5.0	Due Regard to equality of opportunity and regard to good relations
5.1	General proposal with no clearly defined impact upon, or connection to, specific equality and good relations outcomes Previous Choose an item. Next
5.2	Does the proposal relate to the introduction of a strategy, policy initiative or practice and / or sensitive or contentious decision Previous Choose an item. Next If yes, please select one of the following: Previous Choose an item. Next
5.3	Proposal initiating consultation The consultation seek the views of those directly affected by the proposal, address barriers for particular Section 75 equality categories to participate and allow adequate time for groups to consult amongst themselves Please select the consultation period: Previous Choose an item. Next Rationale:
6.0	Due regard to Rural Needs
6.1	Does the proposal relate to developing, adopting, implementing or revising a policy / strategy / plan / designing and/or delivering a public service. Previous Choose an item. Next
7.0	Appendices
7.1	
8.0	Background Documents
8.1	

Statement of Accounts

Newry, Mourne and Down District Council

**For the Year Ended 31st March
2026**



Comhairle Ceantair
**an Iúir, Mhúrn
agus an Dúin**

**Newry, Mourne
and Down**
District Council

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Strategically located on the important eastern A1/M1 economic corridor, Newry, Mourne and Down Council has an estimated population of 181,368 and 68,397 households. The District area has a coastline of approximately 150 kilometres, and encompassing an area of 1,634 square kilometres, we have three Areas of Outstanding Natural Beauty; Mourne, Ring of Gullion, and Strangford and Lecale.

Newry, Mourne and Down District Council is one of the largest councils in Northern Ireland and has 41 elected members representing seven district electoral areas: Crotlieve, Downpatrick, Newry, Rowallane, Slieve Croob, Slieve Gullion and The Mournes.



The Council has a combined revenue of approximately £107 million, a net capital budget of approximately £103 million and circa 901 Council employees. We are responsible for providing services such as Household Waste Collection, Registration, Leisure, Environmental Health, Building Control, Economic Development and Tourism. We are also responsible for Planning and Community Planning – statutory functions transferred from central government to Northern Ireland local authorities in 2015.

The Council carry out eight principal roles:

1. Support the continued growth and development of our local economy;
2. Improve the health and wellbeing of everyone in the district;
3. Protect and enhance our environment to secure a sustainable future;
4. Support regenerative tourism opportunities which promote our culture, heritage and environment;
5. Empowering communities to play an active part in civic life;
6. Develop and revitalise our district;
7. Deliver sustainable services;
8. Represent the voice of the district with our partners.

Our [Corporate Plan \(2024-2027\)](#) sets out the strategic direction of the organisation and will continue to guide Council's activities and the allocation of resources over the next year. To support the achievement of our community planning outcomes and corporate objectives, we will continue to work closely with Government Departments and partners across the public, private, voluntary and community sectors whilst investing in our staff, ensuring they have the necessary support and resources required to provide high-quality services for all.

The key services delivered by the Council are outlined below under our Operational Model and the key objectives of the Council are outlined below under the Performance Report. The key deliverables for year ended 31 March 2026 reflect the priorities articulated by local people and relate to the Council's functions as both a civic leader and service provider.

Operational model

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

Throughout the year the Council reports to the SP&R Committee on the financial performance against agreed budget for each Directorate. The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis (Note 2) and the Movement in Reserves Statement.

The majority of the variance between budget and actual expenditure is disclosed in the Expenditure and Funding Analysis and is mainly due to accounting adjustments that are required for the purposes of preparing the financial statements, such as depreciation and impairments, fair value adjustments and IAS 19 accounting adjustments. There are also variances due to reclassification of income and expenditure to other income and expenditure for financial accounting purposes such as rental and financing activities. Each committee is responsible for the delivery of key services.

The table below highlights the performance against budget for each Directorate at 31 March 2026. These amounts do not include the accounting adjustments that are required to be included in the net expenditure in the Comprehensive Income and Expenditure Account. The net expenditure reported in the Comprehensive Income and Expenditure Statement includes the accounting adjustments that are required for preparing the financial statements.

	INCOME			EXPENDITURE			YTD Variance
	YTD	YTD	YTD	YTD	YTD	YTD	
	Budget	Actual	Variance	Budget	Actual	Variance	
	£	£	£	£	£	£	£
DEPARTMENT							
Chief Executive	0	1,919	1,919	1,950,752	2,092,293	-141,541	-139,622
Corporate Services	77,426,201	79,479,451	2,053,250	18,888,553	16,652,308	2,236,245	4,289,496
Enterprise Regeneration & Tourism	7,760,355	7,215,112	-545,243	16,596,238	16,855,384	-259,146	-804,389
Sustainability & Environment	3,618,110	3,834,474	216,364	41,434,869	42,732,024	-1,297,156	-1,080,792
Active, Healthy Communities	4,978,077	5,679,697	701,620	14,912,331	14,601,819	310,512	1,012,132
Net District Fund Expenditure	93,782,743	96,210,653	2,427,910	93,782,743	92,933,827	848,916	3,276,825

Financial Outlook

Despite the challenging financial position faced by the Council going into 2025/26, Directorates worked to deliver the financial budget for the current year. The Bank of England voted to kept interest rates at 3.75% in June 2026, with the worst case scenarios seemingly avoided following the agreement between the US and Iran.

The delivery of priorities including waste and climate will require significant investment at a time when businesses and homeowners continue to deal with the inflationary pressures. Although investment continues throughout the District, and the Domestic Ratebase has expanded, setting budgets over the medium term will be challenging and is likely to require the realignment of existing budgets to Member agreed priorities.

Risks and opportunities

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

In order to assist the Chief Financial Officer in fulfilling her responsibilities, the Council has 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 are timed to support the Accounting Officer in her preparation of the Annual Governance Statement. Assistant Directors and Directors provide Assurance Statements to the Chief Executive on a quarterly basis. Director Assurance Statements are considered by the SMT on a quarterly basis.

An Internal Audit of Risk Management was completed in November 2023. The Review received a satisfactory assurance rating. The Council's Risk Strategy was revised and approved by the Audit Committee in February 2025 and the Risk Appetite Statement updated annually (most recently in January 2026) to comply with HM Treasury's best Practice (Orange Book, Management of Risk; Principles & Concept).

The key elements of the risk management process are highlighted below:



SMT reviewed and updated the Corporate Risk Register in May 2026, based on the revised Risk Strategy and Risk Appetite of Council. The following 12 Corporate Risks were agreed:

Risk	Description
CR01	Failure to deliver the capital investment programme for the District
CR02	Non-compliance with legislative requirements, including the Procurement Act 2023
CR03	Failure to effectively manage waste
CR04	Failure to provide robust and timely planning decisions
CR05	Failure to adequately deliver future efficiencies and improvements
CR06	Failure to adequately react to a major incident which would minimise any negative consequences/impact
CR07	Failure to implement an economic development programme to drive growth within the district
CR08	Failure to manage sickness absence resulting in delays and an inability to deliver Council services
CR09	Risk to the long-term financial stability of Council in relation to the delivery of Council Services
CR10	Failure to effectively plan for and manage a cyber security attack.
CR11	Risk of Industrial Action impacting on Service Delivery
CR12	Insufficient staff resources to deliver Council services in an effective and efficient manner

Controls are in place to manage the risks where possible, and where actions have been identified to further mitigate the risk, they are being progressed by members of SMT and the Corporate Management Teams (CMT), and progress is monitored and reported on a quarterly basis. Council currently has seven risks with red residual score ratings which are highlighted in the table above.

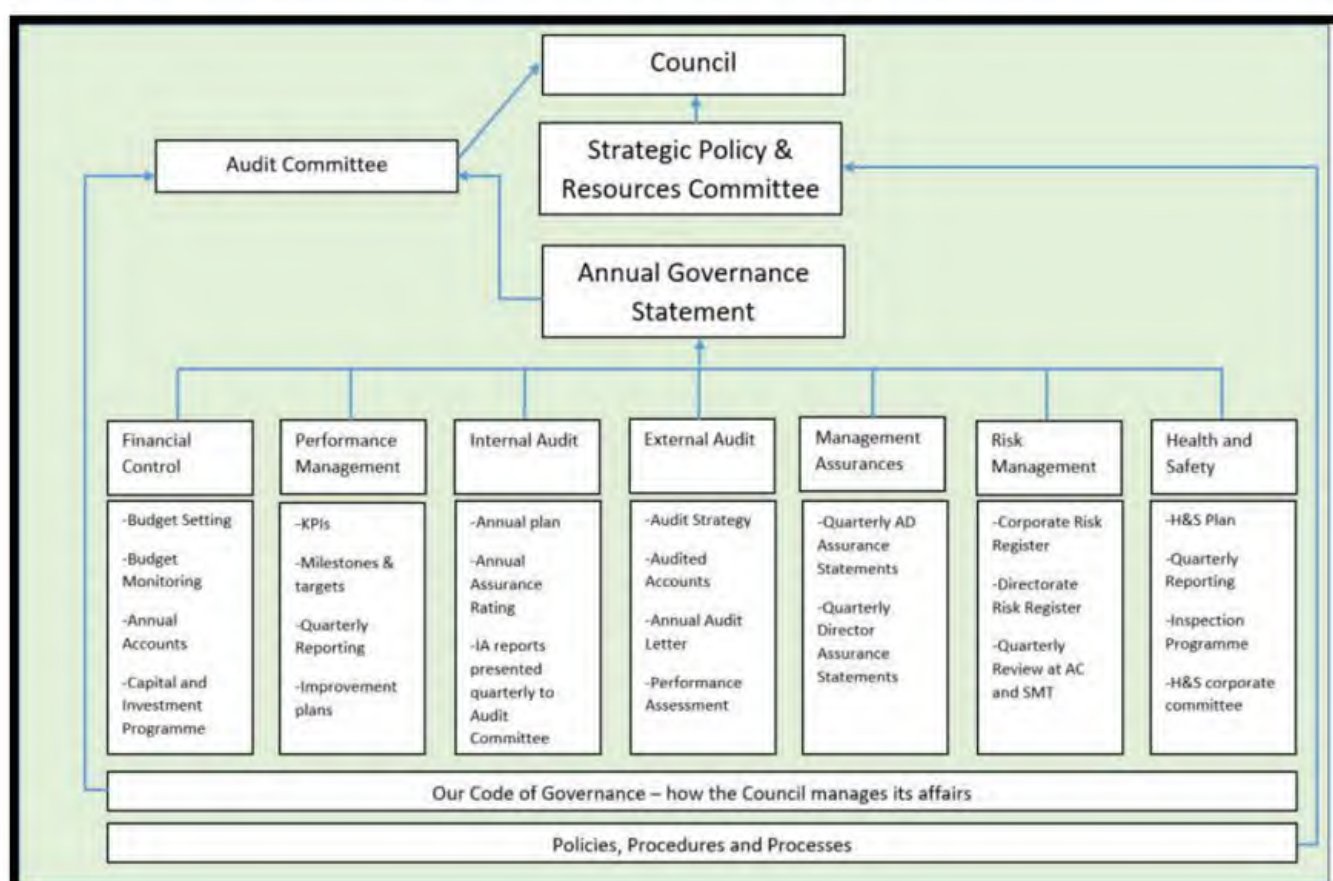
The Audit Committee also consider and review Directorate Risk Registers, on a rotational basis, as a mechanism to strengthen the alignment with the Corporate Plan and to ensure risks can be escalated and deescalated as required.

Governance

The Council's Assurance Mapping and Code of Governance was revised and approved by the Audit Committee in July 2025. The Annual Governance Statement on page 23 details the Council's Code of Governance and significant Governance issues facing the Council.

The work of Council is overseen by the committee structure and detailed further in our Governance Statement on pages 23-39. The Annual Governance Statement for 2025/26 highlights the Council's governance arrangements during the year and how significant governance issues are being addressed and actions implemented. Directors and Members have oversight in accordance with the terms of reference for the relevant Committee as well as finance reports covering all aspects of Council expenditure being presented to Committee on a quarterly basis. The Committee structure, which is based on the full council and 6 standing committees, is described in detail within the Annual Governance Statement.

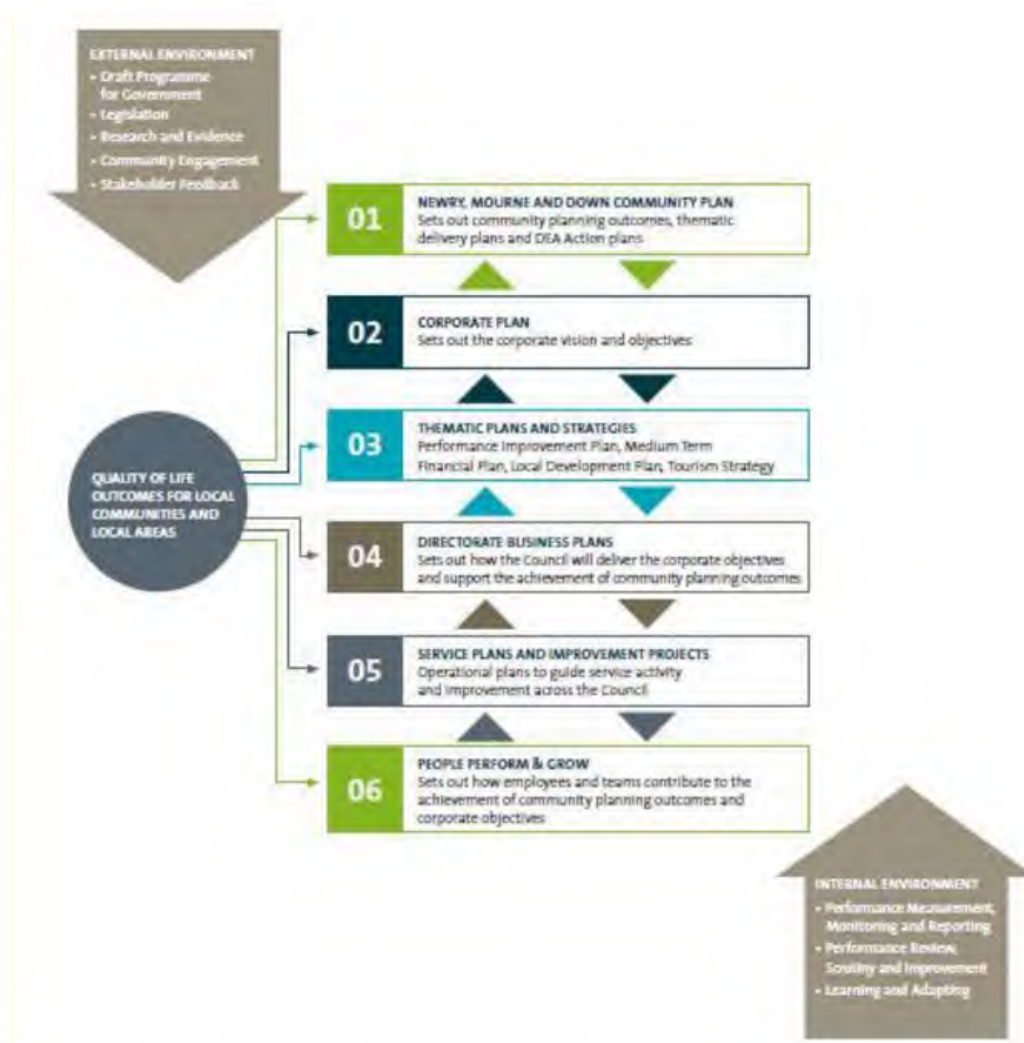
The image below illustrates the assurance framework in place within the Council which is approved annually by the Audit Committee. The framework provides information on compliance with various elements of the Council's Governance arrangements.



Performance Report

The Council has continued to develop new policies and strategies, renew its key infrastructure, integrate, and modernise its services and meet ever increasing statutory obligations whilst managing expectations and competing demands.

The Council's Business Planning and Performance Management Framework drives and provides assurance that community planning outcomes, corporate objectives and performance improvement objectives are being delivered, with the primary goal of making life better for our citizens.



Through the Business Planning and Performance Management Framework, the Council manages performance at all levels across the organisation, to ensure the necessary steps are taken to secure continuous improvement in the exercise of functions. Each level of the Business Planning and Performance Management Framework is, and will be, accompanied by a relevant set of performance measures to monitor and assess the Council's progress in improving the quality of life for local communities.

The table below provides a description of the various plans and strategies that form part of the Council's Business Planning and Performance Management Framework.

Community Plan	The Community Plan for Newry, Mourne and Down sets out the long-term vision for improving the economic, social and environmental wellbeing of the District. Developed in collaboration with partners across the statutory, business and voluntary sectors, the Community Plan is underpinned by Priority Actions Areas and seven DEA Action Plans, which seek to deliver the five community planning outcomes at a local level. Progress in implementing the Community Plan is reviewed on a biennial basis.
Corporate Plan	The Corporate Plan 2024-27 sets out the vision, values and strategic objectives for the Council. Each strategic objective is underpinned by 'supporting actions' and 'measures of success'. Progress in delivering the Corporate Plan is reported annually through the Assessment of Performance.
Thematic Plans and Strategies	The Council has put in place a number of Thematic Plans and Strategies to support the implementation of the Community Plan and Corporate Plan, including the Performance Improvement Plan, Medium Term Financial Plan and Regeneration and Economic Development Strategy. These plans provide the strategic context for multiple programmes of work across the organisation.
Directorate Business Plans	Business Plans are developed annually to demonstrate how Directorates contribute to the achievement of community planning outcomes, corporate objectives and performance improvement objectives. Directorate Business Plans include suites of key performance measures to measure progress and drive continuous improvement, with performance being monitored and reviewed bi-annually by the relevant Committee.
Service Plans and Improvement Projects	Service Plans and Improvement Projects are operational and set out the direction for service areas across the Council. They outline how each service contributes to the delivery of community planning outcomes, corporate objectives and performance improvement objectives, include key performance measures and provide a mechanism to manage performance consistently across the organisation.
People Perform Grow	The Council recognises the significant role employees play in contributing to the achievement of the Community Plan, Corporate Plan, Thematic Plans and Strategies, Directorate Business Plans and Service Plans. People Perform Grow will demonstrate the link between the work of employees and how they contribute to the achievement of key plans and strategies, as well as the outcomes experienced by local communities.

Community Plan

The Living Well Together Community Plan outlines the vision for Council to be 'a place with strong, safe and vibrant communities where everyone has a good quality of life and access to opportunities, choices and high-quality services which are sustainable, accessible and meet people's needs'. The [Community Plan](#) can be viewed on the Council's website.

Since launching the Community Plan, community planning partners and local communities have come together to deliver high quality services and positive outcomes for all. This ensures that local people have a say on the programmes and policies that are delivered in their area, based on the understanding that more can be achieved when we work together in partnership.

The Council has worked closely with community planning partners to develop actions including through running thematic summits around the themes of Housing and Health and Well-being.

As part of our statutory responsibilities under the Local Government Act (NI) 2014, the Council is required to monitor progress against the outcomes and indicators within the Community Plan every two years. The [2024-25 Statement of Progress](#) provides an overview of the key achievements of the Community Planning Partnership and can be downloaded on the Council's website.

The key achievements of the Community Planning Partnership during 2025/26 can be summarised as follows:

- Established a 'Tackling Isolation and Loneliness Together' Strategic Network.
- Running a participatory budgeting process in each of the 7 District Electoral Areas (DEA's);
- Support for the Strategic Stakeholder Forum in providing a social supermarket within the District and develop a test and learn pilot;
- Facilitation of Youth and Future Talent Awards (YAFTAS)
- Rural Housing Workshops hosted across all seven of the DEA's, addressing the lack of social housing in our smaller rural settings.

Corporate Plan

The finalised Corporate Plan 2024-27 was approved by the SP&R Committee in August 2024, ratified by Full Council in September 2024 and has been published on the Council's website. The plan sets out the following Mission statement: *'To deliver sustainable services and empower our communities through transparent government and collaboration.'* Progress in delivering the eight strategic objectives within the Corporate Plan will be monitored, reviewed and reported on an annual basis through the Assessment of Performance.

Performance Improvement Plan

Part 12 of the Local Government (NI) Act 2014 sets out a General Duty of Improvement for local government, whereby all District Councils are required to put in place arrangements to secure continuous improvement in the exercise of their functions. Each financial year, Councils are required to set performance improvement objectives for the services they provide. The guidance states that performance improvement is more than quantifiable gains in service output or efficiency, or in the internal effectiveness of an organisation. Improvement should focus on activity that enhances the sustainable quality of life and environment for communities.

Three of the 2026-27 performance improvement objectives have been carried forward from 2025-26 whilst the wording of the economic development and climate change objectives have been refined to make them more succinct, meaningful, and better reflect the evolving work taking place across these areas. These were developed within the context of the Corporate Plan 2024-27 and 'proposals for improvement' which were recommended by the NI Audit Office.

The Performance Improvement Plan 2026-27 was approved by the SP&R Committee on 14 May 2026 and ratified by full Council on 01 June 2026 before being published on the Council's website ahead of the statutory deadline of 30 June 2026.

The performance improvement objectives do not describe every improvement the Council plans to make during 2026-27. Alternatively, they provide an overview of how the Council will address the issues which matter most to local communities. The Performance Improvement Objectives 2026-27 are:

1. We will support the health and wellbeing of local people by improving our leisure facilities and services

2. We will contribute to growing the economy by supporting local businesses, job creation and pathways to employment
3. We will improve the cleanliness of our District by continuing to promote recycling and addressing littering, fly tipping and dog fouling incidents
4. We will reduce our contribution to climate change by cutting carbon emissions and improving the efficiency of our fleet and buildings
5. We will improve the processing times of planning applications and enforcement cases by implementing the Planning Service Improvement Programme

Performance 2025-26

Through the annual Assessment of Performance 2025-26, which will be published in September 2026, Council has monitored progress in delivering the Corporate Plan 2024-27 and Performance Improvement Plan 2025-26, including the statutory performance indicators and standards. The table below provides an overview of performance during 2025-26.

Performance Improvement Objective	Progress	Status Trend
 We will support the health and wellbeing of local people by improving our leisure facilities and services	26.7% increase in paid attendances at Council leisure centres	△
	39% increase in the number of people participating in targeted health programmes	😊 △
	£225,000 worth of financial assistance funding was allocated to sports clubs across the District	😊
	11.4% increase in the number of Council leisure centre memberships	😊 △
	4 capital leisure projects progressed	😊
	7 play parks upgraded across the District	😊
 We will contribute to growing the economy by supporting local businesses and job creation	238.2* new jobs promoted through business start activity	😊 △
	12 new social enterprise businesses supported and 16 new social enterprise jobs created	😊 ▶
	188* new enterprises created as a result of support	😊 △
	215* existing businesses supported to progress growth and scaling ambitions	😞 ▶
	4,719 participants engaged across all 'Go Succeed' activity in 2025-26	😊 △
 We will improve the cleanliness of our District	35 fixed penalty notices issued and 32 paid	😞 △
	91% of all fixed penalty notices issued have been paid	😊
	100% of community clean up requests supported	😊
	Increase in the rate of recycling, to 49.3%*	😞 △

by continuing to promote recycling and addressing littering, fly tipping and dog fouling incidents	Increase in the amount of biodegradable Local Authority Collected Municipal Waste that is landfilled	😊 ▼
	10 'Live Here, Love Here' environmental projects supported	▼
 We will improve our sustainability and reduce our impacts in relation to climate change	1 vehicle within the Council fleet that has an alternative fuel source	😞
	0 Council supported EV charging points installed in 2025-26	😞
	78% of Council fleet younger than 8 years.	😞 ▶
	The Baseline Emissions Footprint for Newry Mourne and Down was established and is 5,246 tCO ₂ e (Tonnes of CO ₂ equivalent).	😊
	2,800 trees planted on Council managed estate	😊 ▲
 We will improve the processing times of planning applications and enforcement cases by implementing the Planning Service Improvement Programme	The Council received the second highest number of planning applications across the 11 Councils up to December 2025.	😊
	The average processing time for local planning applications increased from 45.2 weeks between Apr-Dec 2024 to 46.0 weeks between Apr-Dec 2025	😞 ▶
	The average processing time for major planning applications increased from 34.6 weeks between Apr-Dec 2024 to 58.8 weeks between Apr-Dec 2025	😞 ▼
	The percentage of enforcement cases progressed within the statutory timescale increased by 20.1% from 44.6% between Apr-Dec 2024 to 64.7% between Apr-Dec 2025.	😞 ▲
	The number of planning applications in the system for 12 months or more increased from 430 by Dec 2024 to 561 by Dec 2025	😞 ▼
	The number of enforcement cases in the system for 12 months or more increased from 560 by December 2024 to 648 by Dec 2025	😞 ▲

* The 2025/26 figures are in draft, to be finalised following monitoring and verification of data by Go Succeed lead BCC

**The 2025-26 data in relation to the statutory performance indicators for waste management remains provisional, as the end of year validated data will not be published by DAERA until Q3 2026-27.

Financial Statements

The Council's financial performance for the year ended 31st March 2026 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 2026 (the Code) and the Department for Communities (DfC) Accounts Direction, Circular LG 07/2026. 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 Council's finances during the financial year 2025/26 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

The purpose of the Narrative Report is to provide information on the Council, its main objectives and strategies and the principal risks it faces.

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 54, shows the movement in the year on the different reserves held by Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Summary (CIES).

These are different from the statutory amounts required to be charged to the General Fund Balance for Local Tax purposes. The 'Net Increase/Decrease before transfers to Statutory and Other Reserves' line shows the statutory General Fund Balance before any discretionary transfers undertaken by the Council.

The Comprehensive Income and Expenditure Statement

This statement, as set out on page 53, 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 rates income. Council's raise rates income to cover expenditure in accordance with regulations; this may be different from the accounting cost. The rates income position is shown in the Movement in Reserves Statement.

The Balance Sheet

The Balance Sheet, as set out on page 55, shows the value as at the Balance Sheet date of the Council's assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories.

- The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of

reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).

- The second category of reserves are those that the 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, as set out on page 56, 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 rates income and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

Basis of Preparation

The Council's Statement of Accounts is prepared on an accruals basis and is designed to provide stakeholders with a true and fair view of the Council's financial performance and position during the 2025/26 financial year. The accounts have been prepared in accordance with statutory requirements and applicable accounting standards, which impose strict controls over financial reporting. Accounting policies are applied consistently, and officers are required to comply with all relevant accounting, disclosure and reporting requirements to ensure the integrity, transparency and accuracy of the financial statements.

The Statement of Accounts has been prepared on a going concern basis. In undertaking this assessment, management considered the Council's current financial position, approved budgets and medium-term financial planning assumptions, projected cash flows, reserves and balances, and the availability of funding to meet future obligations as they fall due.

Expenditure and Funding Analysis

The resourcing of the Council's activities is outlined in the Annual Report, demonstrating the funding available and what services this funding provided for 2025/26.

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

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

Financial Performance

For the year ended 31 March 2026, the Council's Usable Reserves increased by £9,157k.

£5,586k of additional DAERA Packaging Extended Producer Responsibility - pEPR - levy income has been realised for 2025/26. These monies have been received by Council to cover the costs associated with the collection and disposal of packaging waste. £730k was spent in 2025-26 leaving the balance of £4,856k at 31/3/26.

There is further funding expected in 2026/27 of £5,860k and anticipated spend for the year of £920k with additional £370k spend on additional resources to deliver the Waste Management review plan (£385k in 2027/28).

The budget plans underpinning this position formed part of the annual estimates for 2025/26. The Council's total gross expenditure budget was set at £93,783k and was approved by Full Council in February 2025 as part of the rates estimates process.

At year end, the Council reported a surplus of £3,277k on service delivery before year-end accounting adjustments. Budget performance across all Committees is monitored continuously throughout the year. Management Accounts are presented quarterly to SP&R Committee for review and scrutiny. In addition, Assistant Directors provide quarterly variance analysis reports to both the Finance Team and their respective Directors. The year-end Management Accounts position was presented to Committee on 11 June 2026.

From an operational perspective, the Council achieved a significantly smaller underlying surplus. During the year, a number of non-recurring, one-off savings were realised, amounting to £2,898k, which are not expected to recur in future years. These one-off savings included:

- Council was advised by Land and Property Services Northern Ireland (LPSNI) of a positive rates finalisation of £1,538k, based on current Actual Penny Product data, which has been reflected in these accounts. LPSNI indicated that this favourable variance is largely attributable to growth in the domestic rate base.
- LPSNI also advised of a favourable outturn in the De-Rating Grant of £456k, which has been recognised in these accounts. The positive variance is primarily attributable to three large industrial premises in the Newry area being added to the valuation list early in the 2025/26 financial year. Collectively, these properties account for approximately £440k million of the favourable variance.
- Significant savings were achieved in capital financing costs, including loan interest and Minimum Revenue Provision (MRP), due to a number of capital projects not commencing as originally projected during the year. Delays to several major projects reduced borrowing and cashflow requirements, resulting in lower financing costs.
- Investment income exceeded budget as a result of higher-than-anticipated interest rates and stronger cash balances arising from delays in capital project expenditure.

Council had several significant pressures in year. DfC advised the Council of a further reduction in the Rate Support Grant (RSG), bringing the total Northern Ireland Local Government allocation to £3,100k. This resulted in an RSG funding shortfall of £59k for the 2024/25 financial year.

A significant pressure also arose from the Mourne Mountain Gateway Project (MMGP), which was developed under the Belfast Region City Deal (BRCD) programme with the objective of delivering a flagship visitor attraction within the Mourne Mountains. The project did not progress

beyond the early design, feasibility and investigative stages, and no construction works were undertaken. All consultant activity associated with the project has now ceased, and the project is considered closed from both a delivery and financial perspective.

Total expenditure incurred by the Council in relation to the MMGP amounted to £1,445k. Funding of £456k was received from the Department for the Economy (DfE), resulting in a net cost to the Council of £988k, as reflected in the Council's management accounts.

The Council also faced significant increases in insurance costs, with expenditure exceeding budget by £321k. The Council's insurance broker advised that the insurance market continues to experience unprecedented hard-market conditions, driven by factors including cyber-crime, inflationary pressures (particularly in relation to building and claims costs), and the ongoing impacts of Brexit. These conditions have persisted for more than three years and continue to affect market capacity, premium rates, coverage levels, excesses and policy terms.

Additional service pressures during the year included overspends of £327k within Environmental and Waste Services, £266k in Repairs and Maintenance, and £183k in CCTV operations.

Overall income (excluding grants) was £310k below budget. The most significant adverse variances were within leisure income, which was £131k below budget. Although the swimming pool at NLC reopened on 12 March 2025, income remained £154k below budget during 2025/26. This was partially offset by favourable performances at other centres, including Ballymote (+£30k) and Newcastle Centre (+£30k).

Planning fee income was £165k below budget due to lower-than-anticipated demand levels. In addition, planning deferred income increased by approximately £138k since March 2025, resulting in a balance of £1.167m held in deferred income at year-end. This relates to planning applications registered on the EPIC system where fees have been received but the planning process has not yet been completed.

Other adverse variances included Arts and Events income (£34k below budget), Caravan Park income (£42k below budget), and Forest Car Parks income, which recorded a combined deficit of £297k across the four sites.

These shortfalls were partly offset by a number of favourable income variances. Investment income exceeded budget by £142k, reflecting higher interest rates and stronger-than-expected cash balances arising from delays in capital project expenditure. Car parking income was £71k above budget, largely due to higher write-offs in the previous year following DfI instructions relating to contract handovers and the exhaustion of debt recovery processes.

Pitch hire income exceeded budget by £68k, while Building Control income was £35k above budget due to higher demand levels. Room hire income generated a surplus of £31k, and Environmental income contributed a further favourable variance of £10k.

Overall, these favourable variances helped mitigate, but did not fully offset, the significant income shortfalls experienced across several demand-led services.

The overall Wages and Salaries position for Council has a surplus of £620k (against a budget of £47.7m). The favourable variance reflects the 2025/26 pay award, which was paid to staff in August 2025. Agreement was reached on 23 July 2025 for a 3.20% annual pay increase, backdated to 1 April 2025 and therefore covering the full financial year.

Of the total favourable variance of £620k, £250k relates to a provision which was not required during 2025/26 and has therefore not been included in the 2026/27 budget estimates. The remaining favourable variance of £370k is primarily attributable to vacant posts across the

Council. However, as part of the rates-setting process, the Council incorporated a 6% vacancy allowance across salaried posts. This proactive approach helped ensure that actual wages and salaries remained broadly in line with the budgeted position, providing a more realistic reflection of anticipated staffing costs.

The Cost of Services on Continuing Operations of £71.2m (2024/25 - £75.2m), as reported in the Comprehensive Income and Expenditure Statement, also includes the accounting cost of providing services in addition to the amount funded from taxation.

Borrowings

For the 2025/26 year the Council has an authorised borrowing limit of £157.5m (2024/25 - £140.6m). This is based on the Council's forecast capital expenditure plans over the medium to long term. In conjunction with the Council's projected capital financing requirement of £147.5m (2024/25 - £130.6m) at year end, this ensures the Council only borrows for capital purposes.

The Council currently holds £65 million in loans (2024/25: £68.4 million), representing a £3.4 million decrease from the previous financial year. These loans form part of the Council's strategy for funding previous years' capital programmes.

The Council may also borrow additional sums to pre-fund future years' capital requirements, provided that total borrowing remains within the authorised borrowing limit. During the year, the Council refinanced an existing £7.0 million short-term loan. No additional borrowing was undertaken during the year.

Capital Expenditure

The Council has an ambitious four-year capital programme totalling £103 million (net of funding) as at February 2026. The programme is reviewed and approved annually by the Council each February and is designed to support the delivery of the strategic objectives set out in the Corporate Plan. Ongoing monitoring and oversight of the capital programme is undertaken by the Strategic Finance Working Group (SFWG).

The total net expenditure reported in the Comprehensive Income and Expenditure Statement includes a charge of £9.1 million (2024/25: £9.1 million) in respect of completed capital expenditure. During 2025/26, the Council incurred capital expenditure of £12.8 million (2024/25: £19.7 million).

The most significant capital projects completed during the year included:

Project Capitalised 2025/26	Total Project Costs	Notes
Carlingford Lough Greenway	£3.1m	Phase 2 of the project
Warrenpoint Front Shore	£2.3m	Public Realm Scheme
Donard Park 3G Pitch	£1.3m	Multi Sports Hub Project
Ballynahinch Community Centre	£1.1m	Renovation project
Tyrella Amenity Building	£0.8m	New Building
Dunleath Skatepark and Pump track	£0.6m	New Project
Play Strategy	£2.2m	This relates to upgrades or new playparks at 13 different locations across the District.
Vehicles	£0.9m	Includes Sweepers, Cagewagons, Land rovers and a Canal Boat

IT	£0.4m	Includes the Plot Box system and also the IT Technology refresh project (new laptops and equipment)
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Revaluation of Assets

A valuation exercise was carried out by LPSNI as at 31 March 2026 on the Council's land and buildings. As a result, the value of land and buildings have increased from £190.0m at 31 March 2025 to £200.0m at 31 March 2026.

Strategy and resource allocation

The Medium-Term Financial Plan was approved by Council on 3 February 2025. In accordance with the Local Government Finance Act (NI) 2011, the Chief Executive, in their role as Chief Financial Officer, provided assurance to Members on the robustness of the revenue estimates and the adequacy of the Council's reserves as part of the district rate-setting process. Detailed estimates were prepared, presented and scrutinised by Members, taking into account previous years' outturns, current expenditure plans, and anticipated future demand and financial pressures.

In setting the District Rate for 2025/26, the Council considered a number of key financial factors and uncertainties.

- The Council continued to operate within a challenging economic environment characterised by elevated inflation and interest rates. These factors increased operating costs and placed additional pressure on both the Council and its ratepayers. While assumptions were incorporated into the 2025/26 budget, the longer-term impact of inflation and interest rate movements on Council operations, the rate base and overall financial sustainability remained uncertain.
- The restoration of the Northern Ireland Assembly provided greater clarity regarding regional financial planning; however, at the time the District Rate was set, significant uncertainty remained regarding the Executive's budget position. Several funding streams included within the Council's estimates were dependent on allocations from Central Government and were therefore based on previous funding arrangements. Until a budget was formally agreed by the Northern Ireland Executive, the level of funding available remained uncertain. Similarly, the Regional Rate for 2025/26 had not yet been finalised, although proposed increases of 5% for domestic properties and 3% for non-domestic properties had been indicated.
- The Council also recognised the importance of the RSG, which was designed to assist less affluent, rural and more deprived councils in providing services comparable to those available in wealthier areas. Newry, Mourne and Down District Council remained a significant beneficiary of the scheme, receiving 14.41% of the regional allocation. However, the total value of funding available to the local government sector remained uncertain pending agreement of the Northern Ireland Executive's budget.
- Uncertainty also remained regarding the potential economic implications of Brexit and the Windsor Framework for Northern Ireland, including any impact on the Council's rate base and external funding streams. No specific provision was included within the estimates for any potential financial consequences arising from these factors. Funding received from European Union programmes was included on the basis that these programmes were expected to continue throughout 2025/26 and into future years.

- A further significant financial risk related to the number of outstanding non-domestic revaluation challenges being considered by LPSNI. As at October 2024, non-domestic properties with a combined Net Annual Value of £14.5 million were under appeal. Should a significant proportion of these challenges have been successful, the Council's estimated and actual penny product would have been adversely affected, resulting in a reduction in the rate base. LPSNI also reported limited growth within the non-domestic sector across Northern Ireland, while only modest growth was evident within the domestic rates base.

Other factors leading to the 2025/26 rate increase included;

- A 2.5% pay award per employee was estimated. An allowance was included within our estimates for vacancies within salaried posts. The vacancy allowance was for salaried staff only.
- In October 2024, The UK Government has announced an increase in the amount of National Insurance paid by employers from 1 April 2025. The approximate cost of this increase to Council in 2025/26 is £958k (additional 1.3% to the rate). This will be a recurring cost going forward.
- The increased tonnages and associated costs of waste and recycling across the District were factored into the 2025/26 budgets. Waste contracts are linked with CPI, which was 2.5% in December 2024.
- The Council Insurance budget increased significantly based on 2024/25 actuals. Our Brokers stressed that the restricted market for Local Authority risks is reflecting the hardening of the wider market - with few potential new entrants to what is an already limited market.

A detailed cashflow was prepared by Management and reviewed by the Chief Executive to provide her with assurance as to Council's ability to continue as a going concern. This was reviewed and updated throughout the year.

Outlook

The Council is fully aware that it continues to operate in a challenging environment, characterised by ongoing global economic uncertainty and persistent inflationary pressures. Despite these challenges, the Council remains committed to delivering business as usual wherever possible and to achieving the strategic objectives set out in its Corporate Plan.

The Council strives to deliver services to the highest possible standards, and a number of its key achievements during the year are highlighted in the Performance Report on page 7.

The Council actively seeks opportunities to secure additional funding for the District, adopts innovative approaches to service delivery, and works collaboratively with partners to maximise resources in support of its eight key Corporate Objectives. Several significant initiatives currently being developed by the Council are outlined below, together with a selection of notable successes achieved during the year.

1. City Deal – The signing of the BRCD document on 15 December 2021 is the first of its kind in Northern Ireland and confirms partners' joint commitment to fully implement and deliver on all aspects of the City Deal proposals. BRCD funding has enabled Council to progress on the following ground-breaking projects that will be transformational for our district:
 - **The BRCD Tourism Project** is a major strategic tourism initiative being progressed with the aim of developing an internationally significant visitor destination across south and east Northern Ireland.

The BRCD Executive Board and Northern Ireland Civil Service partners have supported the retention of the funding allocation within the Newry, Mourne and Down District Council area, subject to the development of a project that clearly aligns with Belfast Region City Deal objectives on 13 February 2026.

The Minister for the Economy has also confirmed a commitment to retaining the funding allocation within the Newry, Mourne and Down area, providing assurance that the investment will remain available to support regional economic growth and regeneration priorities.

Following approval through the Council's governance processes, in May 2026 Newry, Mourne and Down District Council approved appointment of a multidisciplinary team to deliver the Outline Business Case by the BRCD Executive Board in the first instance and, ultimately, by the Northern Ireland Executive.

Work is currently underway

The first stakeholder event was held in Warrenpoint on 1 July to seek the views of tourism businesses within the district. Council's intention is to complete the OBC by the end of this year.

Projects within the Belfast Region City Deal are expected to be delivered over the Deal's 10 to 15-year timeframe.

Group taking this forward within council (each party represented) only met on 22 September to start this work.

The proposal centres on the creation of an immersive, world-class tourism trail extending between Carlingford Lough and Strangford Lough. The trail will connect a series of key natural and visitor attractions into a coherent, high-quality tourism experience designed to attract international visitors and extend visitor stays. Key sites along the proposed route include:

- Kilbroney Forest Park
- Slieve Gullion Forest Park
- Delamont Country Park
- Castlewellan Forest Park, where a proposed treetop walk would form a flagship attraction

The project also leverages the outstanding natural and cultural landscape of the Mourne Gullion Strangford Global Geopark, strengthening its positioning as a unified destination of global significance. Overall, the initiative seeks to transform these assets into an integrated tourism offer, delivering high-quality visitor infrastructure, supporting sustainable tourism growth, and generating significant economic benefits for surrounding towns, villages, and rural communities.

- **Newry City Centre Regeneration** will deliver a civic hub, theatre and conferencing facilities which, together with new public realm and grade A office provision, will revitalise the city. The regeneration will also create and sustain jobs, increase visitor numbers, appeal to residents and stimulate the evening economy. A BRCD Contract for Funding was agreed in January 2023 for Newry City Centre Regeneration Projects supported by the Deal for which £5 million BRCD funding has been allocated for its Public Realm, along with £3 million for a Grade A Office Accommodation Fund. Construction has begun Council's new Theatre and Conference Centre, On Friday 29 May, a sod-cutting ceremony was held at the Theatre and Conference Centre site adjacent to Newry Town Hall.

- **Newry Southern Relief Road** will link the A1 bypass with the A2 Warrenpoint dual carriageway providing an alternative strategic route for traffic that reduces pressure on Newry city centre, facilitates onward travel to Dublin and improves access to other regional gateways.
 - **Digital and Innovation Projects** will play a critical role in contributing to economic inclusion and sustainable growth. The key interventions of the Digital Programme include; The Belfast Region Innovation Challenge Fund, Enabling Infrastructure and Regional Innovation Hubs.
 - **Skills and Employment projects** will create skills for growth, inclusion and for a digital future are key priorities for BRCD partners.
2. Newry City Park – The planning application for Newry City Park was submitted in April 2025. The transformative 15-acre development at Albert Basin will create a world-class public park, providing a vibrant community space that promotes health, wellbeing, and recreation while attracting more visitors to the city.

As part of the wider Newry City Centre Regeneration Project, the park is supported by up to £16.2 million from the Executive's Complementary Fund through DfC, alongside a £2.4 million Council contribution. Following the launch of the procurement process in March 2026 to appoint a construction contractor, work is expected to commence in 2026.

3. The Digital Transformation Flexible Fund (DTFF) is administered by the Council, acting as the lead for the Full Fibre Northern Ireland (FFNI) Consortium, which comprises all 11 local authorities across Northern Ireland.

DTFF is a Northern Ireland-wide grant scheme designed to drive digital innovation and support the adoption of advanced digital technologies by small and micro-sized enterprises. The programme aims to remove financial barriers to digital transformation and is delivered in close collaboration with Invest Northern Ireland (Invest NI) and Queen's University Belfast, helping businesses enhance productivity, competitiveness, and growth through digital innovation.

Since its launch in November 2023, DTFF has delivered seven funding calls and received more than 1,952 Expressions of Interest across Calls 1–7. As of June 2026, the programme has awarded funding through 503 Letters of Offer, representing a total investment of approximately £8.2 million in digital transformation projects across Northern Ireland.

4. Castlewellan Forest Park Treetop Walk - Council is committed to delivering Northern Ireland's first-ever treetop walk at Castlewellan Forest Park following the successful completion and approval of the project's Outline Business Case.

To enable progression to the next stage of development, Elected Members approved the allocation of £6.3 million from the Council's Capital Programme to support project delivery. In June 2026, a formal planning application was submitted for the proposed development. The application includes a landmark viewing tower, elevated treetop walkway, visitor facilities, and associated infrastructure improvements.

The proposed attraction will provide visitors with panoramic views across Castlewellan Forest Park, Dundrum Bay and the Mourne Mountains, creating a unique visitor experience while supporting sustainable tourism growth, strengthening the region's tourism offering, and contributing to local economic development.

5. Warrenpoint Health and Wellbeing Hub – Council secured planning approval for a new £7.4 million health and wellbeing hub in Warrenpoint. The investment will provide a modern and welcoming environment for residents, staff and visitors.

The new hub will feature family and child friendly facilities, including a sensory room, creche and children's activity room with direct access to an outdoor terrace. In addition, the exciting new development will deliver a range of social and community benefits, including spaces for residents and local groups to meet and a range of programmes aimed at bringing young people and older generations together.

6. Local Economic Partnership - In November 2025, the Council launched a £4.5 million Local Economic Partnership Action Plan. The Local Economic Partnership itself was established on 27 January 2025, with the goal of delivering the Department for the Economy's Regional Balance Fund. The programme focuses on improving regional balance by supporting good jobs, boosting productivity, and advancing decarbonisation.

In June 2026, the Partnership introduced two new property grant schemes totalling £2.6 million. These are funded through the Regional Balance Fund and include a £2 million Commercial Property Revive and Reimagine Grant and a £600,000 Property Façade Renewal Scheme. Both schemes opened for applications on 16 June 2026 and aim to support the regeneration of commercial centres across the district.

7. Levelling Up Funding – The Council has secured £2.82 million from the UK Government's Levelling Up Fund to support a new recreation hub at Camlough Lake. The project is one of 10 across Northern Ireland to share over £71 million in funding aimed at boosting regional development, creating jobs, and strengthening local economies.

The proposed £4.6 million development will include a recreation centre with an event space, toilets, showers, changing facilities, parking, and improved access to the lake, including a new slipway. Additional works will feature landscaping, boundary fencing, drainage systems, and general site improvements. Planning approval for the scheme was granted by the Council's Planning Committee on 25 February 2026.

8. The PEACEPLUS programme –Council has been awarded funding of €8,645,533 to support the delivery of an ambitious co-designed local action plan created through the Peace Plus Partnership. The Council's Action Plan "Thriving Together" focuses on a targeted and locally based response to specific needs. The programme will engage 8,646 participants over a three-year delivery period under the following three core themes: Local Regeneration & Transformation; Thriving & Peaceful Communities and Celebrating Cultures and Diversity.

In June 2026, Council and the Mourne Gullion Strangford UNESCO Global Geopark is at the centre of an innovative new all-island partnership connecting UNESCO-designated sites across Ireland for the first time. The Council has secured 100% funding through the PEACEPLUS Change Makers Programme (Investment Area 6.2) for the "UNESCO Together" Project which will be delivered over the next two years.

The initiative will establish a cross-border network linking UNESCO Global Geoparks, World Heritage Sites, Biosphere Reserves and Creative Cities across Northern Ireland and Ireland.

The Council will continue to take a proactive approach through 2026/27 to respond to the changing needs of residents and businesses, supporting communities, local enterprises, and vulnerable people. Like other councils in Northern Ireland and the wider public sector, it

continues to face significant challenges, particularly increasing pressure on public finances due to government spending constraints and ongoing inflation.

To address this, the Council will further strengthen its financial planning approach, ensuring that corporate and service plans are closely aligned with financial resources. Key risks and the measures in place to manage them are set out in the Annual Governance Statement (pages 23–39).

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 account.

These accounts were approved by the Chief Executive on ____October 2026.

The Chief Financial Officer's Responsibilities

Under Regulation 10(2) 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

The Council's Annual Governance Statement follows the Code of Practice on Local Authority Accounting in the UK 2025/26 and DfC Accounts Directions. The Annual Governance Statement comprises the following sections:

- Scope of responsibility;
- The purpose of the governance framework;
- The governance framework;
- Review of effectiveness;
- Update on significant governance issues that were declared last year; and
- Significant governance issues for the year end 2025/26.

Scope of Responsibility

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.

Council also has a duty under Local Government Act (Northern Ireland) 2014 to make arrangements for continuous improvement in the way in which its functions are exercised, having regard to a combination of 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 functions, which includes arrangements for the management of risk.

The Council has prepared an Annual Governance Statement, which is consistent with the principles of the new CIPFA/SOLACE Framework Delivering Good Governance in Local Government. This statement explains how the Council has complied with the code and meets the requirements of Regulation 4 of the Local Government (Accounts and Audit) Regulations (Northern Ireland 2015) in relation to the publication of an Annual Governance Statement.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the local government body is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority 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.

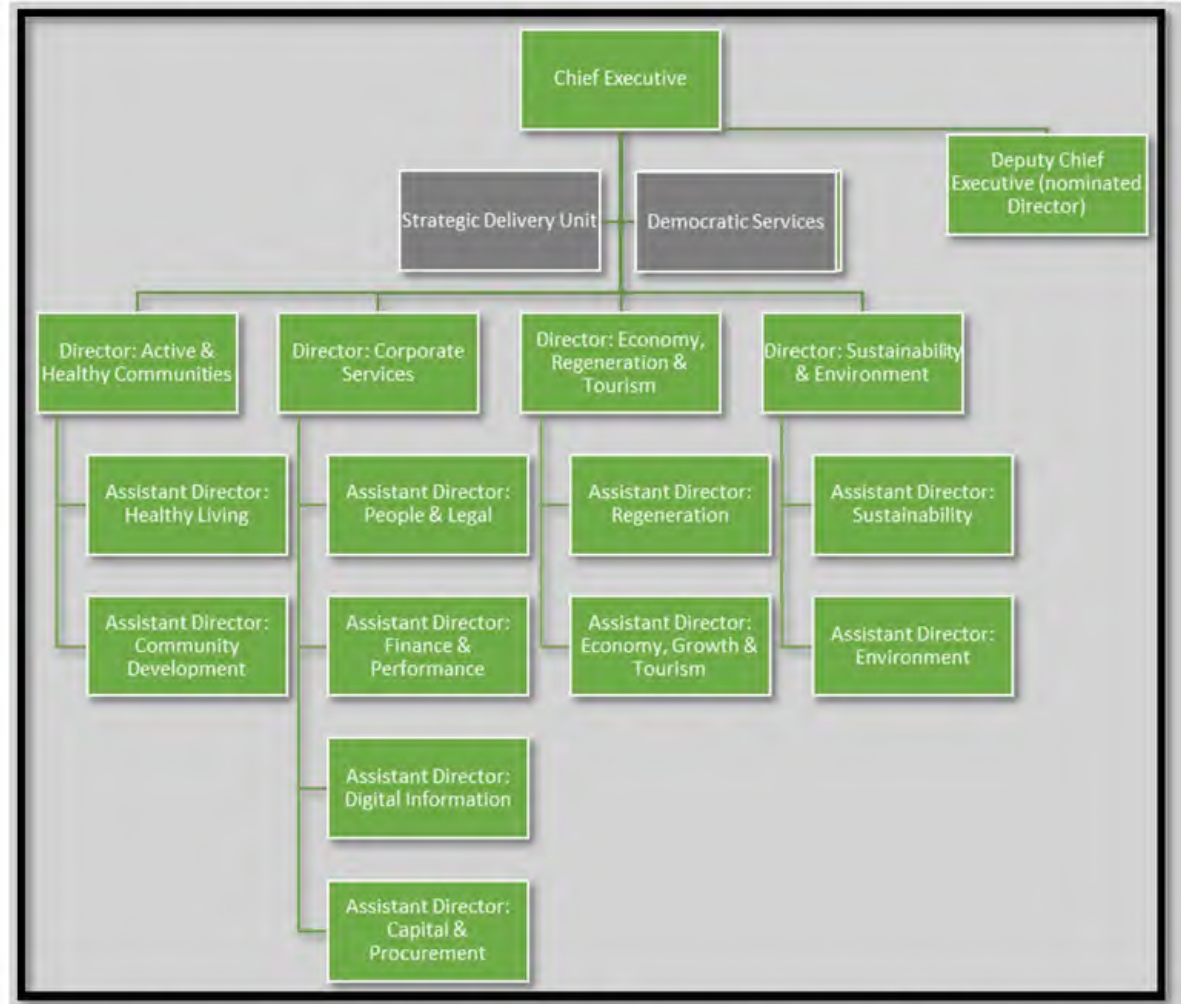
The governance framework has been in place at Newry, Mourne and Down District Council for the year ended 31 March 2026 and up to the date of approval of the financial statements.

The governance framework

The Council's 41 Elected Members and its committee and management structure ensures sound governance, ownership and scrutiny in the decision-making process across the entire organisation.

From 6 March 2024 all Statutory meetings have been taking place physically in the respective Council Chambers. Non-statutory meetings i.e working groups, DEA Fora, Party Reps Forum etc. continued to be held remotely or in a hybrid manner. On 24 June 2024, The Local Government (Remote Meetings) Regulations (Northern Ireland) 2024 came into law. The legislation empowers Councils to establish their own rule in relation to how and when meetings can be held remotely or in hybrid version. At the September 2024 SP&R meeting, Council recommended that the statutory meetings, as above, should have physical attendance by Members, except in exceptional circumstances. Non-statutory meetings can continue to be held remotely or in a hybrid manner.

The committee and management structure demonstrate how the decision-making process is implemented in Council as follows:



The Councils governance framework 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 Council operates a Committee System. Meetings of the Council and Committees are open to the public and live audio is open to the public, with the exception of where

'confidential' or 'exempt' matters are being discussed, as defined by the Local Government Act (Northern Ireland) 2014. Council meetings are managed in accordance with the Council's Standing Orders. The [Council's Constitution](#) is available on the Council's website. The Council's Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.

Within the Constitution, the Scheme of Delegation clearly defines the roles and responsibilities of the Chief Executive, Directors and Assistant Directors. During 2025/26 the Council's Statutory Committees have operated with delegated authority for decision making on specific issues in accordance with their terms of reference. The minutes and associated reports for all Council and Committee Meetings are published on the Council's website apart from confidential minutes and reports.

Through the work of the committees, our Members oversee the work of the Council. All Committee decisions need to be ratified by the full Council except where Committees have been granted delegated authority to make decisions. The full Council is the overarching decision-making body.

The Enterprise, Regeneration and Tourism (ERT) Committee is responsible for the development and implementation of strategies, policies, programmes and projects directed to the regeneration and growth of the district in the context of the outcomes agreed in the community and corporate plans. The ERT committee is also responsible for all matters pertaining to policy and legislation in relation to building control and licencing issues.

The Active and Healthy Communities (AHC) Committee is responsible for the development and implementation of strategies, policies, programmes and projects aimed at improving life at local level in the context of the outcomes agreed in the community and corporate plans.

The Sustainability and Environment (S&E) Committee is responsible for the development and implementation of strategies, policies, programmes and projects aimed at ensuring the waste and maintenance service is delivered across the district in the context of the outcomes agreed in the community and corporate plans.

The SP&R Committee is responsible for setting the strategic direction of the Council through the development of its corporate plan and other key corporate and cross cutting strategies and policies. It will also ensure effective use of resources and value for money for ratepayers and oversee the Council's relationship with several key agencies and partners.

The Audit Committee provides an independent assurance on the adequacy of the Council's risk management framework and associated control environment. It provides an independent scrutiny of the Council's financial and non-financial performance, which is relied upon by Council, to the extent that it exposes it to risk and weakens the control environment.

The Planning Committee is responsible for all the Council's planning functions, except those matters, which are delegated to Officers or reserved to full Council.

In addition to the committees listed above, there are also 17 Council Project Boards and Forums which have been established to support the work of Committees. In addition, there is a Party Leaders Group meetings.

The Council has an Assurance Framework in place that provides sufficient, continuous and reliable assurance on organisational stewardship and the management of major risk to organisational success and the delivery of improved, cost-effective services. The Assurance Framework is reviewed and approved by the Audit Committee annually. The framework is

structured and provides reliable evidence to underpin the assessment of risk and control environment for the Annual Governance Statement.

The Council's Code of Governance is based on the seven core principles set out in the CIPFA/SOLACE Framework (2016 edition). How we meet these seven core principles is reviewed annually at the July Audit Committee meeting. A summary of the key elements of our governance framework are set out in the following table:

A. Behaving with integrity

- Shared values communicated via community plan, corporate plan and key strategies
- Mandatory Code of Conduct for Councillors
- NI charter for Elected Member Development
- Staff Code of conduct
- Council Constitution including Standing Orders, Financial Regulations and Scheme of Delegation
- Council Anti-Fraud Policies and Fraud Response Plan
- National Fraud Initiative
- Council Raising Concern Policy
- Gifts and Hospitality Policy
- Declarations of interest
- Conflict of Interest Policy

B. Ensuring Openness

- Council and Committee meetings open to the public
- Council and Committee agendas and minutes displayed on the Council web site
- Consultation and engagement with staff and trade unions
- Annual financial report published on the Council's web site
- Prompt Payment Statistics published on the website quarterly
- Access to Information Policy and Procedure
- Community Plan and Local Development Plan

C. Defining Outcomes

- Community and Corporate Plans
- Organisational Development
- Tourism Development and Marketing Strategy
- Performance Improvement Plans
- Local Development Plan

D. Optimising the achievement of outcomes

- Corporate, Directorate & Service plans
- Constitution
- Strategic financial planning
- Risk Management Policy

E. Developing Capacity and Capability

- Organisational Development
- People, Perform, Grow introduced
- Learning and Development Policy in place
- Harmonisation of policies
- Development of a joint Employee Relations consultation and negotiating policy
- Elected Members Development Charter/ Member Leadership Programme

F. Finance, Performance and Risk Management

- Financial Regulations
- Risk Management Policy
- Audit Committee
- National Fraud Initiative
- AD of Finance & Performance who liaises fully independent outsourced Internal Audit firm
- Annual Internal Audit Strategy and Plan
- Data Protection policy and procedures
- Director and Assistant Director quarterly assurance reporting
- Independent Audit Committee Chairperson

G. Transparency, Reporting and Effective Accountability

- NMDDC website - Publication of key reports including Annual Accounts, Annual Governance Statement and Performance Improvement Report
- Committee support framework
- Internal Audit effectiveness annually reviewed against the Public Sector Internal Audit Standards
- Monitoring of all Internal and External Audit recommendations and quarterly updates to the Audit Committee.

The Chief Executive is the Council's designated Chief Financial Officer under the Local Government Finance Act (Northern Ireland) 2011, responsible for the proper administration of the Council's financial affairs. Local Regulations in Northern Ireland do not require the Chief Financial Officer to be a professionally qualified accountant nor the role to be separated from that of the Chief Executive as per the CIPFA principles.

The Council is satisfied that the Chief Executive is supported by several fully qualified and experienced staff who are members of various bodies within the Consultative Committee of Accountancy Bodies (CCAB) and as such ensure the decisions made by the CFO are based on sound technical knowledge and understanding.

Having considered all the principles of the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014), the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud. The Council is committed to the highest possible standards of openness, probity and accountability. The Council has a Raising Concerns Policy where concerns can be raised. The policy was updated in September 2024. The Fraud Policy and Fraud Response plan were updated in April 2024. Fraud and Raising Concerns are a standing agenda item at Audit Committee quarterly.

Codes of Conduct are in place for both staff and Elected Members and define the high ethical values and standards of behaviour expected, to make sure that public business is conducted with fairness and integrity. A Conflict of Interest Policy also exists for both staff and Members which follow NIAO Best practice.

Directors, Assistant Directors and Heads of Service are responsible for ensuring compliance with relevant laws, regulations, internal policies and procedures. The Quarterly Assurance Statement Process provided to the Chief Executive provides an opportunity to highlight any concerns. Council has an Assistant Director of Legal and People and a Head of Legal Services, both are practicing Solicitors, with an internal legal team and a continuing arrangement with Belfast City Council Legal Services for further support when required.

Council utilises various media streams to deliver internal and external communications, such as the Council website, publications, brochures, leaflets, social media and media advertisements and broadcasts. The Council continues to explore ways to digitise services and use online technology and social media to enhance communication with residents, customers, businesses and potential visitors to the District.

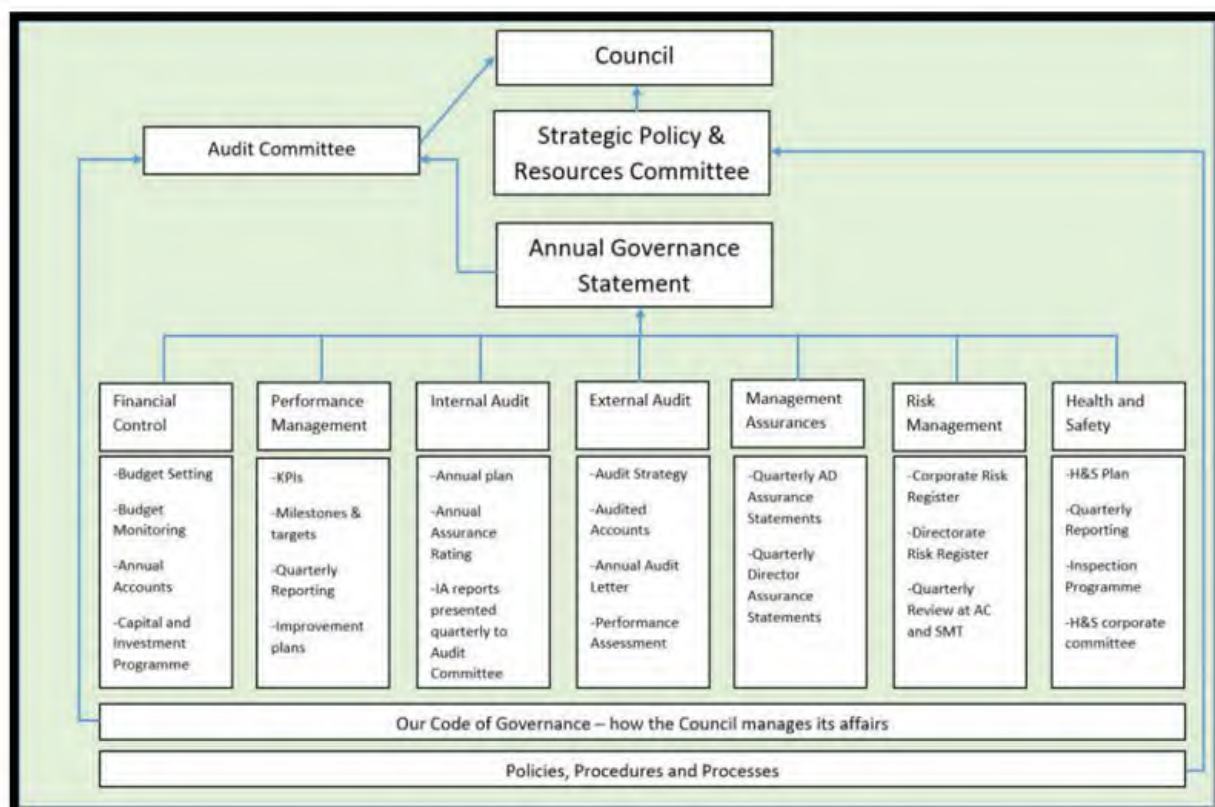
Council Digital Transformation Strategy 2030 responds to the accelerating pace of technological change and the evolving expectations of our customers. It is designed to foster a digital culture, leveraging technology to transform service delivery and enhance the quality of life for our communities.

The Council continuously strives to have the highest standards of governance arrangements in place and endeavours to ensure that its partners also have high standards of governance arrangement in place. Council would control this in numerous ways such as Service Level Agreements, Letters of Offers and signed contracts.

The Council did not report any breaches of personal data to the Information Commissioner's Office (ICO) during 2025/26.

Review of Effectiveness

The image below illustrates the assurance framework in place within the Council which is approved annually by the Audit Committee. The framework provides information on compliance with various elements of the Council's Governance arrangements.



The Council has responsibility for conducting, at least annually, a review of the effectiveness of its Governance Statement, including the 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, 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 communicated at Audit Committee. Assistant Directors must update quarterly progress on implementing recommendations as part of the Assurance Statement process. 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, she has considered the governance framework and system of internal controls in place. The Chief Executive leads the Council's SMT to collectively contribute and have 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 Members and Officers, reports of the Internal and External Auditor, the Corporate Risk Register and Assurance Statements provided by each Director and Assistant Director for year ended 31 March 2026.

The Council itself maintains overall control of the governance framework. 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:** A committee structure is in place within Council which provides elected Members with a democratic mechanism by which to approve and scrutinise Council Business. Positions of responsibility and Committee Members are appointed as per the Local Government Act (NI) 2014 and are reflective of the broad political makeup of the Council as elected.

The main decision-making body is full Council of Elected Members who are ultimately responsible for ensuring effective governance arrangements are in place for Council to achieve its goals and objectives. Council have statutory meetings monthly. 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.

Council business is governed by Council Standing Orders and Committee Terms of Reference to ensure that the transaction of the business of Council and its Committees is properly regulated and conducted in an efficient, fair and legal manner.

- **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 SMT who meet weekly to monitor strategic direction and good governance across the District. CMT meet monthly. SMT and CMT also meet as a group monthly. The 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.

Quarterly Assurance Statements are completed by Assistant Directors and Directors to provide the Chief Executive assurance over the controls in place. The Assurance Statements also make the Chief Executive aware of any of the risks arising which may have a significant impact on 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 five occasions during 2025/26. The Audit Committee Terms of Reference were revised in May 2026 and sets out the purpose and the roles and responsibilities of Committee.

The effectiveness of Audit Committee was reviewed at the Committee on 23 May 2025. The Committee was satisfied with its overall performance when compared against the NIAO checklist. The Audit Committee Annual report 2025/26 will be presented to the July 2026 Audit Committee to support the completion of the Annual Governance Statement.

- **By Internal Audit:** The Internal Audit function is carried out by an independent body in accordance with Global Internal Audit Standards (GIAS). It provides assurance and advisory services to assist Council achieve its objectives and improve the effectiveness of internal control, risk management and governance processes. Ten internal audit assignments were carried out in 2025/26 as per the agreed Internal audit plan. See table below for summary. Eight reviews received a Satisfactory Assurance rating, and two reviews received a Limited Assurance rating which are summarised below. All Recommendations have been accepted by management with action plans in place to strengthen controls by an agreed target date.

System	Date of final report	Assurance rating	Number of recommendations by priority level		
			1	2	3
Information governance – records management, subject access requests and freedom of information requests	25 July 2025	Satisfactory	-	1	3
Policing and Community Safety Partnership	17 September 2025	Satisfactory	-	-	1
Leisure centres – general financial review (income; debtors; cash handling; and bookings management system (Legend))	1 December 2025	Satisfactory	-	2	13
Review of preparedness for the Procurement Act 2023	4 December 2025	Satisfactory	-	1	3
Economic development and inward investment	6 January 2026	Satisfactory	-	1	2
Planning – management of planning applications	22 January 2026	Limited	-	6	2
Performance data and validations	14 April 2026	Satisfactory	-	2	-
Review of Labour Market Partnership	20 April 2026	Satisfactory	-	-	-
Review of Local Economic Partnership	1 May 2026	Satisfactory	-	-	-
Estates management and security	6 May 2026	Limited	1	5	4
Total number of recommendations			1	18	28

As part of the 2025/26 Internal Audit Plan, Internal Audit also undertook a HR Policy Review. This was an Advisory review and considered the Council's systems for recording and approving time attendance and annual leave. A total of 8 recommendations were made.

Internal Audit also carried out a follow-up review of the 2024/25 audit recommendations. The review found that, of the 96 recommendations accepted by management, 52 had been fully implemented, 27 had been partially implemented,

and 9 had not been implemented. Internal Audit was unable to test 3 recommendations, while 2 recommendations were closed as they had been superseded by findings identified during the current year. In addition, 2 recommendations were no longer accepted by management, and 2 recommendations had not yet reached their target implementation date.

The outstanding recommendations will continue to be monitored through Internal Audit follow-up reviews and reported to the Audit Committee on a quarterly basis until they are fully implemented.

Statement from the Head of Internal Audit

The GIAS requires that we bring to your attention those significant control issues which may be relevant to the preparation of your Governance Statement for the year ended 31 March 2026. On this basis, we highlight the following matters:

1. The limited assurance provided in our review of Management of Planning Enforcement Applications. Specifically, we noted a need to review the continued appropriateness of the internal performance targets detailed within the Planning Enforcement Strategy and to introduce a mechanism to agree how the performance of these targets will be monitored. The Council's Planning Enforcement Team are handling more enforcement cases (by volume) than any other Council despite the teams being of similar sizes which is impacting on the Council's ability to action caseloads and meet performance targets. Our review also noted that the Council are handling the largest number of legacy planning enforcement cases, when compared to other local councils. A process should be put into place to ensure these cases are closed; and
2. the limited assurance provided in our review of Estates Management and Security. Specifically, we noted several security arrangement and access control issues within Warrenpoint Town Hall and Strangford Road Depot, with the concerns at the depot being raised as part of a previous review in 2021/22. We also noted delays in the completion of Fire Risk Assessments, that are required by the Fire Safety Regulations (Northern Ireland) 2010. The Council have taken steps to track and monitor the recommendations made as part of any Fire Risk Assessment, however this process remains and work in progress and requires further resource. There is currently a large backlog of maintenance requests recorded on the Council's 3i system (over 3,000 requests), that need actioned to ensure that Council property does not deteriorate and require higher repair or replacement costs.

The Head of Internal Audits Opinion was that during the period from 1 April 2025 to 31 March 2026, the Council's systems in relation to internal control, risk management and governance were, in general, adequate and operating effectively and can provide **satisfactory assurance** in relation to the effective and efficient achievement of the Council's objectives.

The Assistant Director of Finance and Performance will continue to follow up on the legacy internal audit recommendations which have not yet been implemented. The progress on the implementation on internal audit recommendations will be reported quarterly at the Audit Committee along with an update on outstanding external audit recommendations. A new audit tracking system went live in January 2025. This has been a critical tool to assist Management with the tracking and implementing legacy recommendations.

The GIAS require an external assessment of all internal audit services, which must be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation.

A review was carried out in December 2023 and found the Internal Audit team that services the Council conforms to the required Code of Ethics and this is embedded in its audit work. The review concluded that based on information reviewed, the Council can be satisfied that its Internal Audit Service provides a high quality and professional service which adds value to the assurance framework.

- **Other explicit review / assurance mechanisms:**

- Health and Safety: 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 a revised Risk Strategy was presented to the February 2025 Audit Committee to ensure Councils Risk Management complied with HM Treasury's best practice. The Corporate Risk Register is presented quarterly to both SMT, CMT 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 the previous financial year is also used by the Council as an additional assurance mechanism. The Council's Performance Improvement Plan has also been externally audited by the NIAO.
- National Fraud Initiative (NFI) – Council participated in the 2024/25 NFI data matching exercise. The result of the matches work was reported to the September 2025 Audit Committee. No issues were found.

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 2024/25

Eight issues were declared in last year's Governance Statement and all eight remain as significant Governance concerns for 2025/26 as detailed in points 1 to 8 below..

Significant Governance Issues in 2025/26

The significant governance issues for 2025/26 were identified through the review of significant risks within the Corporate Risk Register for the year ending 31 March 2026, consideration of significant events / issues, internal / external audit reports and a review of the Directorate Assurance Statements at year end.

1. Procurement and Contract Management

Procurement and Contract Management continue to represent a significant risk within the Council's Corporate Risk Register. Corporate Risk 2 relates to the risk of non-compliance with legislative requirements, including the requirements of the Procurement Act 2023.

While progress has been made in strengthening procurement arrangements, procurement and contract management remain a significant governance concern.

An Internal Audit completed in April 2024 identified a number of significant issues and resulted in a Limited Assurance opinion. In response, Directorate-specific Procurement Action Plans

have been developed and implemented. These plans provide strategic direction and guide procurement activity across each Directorate. Progress is being driven through Management Team oversight, with regular monitoring and review of performance against the agreed action plans.

A revised Procurement Policy, reflecting the extensive changes to processes and procedures required to ensure compliance with the Procurement Act 2023 and the Procurement Regulations 2024, was approved by the SP&R Committee in September 2025.

In addition, a corporate Procurement and Contract Management Action Plan has been developed and is being monitored by the SMT. The plan focuses on the following key areas:

- **Training and Development** - A three-day procurement and contract management training programme was delivered to relevant officers during 2024/25 and 2025/26. The Chartered Institute of Procurement and Supply (CIPS) was engaged to provide two-day training sessions on the Procurement Act 2023 for Council staff.
- **Resources** - Resources within the Procurement Team have been reviewed. Additional support is being secured through agency staff and specialist procurement services to strengthen capacity and expertise.
- **Systems** - The Council is reviewing its procurement systems and progressing the transition to eTendersNI, the procurement platform used by Northern Ireland Government Departments, Arm's-Length Bodies and the majority of local councils. From April 2026, the Council's finance system will utilise contract management codes for all new contracts, enabling improved monitoring and reporting of contract expenditure.
- **Policy and Procedure Review** - The Strategic Investment Board (SIB) has been engaged to review procurement policies and procedures and to support the Council in preparing for its initial above-threshold procurements under the Procurement Act 2023.

2. *Financial Position of Council*

Our financial planning processes take on greater importance given the current economic climate. The financial landscape for the Council is likely to remain challenging for the foreseeable future. It is critical that we have adequate financial resources in place to fund the Council's future requirements, ambitions and priorities regarding waste management, leisure facilities, climate, innovation, and capital investment.

The challenges faced by the Council over the past few years have been unprecedented and are likely to continue given the on-going global unrest and the resultant economic impacts.

In the 2025/26 year, a Reserves Policy and Procedure was approved by Council. The Policy was approved by the SP&R Committee in November 2025; the purpose of the Reserves Strategy will be to manage the financial pressures Council face going forward. In line with the Reserves Procedure, the level of earmarked reserves will be reviewed during the preparation of the Medium Term Financial Strategy (Rates Process) and again as part of the preparation of the Annual Financial Statements.

Council currently faces several significant financial pressures;

- **Global Economy**
Danske Bank has indicated that economic growth is expected to remain subdued across both Northern Ireland and the wider UK throughout 2026. Inflation is forecast to remain above target, while higher taxation is likely to constrain economic activity. In addition, continued geopolitical and economic uncertainty is expected to weigh on overall economic performance.

Consumer Price Index (CPI) inflation increased by 2.8% in the 12 months to May 2026. The Council's Treasury Advisers note that the ongoing conflict involving Iran has introduced further uncertainty into the economic outlook, particularly regarding the future path of interest rates and bond yields. Their current expectation is that the Bank Rate will remain at 3.75% for the foreseeable future. However, in the short term, risks to the forecast are skewed to the upside, meaning that further increases in the Bank Rate cannot be ruled out. This reflects policymakers' determination to prevent the secondary inflationary effects experienced following the war in Ukraine, albeit at the potential cost of weaker economic activity.

Gilt yields are expected to remain elevated in the absence of either earlier monetary easing or clear evidence of a significant deterioration in economic activity. This has direct implications for the Council's capital programme, particularly for externally funded projects, including those within the BRCD. While project budgets incorporate appropriate levels of optimism bias and contingency, the level of BRCD funding allocated to each project is fixed, and no additional government funding is anticipated.

As projects progress through the delivery phase and cost estimates become more refined, project-specific mitigation measures are being identified and considered at key decision points, including design development, procurement and Full Business Case approval. These measures may include value engineering, scope optimisation and, where feasible, securing additional funding from alternative sources.

- **Pay Pressures**

Future pay awards have a significant impact on our Council's budget and District Rate going forward. Payroll costs represent approximately 60% of Councils net spend and therefore substantial national pay awards have a direct impact on rate increases and service provision going forward. The pay award for 2026/27 has yet to be agreed by Joint Trade Unions and we have an estimate included within our budgets.

- **Central Government funding cuts**

The level of funding available from Central Government has been reduced significantly in the past number of years. RSG is a key area of funding for seven District Councils. RSG was devised to assist the least wealthy and most deprived and rural Councils to provide equality of service provision equal to the wealthier Councils. The RSG is statutory but is a discretionary quantum which is not ring-fenced within the Department for Communities budget.

The first year post local Government Reform, the total RSG pot was £15.6m. This has been reducing year on year. In 2025/26 the regional pot was only £3.1. The RSG for 2026/27 has yet to be announced by DfC as the Executive have not agreed a budget for 2026/27.

- **Animal Welfare funding**

Animal welfare services within councils were fully funded by Department of Agriculture, Environment and Rural Affairs (DAERA) at a cost of around £1.25 million per year until August 2023, when the department said it could no longer provide funding for non-farmed animal welfare services due to budget pressures.

A judicial review was subsequently lodged in the High Court by Belfast City Council and Fermanagh and Omagh District Council, acting on behalf of SOLACE (Society of Local Authority Chief Executives), challenging the department's decision. The court found there had been a breach on the grounds of a "procedural legitimate expectation".

The final court order required DAERA to give advance notice to Stormont's Agriculture, Environment and Rural Affairs Committee before making any decision and to notify councils once that process had taken place. The order also required the department to reimburse the councils' full legal costs relating to the judicial review.

The Executive have not agreed a budget for 2026/27, however Councils are aware that due to budget constraints it is unlikely the Animal Welfare Grant will be reinstated. Animal welfare cannot be improved through regulation alone, and requires properly resourced services capable of investigating complaints and protecting vulnerable animals.

- Volatility of our rates base

A significant uncertainty for Council is the number of non-Domestic Revaluation Challenges outstanding. If a significant proportion of these challenges to LPSNI are successful, this will have a negative impact on our estimated and actual penny product which would devalue our ratebase. As at December 2025, £13.5 million of the 2023 non-domestic valuation list remained under challenge across 193 cases.

Reval 2026 is a review of the rateable values of around 75,000 non-domestic properties (shops, offices, factories, hotels, pubs, warehouses, etc.). The valuations are being updated to reflect estimated rental values as of 1 April 2024. The previous revaluation used rental evidence from October 2021, during the pandemic period.

Hospitality groups and other business organisations argued that some proposed increases were too steep given current trading conditions, energy costs, inflation, and tighter margins. Following that backlash, The Finance Minister announced a pause to the Reval 2026 process on 29 January 2026 while options are reviewed.

Currently, the draft valuation list remains available for businesses to inspect and the Department of Finance says it will provide further updates on next steps. There is uncertainty about whether the revaluation will proceed in its original form, be modified, or be delayed further. On the 2 June 2026 Northern Ireland's largest cinema operator has obtained High Court permission to challenge a business rates revaluation process being put on hold. Omniplex was granted leave to seek a judicial review of the decision taken by Finance Minister.

- Brexit Implementation Programme for Port Health

Engagement has continued at strategic and operational levels with partners including Food Standards Agency (FSA), DAERA and Department for Environment, Food and Rural Affairs (DEFRA) across all key strands of work to implement the changes, processes, systems and facilities required for delivery of the Council's Port Health statutory functions, including delivery of the Windsor Framework.

In 2025/26, this remains a significant governance issue for the Council due to lack of clarity regarding future funding models, trade volumes and resourcing requirements particularly in the context of the announcement in May 2025 relating to the UK and EU discussions regarding a future sanitary and phytosanitary (SPS) agreement.

Further work will be required in 2026/27 and beyond to develop a longer term staffing model, and to secure a sustainable funding arrangement to support the service going forward and IT development for the new facility.

3. Planning Backlog

The risk of a failure to provide robust and timely planning decisions continues to be highlighted within the Corporate Risk Register. This risk is further reflected in the performance improvement

objective to improve the processing times of planning applications and enforcement cases through implementation of the Planning Service Improvement Programme. This objective was agreed for 2025–26 and has been carried forward into 2026–27.

Up to December 2025, the Council received 869 planning applications, representing the second-highest volume of applications across Northern Ireland, behind Belfast City Council. This is a marginal increase of 0.2% compared with the 867 applications received during the same period in the previous year. During the same period, 212 enforcement cases were opened, an increase of 5.5% compared with the 201 cases opened up to December 2024.

Through its Performance Improvement Plan, the Council has agreed and published a suite of performance measures and targets aimed at reducing the backlog of planning applications. Progress against these targets is monitored and reported to the Senior Management Team, Strategic Policy and Resources Committee, and Audit Committee on a biannual basis.

Despite these actions, the Council has not yet achieved the statutory performance standards. The average time taken to process both local and major planning applications increased between December 2024 and December 2025. In addition, the Council did not meet the statutory target of processing 70.0% of enforcement cases within 39 weeks. However, performance in this area has improved significantly, with the proportion of enforcement cases concluded within 39 weeks increasing from 44.6% up to December 2024 to 64.7% up to December 2025, an improvement of 20.1 percentage points.

Staff retention and recruitment remain the Council's most significant challenges, with high staff turnover experienced across all levels of the Planning Service. The Council has not yet achieved a full staffing complement due to employees moving to other departments within the Council or to other local authorities.

To address these challenges and improve processing times, the Council has implemented a number of performance improvement measures which have been communicated to the Planning Committee, SP&R and Audit Committee.

Council has received the Northern Ireland Audit Office (NIAO) report into 'Public Bodies' response to misrepresented soil sample analysis'. This report is relevant to only a limited number of Planning applications within this Council area. The investigation into specific applications of alleged fraud remain with PSNI and we await further update on this process as per legal advice.

4. Absenteeism

A failure to manage sickness absence resulting in delays and an inability to deliver Council services is included within the Corporate Risk Register.

Sickness absence increased during 2025–26. Between April 2025 and March 2026, the number of working days lost due to sickness absence rose from 16,875 to 20,051 days, an increase of 3,176 days (18.8%). For the twelve-month period ending March 2026, the average number of sickness absence days per full-time equivalent (FTE) employee was 24.54 days, compared with 21.25 days in 2024–25.

Senior management continues to implement measures aimed at monitoring and reducing sickness absence, including:

- The Managing Attendance Policy and Procedure, which has been in place since April 2020 and received a satisfactory assurance rating in the 2024 audit.
- Ongoing support and guidance for line managers, reinforcing their responsibilities in relation to attendance management.

- Quarterly reporting of sickness absence figures to SMT, together with monthly reporting of outstanding return-to-work meetings to SMT and CMT. SP&R Committee is also briefed on absence trends.
- Monitoring through the Corporate Performance Dashboard, which includes measures relating to days lost through sickness absence and outstanding return-to-work meetings. Performance is reviewed quarterly by SMT and CMT, with analysis undertaken at corporate, directorate and departmental levels.
- Continued support from the employee-led Health and Wellbeing Forum, which promotes health and wellbeing initiatives. Employee wellbeing also forms a key component of the People Perform Grow process, providing opportunities for staff to discuss health and wellbeing matters with their line manager.
- Ongoing investment in employee wellbeing through the provision of a funded Health Cash Plan for employees.

Despite these measures, senior management recognises that further improvement is required to reduce sickness absence levels. Audit recommendations will be progressed during 2026–27, with particular focus on mandatory training requirements. Additional mitigating actions will also be incorporated into the Corporate Risk Register.

5. Digital Information and Cyber Security

Digital Information and Cyber Security remains a significant governance issue for the Council and continues to be managed through the Council's Risk Management Framework. Cyber security remains classified as a red risk on the Corporate Risk Register, reflecting the increasing volume, sophistication, and frequency of cyber threats.

The Council recognises cyber security as a critical priority and has implemented a range of robust controls and mitigation measures, which are subject to regular review and enhancement. A number of key actions are being progressed and through these measures, the Council continues to strengthen its cyber security posture and reduce the likelihood and impact of cyber incidents while supporting the delivery of critical services.

6. Succession Planning and Talent Recruitment

The Council continues to face significant recruitment and retention challenges across a number of service areas and grades. Labour market pressures, skills shortages in certain professions, increased competition from other employers, and changing workforce expectations continue to impact the Council's ability to attract and retain suitably qualified and experienced employees.

Particular recruitment difficulties remain within specialist and hard-to-fill roles, including those within planning and leisure services, where national shortages of suitably qualified candidates continue to be experienced.

To mitigate this risk, the Council is continuing to review and strengthen its recruitment and selection processes to ensure they remain efficient, competitive, and attractive to prospective candidates. A range of alternative recruitment methods are being utilised, including targeted advertising campaigns, use of specialist recruitment agencies where appropriate, apprenticeship and trainee pathways, workforce development initiatives, and the promotion of flexible working arrangements to widen the potential candidate pool.

7. Industrial Relations

Management Side (MS) and the Joint Trade Union Side (JTUS) within the Council reached an agreement, bringing industrial action to an end on 28 February 2024. Since then, progress has been made on a number of the agreed actions. Work on the Industrial Relations Framework between MS and the Joint Trade Union Side JTUS is at an advanced stage, and an agreed workplan will be finalised in due course. Officers are currently awaiting formal approval from JTUS, which is anticipated by September 2026.

8. Belfast Region City Deal funding going forward

The Mourne Mountain Gateway Project (MMGP)

MMGP was developed as part of the BRCD programme, with the objective of delivering a flagship visitor attraction within the Mourne. The original proposed location at Thomas's Quarry could not proceed following the National Trust's decision not to support a lease for development at that location. Subsequent early-stage desktop investigations and consultation were undertaken to assess the potential for relocating the project to Kilbroney Forest Park.

On 29th July 2025, the DAERA issued a formal statement confirming that it could not support the Council's proposal to investigate the provision of the MMGP at Kilbroney Forest Park. The MMGP has not progressed beyond early design, feasibility, and investigation stages and no construction works were undertaken. All consultant activity associated with the MMGP has ceased.

The total expenditure incurred by the Council in relation to the project was £1,445k. Funding of £456k was received from the Department for Economy (DfE), resulting in a net cost to the Council of £988k as reflected in the Council's Financial Statements.

The Council is actively working with all partners, to include Tourism NI, DoE and DoF, to secure the £30million BRCD investment in the Newry, Mourne and Down District Council area. Council is to develop an outline business case for a new immersive tourism trail featuring world class visitor amenities stretching from Carlingford Lough to Strangford Lough as part of a major investment proposal under BRCD.

A new concept plan aims to connect Kilbroney Forest Park in Rostrevor with Slieve Gullion Forest Park in South Armagh and Delamont Country Park on the outskirts of Killyleagh, with significant investment planned at each to transform them into international standard tourist facilities that will appeal to global visitors and provide a boost for towns, villages and businesses across the region.

There will also be a focus on harnessing the huge potential of the UNESCO Mourne Gullion Strangford Global Geopark and Castlewellan Forest Park where Northern Ireland's first treetop walk is proposed.

Newry City Centre Regeneration Project – Civic Centre

The Council received legal documentation on 19 September 2025 formally notifying it of an intended application for Judicial Review of its decision to grant planning permission for the Newry City Centre Regeneration Project.

The leave application for judicial review in respect of planning approval for the Council's Civic and Regional Hub in Newry was heard in the High Court on Monday 22 June. The applicant had lodged seven grounds of challenge to the decision to grant permission. However, after the applicant made their submissions to the court and after the Council's senior barrister had opened the Council's position, the applicant abandoned four of their grounds of challenge mid-hearing. The abandoned grounds were: Ground 3 (inadequate consultation process), Ground 4 (lack of transparency in decision making), Ground 5 (transport assessment) and Ground 7 (breach of regulation 3 – wrong fee paid.)

After the application then proceeded on the remaining grounds, Mr Justice McLaughlin determined that the applicant could not substantiate their grounds of challenge for either Ground 2, (inadequate environmental impact assessment) and Ground 6 (speculative sites) and refused leave on both grounds.

In respect of Ground 1 (breach of climate change legislation), the judge referred to the ongoing A5 Appeal before the Court of Appeal. He accepted that the challenge on this ground raised a novel point as there has been no previous challenge to any local authorities' responsibilities in respect of climate change in this jurisdiction.

The judge granted leave on this ground alone as he considered that he required a full hearing in order to determine the extent of the Council's responsibilities in respect of climate change and whether any breach has arisen. The date for the hearing is to be confirmed. The Council manages all Judicial Review proceedings through the appropriate legal processes and will continue to do so in this case.

The Judicial Review hearing regarding the planning approval will take place on Wednesday 4 November 2026. Following preliminary legal proceedings, the challenge will now advance on one single remaining ground: an alleged breach of climate change legislation (Ground 1).

We propose over the coming year to take steps to address the above matters 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 will monitor their implementation and operation as part of our next annual review.

Signed

Date

CHAIR

Signed

Date

CHIEF EXECUTIVE

NORTHERN IRELAND LOCAL GOVERNMENT BODIES'**REMUNERATION REPORT FOR THE YEAR ENDED 31 March 2026****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 2025 were issued by the Department for Communities on 02 April 2025 (Circular LG 12/2025 - updated 21/10/25). Details of the allowances paid to individual councillors are published on council websites.

Following local elections on 18 May 2023, 462 councillors were elected to the 11 new councils for a four year term. Newry, Mourne and Down District Council had 43 councillors (including 2 leavers) in 2024/25.

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 Commission's 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

Brona Slevin 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. This was a four year temporary appointment from 15 April 2019 until 31 March 2023. Ms Slevin's appointment was extended until 31 July 2024. In August 2024, Ms Slevin was appointed for a further four year period to bring her up to 31 March 2028. A payment of £500 is paid per meeting (this includes preparation time of £250 and £250 for the meeting), plus travel and expenses. In 2025/2026 Ms Slevin claimed for 2 meetings relating to 2023/2024, 3 meetings relating to 2024/2025 and 3 meetings relating to 2025/2026, coming to a total of £4,000 plus £631.80 in travelling expenses. She claimed a further £70 for attending a virtual meeting. Ms Slevin also claimed for work associated with each of the Annual reports for 2023/24, 2024/25 & 2025/26 at a total cost of £5,000.

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	2025/26		2024/25	
	Total Allowances £	Number of Councillors receiving the Allowance	Total Allowances £	Number of Councillors receiving the Allowance
Basic Allowance	771,971	43	712,853	43
Special Responsibility Allowance	87,994	29	81,595	29
Chairperson/Mayor Allowance	22,246	2	21,899	2
Vice Chairperson/ Deputy Mayor Allowance	6,942	2	6,834	2
PCSP Allowance	3,480	8	4,200	9
Mileage Allowance	28,411	31	34,766	31
Public Transport and Other Travel Incidentals	740	3	794	3
Subsistence	584	4	415	4
Courses/Conferences Visits (registration & joining fees)	1,911	27	5,845	27
Dependents' Carers Allowance	-	-	169	1
TOTAL ALLOWANCES	924,279	-	869,370	-

Details of the allowances paid to individual councillors in 2025/26 are published on the council website at 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	2025/26				2024/25			
	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
Marie Ward Clerk & Chief Executive	145 - 150	0	100	145 - 150	135 - 140	0	100	135 - 140
Conor Mallon Director of Enterprise, Regeneration & Tourism	105 - 110	0	100	105 - 110	100 - 105	0	100	100 - 105
Josephine Kelly Director of Corporate Services (Date left 04/01/2026)	80 - 85 (105 - 110)	0	100	80 - 85 (105 - 110)	100 - 105	0	100	100 - 105
Andrew Patterson Director of Active & Healthy Communities	105 - 110	0	100	105 - 110	95 - 100	0	100	100 - 105
Sinead Murphy Director of Sustainability & Environment	105 - 110	0	100	105 - 110	95 - 100	0	600	100 - 105

The role of Deputy Chief Executive is not assigned to any nominated Director position, but rather the additional responsibilities can be assigned to any substantive Director role. As such, remuneration will be paid via an honorarium allowance, added to the respective Director salary at the time of assuming this responsibility. The honorarium will continue to be paid for undertaking this role and should it become necessary for the additional responsibilities of Deputy Chief Executive to transfer to another Director position for whatever reason, payment of this honorarium allowance will cease.

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 Council's workforce.

The banded remuneration of the highest paid member of the Executive Management Team/Senior Management Team in the financial year 2025/26 was £145k - £150k. This was 4.42 times the median remuneration of the workforce, which was £31,970.

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)

	2025/26	2024/25
Salary Band of Highest Paid member of the Executive Management Team / Senior Management Team	£145k - £150k	£135k - £140k
Median Total Remuneration	£31,970	£30,749
Ratio	4.42	4.46

In 2025/26, 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. The bonuses reported in 2025/26 relate to performance in 2025/26.

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 2025/26 (audited information)

Severance Package Cost Band	2025/26				2024/25			
	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	0	0	0
£20,001 - £40,000	0	1	1	24	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	1	1	114
£150,001 - £200,000	0	0	0	0	0	0	0	0
£200,001 - £250,000	0	0	0	0	0	0	0	0
£250,001 - £300,000	0	0	0	0	0	0	0	0
Total	0	1	1	24	0	1	1	114

Where an individual has a non-standard pension arrangement (e.g. accelerated accrual or membership of a Supplementary Scheme), this should be disclosed in the report.

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 2024, were as follows:

Table 5: Employee Contribution Rates

Band	Range	Employee Contribution Rate
1	£0 - £18,300	5.5%
2	£18,301 - £28,100	5.8%
3	£28,101 - £47,000	6.5%
4	£47,001 - £57,200	6.8%
5	£57,201 - £113,500	8.5%
6	More than £113,500	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 2022 was carried out in 2022/23 and set the employer contribution rates for the 3 years commencing 1 April 2023 as follows:

Table 6: Employer Contribution Rates

Year	Employer Contribution Rate
1 April 2023 - 31 March 2024	19.0%
1 April 2024 - 31 March 2025	19.0%
1 April 2025 - 31 March 2026	19.0%

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 2025/26 was £168,938.

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 2025/2026 (audited information)

Officers	Accrued Pension at pension age as at 31/03/2026 £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/03/2026 £'000	CETV at 31/03/2025 £'000	Real increase in CETV
Marie Ward Clerk & Chief Executive	35 - 40 no lump sum	0.0 - 2.5 no lump sum	546	534	(16)
Conor Mallon Director of Enterprise, Regeneration & Tourism	15 - 20 no lump sum	0.0 - 2.5 no lump sum	257	218	22
Josephine Kelly Director of Corporate Services	5 - 10 no lump sum	0.0 - 2.5 no lump sum	113	83	20
Andrew Patterson Director of Active & Healthy Communities	30 - 35 no lump sum	0.0 - 2.5 no lump sum	470	420	25
Sinead Murphy Director of Sustainability & Environment	20 - 25 no lump sum	0.0 - 2.5 no lump sum	372	323	28

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 that is funded by the employer.

Chief Executive

____ October 2026

Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31st March 2026 on pages 53 to 56 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 57 to 77.
- (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 2026.

Chief Financial Officer

Date: ____ October 2026

Council Approval of Statement of Accounts

These accounts will be considered for approval by resolution of the Audit Committee on ____ October 2026.

Chairman

Date: ____ October 2026

Independent Auditor's Report to the Members of the Newry, Mourne and Down District Council

Newry, Mourne and Down District Council**Comprehensive Income and Expenditure Statement for the year ended 31 March 2026**

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with statutory requirements; this may be difference from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Service Expenditure	Notes	2025/26			2024/25		
		Gross Expenditure £	Gross Income £	Net Expenditure £	Gross Expenditure £	Gross Income £	Net Expenditure £
Chief Executive	2	1,879,465	(1,919)	1,877,546	1,694,611	(1,882)	1,692,729
Corporate Services	2	7,199,293	(482,542)	6,716,751	8,631,233	(486,430)	8,144,803
Economy, Regeneration & Tourism	2	19,537,095	(7,176,477)	12,360,618	22,431,362	(11,131,307)	11,300,055
Sustainability & Environment	2	46,850,699	(8,615,075)	38,235,624	46,032,533	(2,956,470)	43,076,063
Active & Healthy Communities	2	17,675,624	(5,652,311)	12,023,313	16,259,845	(5,294,653)	10,965,192
Cost of Services on Continuing Operations		93,142,176	(21,928,324)	71,213,852	95,049,584	(19,870,742)	75,178,842
Other Operating Expenditure/Income	8	77,864	(57,829)	20,035	174,599	(128,975)	45,624
Financing and Investment Income and Expenditure	9	2,396,317	(559,592)	1,836,725	2,301,374	(615,323)	1,686,051
Net Operating Expenditure		95,616,357	(22,545,745)	73,070,612	97,525,557	(20,615,040)	76,910,517
Taxation and Non-Specific Grant Income	10	-	(84,847,766)	(84,847,766)	-	(80,311,932)	(80,311,932)
(Surplus)/Deficit on the Provision of Services		95,616,357	(107,393,511)	(11,777,154)	97,525,557	(100,926,972)	(3,401,415)
(Surplus)/Deficit on revaluation of non-current assets	11			(5,045,062)			(4,446,196)
Remeasurements of the Net Defined Benefit Liability (Asset)	21			1,776,000			(261,000)
Other Comprehensive Income and Expenditure				(3,269,062)			(4,707,196)
Total Comprehensive Income and Expenditure				(15,046,216)			(8,108,611)

Newry, Mourne and Down District Council**Movement in Reserves Statement for the year ended 31 March 2026**

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

	General Fund Summary	Other Fund Balances and Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£
Balance as at 1 April 2024	14,990,597	24,530,475	-	39,521,072	110,778,541	150,299,613
Movement in reserves during the year						
Surplus/(Deficit) on the provision of services	3,401,415	-	-	3,401,415	-	3,401,415
Other Comprehensive Income and Expenditure	-	-	-	-	4,707,196	4,707,196
Total Comprehensive Income and Expenditure	3,401,415	-	-	3,401,415	4,707,196	8,108,611
Adjustments between accounting basis & funding under regulations	(855,533)	(1,354,467)	-	(2,210,001)	2,210,000	(1)
Net increase before transfers to Statutory and Other Reserves	2,545,882	(1,354,467)	-	1,191,415	6,917,196	8,108,611
Transfers to/from Statutory and Other Reserves	368,300	(368,300)	-	-	-	-
Increase/Decrease in year	2,914,182	(1,722,767)	-	1,191,415	6,917,196	8,108,611
Balance as at 31 March 2025	17,904,779	22,807,708	-	40,712,487	117,695,737	158,408,224
Movement in reserves during the year						
Surplus/(Deficit) on the provision of services	11,777,154	-	-	11,777,154	-	11,777,154
Other Comprehensive Income and Expenditure	-	-	-	-	3,269,062	3,269,062
Total Comprehensive Income and Expenditure	11,777,154	-	-	11,777,154	3,269,062	15,046,216
Adjustments between accounting basis & funding under regulations	(4,534,230)	1,913,646	-	(2,620,584)	2,620,584	-
Net increase before transfers to Statutory and Other	7,242,924	1,913,646	-	9,156,570	5,889,646	15,046,216
Transfers to/from Statutory and Other Reserves	(7,035,660)	7,035,660	-	-	-	-
Increase in year	207,264	8,949,306	-	9,156,570	5,889,646	15,046,216
Balance as at 31 March 2026	18,112,043	31,757,014	-	49,869,057	123,585,383	173,454,440

Newry, Mourne and Down District Council
Balance Sheet as at 31 March 2026

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

	Note	Restated	
		31st March 2026	31st March 2025
		£	£
Fixed Assets	11	231,398,632	225,082,407
Long Term Debtors	15	3,016,281	2,445,491
LONG TERM ASSETS		234,414,913	227,527,898
Inventories	14	677,245	563,486
Short Term Debtors	15	10,328,025	12,080,166
Cash and Cash Equivalents	25	10,960,054	9,440,596
Assets Held for Sale	11	1,110,000	1,010,000
CURRENT ASSETS		23,075,324	23,094,248
Short Term Borrowing	17	11,619,418	11,304,937
Short Term Creditors	18	13,853,276	18,301,420
Provisions	19	73,225	66,748
CURRENT LIABILITIES		25,545,919	29,673,105
Provisions	19	4,398,174	3,868,686
Long Term Borrowing	17	53,397,704	57,938,131
Other Long Term Liabilities	21	694,000	734,000
LONG TERM LIABILITIES		58,489,878	62,540,817
NET ASSETS		173,454,440	158,408,224
USABLE RESERVES			
Capital Grants Unapplied Account	26	2,146,620	232,974
Capital Fund	26	15,000,000	15,000,000
Other Balances and Reserves	26	14,610,394	7,574,734
General Fund	26	18,112,043	17,904,779
		49,869,057	40,712,487
UNUSABLE RESERVES			
Capital Adjustment Account	27	53,840,271	50,360,347
Revaluation Reserve	27	71,522,490	69,163,526
Pensions Reserve	27	(694,000)	(734,000)
Accumulated Absences Account	27	(766,002)	(766,002)
Provisions Discount Rate Reserve	27	(317,376)	(328,134)
		123,585,383	117,695,737
NET WORTH		173,454,440	158,408,224

Newry, Mourne and Down District Council

Cash Flow Statement at 31 March 2026

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

	Note	2025/26	2024/25
		£	£
Net Deficit on the provision of services		11,777,154	3,401,415
Adjustment for non-cash movements	25	4,892,450	15,404,713
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	25	(6,218,453)	(6,967,076)
Net cash flows from operating activities	25	10,451,151	11,839,052
Cash flows from Investing Activities	25	(4,707,284)	(12,165,055)
Net Cash flows from Financing Activities	25	(4,224,409)	8,137,471
Net increase or decrease in cash and cash equivalents		1,519,458	7,811,468
Cash and cash equivalents at the beginning of the reporting period		9,440,596	1,629,128
Cash and cash equivalents at the end of the reporting period		10,960,054	9,440,596

**Newry, Mourne and Down District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 March 2026**

1 Accounting Policies

a General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. 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 2025/26, 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.

The Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 also requires disclosure in respect of:

Summary of Material Accounting Policy Information

i) Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

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

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

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

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

ii) **Acquisitions and Discontinued Operations**

Newry, Mourne and Down District Council has not acquired operations (or transferred operations under combinations of public sector bodies) during the financial year.

The Council has not discontinued any operations (or transferred operations under combinations of public sector bodies) during the financial year.

iii) **Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in [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.

iv) **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.

v) **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.

vi) **Employee Benefits**

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, and are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

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

Post Employment Benefits

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.

vii) **The Northern Ireland Local Government Officers' Pension Fund**

The Northern Ireland Local Government Officers' Pension Fund is accounted for as a defined benefits scheme.

The liabilities of the Northern Ireland Local Government Officers' Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate based on the Aon Hewitt GBP Select AA Curve over the duration of the Employer's liabilities.

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

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

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

Service cost comprising:

Current Service Cost – the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

Past Service Cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statements.

Within Financing and Investment Income and Expenditure

Net interest on the net defined benefit liability (asset), – i.e. net interest expense for the Council, the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period - taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

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) charged to the Pensions Reserve as Other Comprehensive Income and Expenditure. 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 net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the Pensions Reserves as Other Comprehensive Income and Expenditure.

Within the Movement in Reserves Statement Appropriations

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

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

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

Discretionary Benefits

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

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

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

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

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

The Statement of Accounts may subsequently be adjusted up to the date when they are authorised for issue. This date will be recorded on the Statement of Accounts and is usually the date the Local Government Auditor issues the certificate and opinion. Where material adjustments are made in this period they will be disclosed.

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

ix) **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.

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

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

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

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period. During the preparation and audit of the 2025/26 financial statements, the Council determined that outstanding insured liability claims at 31 March 2025 met the criteria for recognition as a provision and accordingly recognised a provision and corresponding insurance reimbursement asset of £2.5 million. The comparative Statement of Financial Position at 31 March 2025 has been restated, with no impact on net assets, reserves or the reported surplus or deficit for 2024/25.

xi) **Financial Instruments**

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

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

Financial Assets

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

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

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

Financial Assets Measured at Amortised Cost

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

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

xii) 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.

xiii) Government Grants and Contributions

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

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

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

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

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

xiv) **Intangible Assets**

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

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

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

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xv) **Inventories & Long Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the [FIFO] costing formula.

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

xvi) **Investment Property**

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measureable date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

xvii) **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.

xviii) **Leases**

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

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

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

The Council as Lessee - lease

The 2025/26 financial year includes transition to IFRS 16 - Leases within the Code of Practice on Local Authority Accounting (the Code). Under this transition property, plant and equipment held under leases are recognised as right of use assets on the Balance Sheet. The council has availed of provisions in the Code allowing prospective application of the changes in accounting. This means a prior year restatement of the balance sheet is not required. Provisions in the Code also allow for leases not to be recognised if they are short-term leases (less than one year) and where the asset is of low value. At the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

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

Property, Plant and Equipment recognised under leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

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

Operating Leases:

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

The Council as Lessor - lease

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

Lease rentals receivable are apportioned between:

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

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

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

The Council as Lessor - Operating Lease

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

xix) **Disposals and Non-Current Assets Held for Sale**

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

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

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

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

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

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

xx) **Overheads and Support Services**

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

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 Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

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

- community assets and assets under construction – depreciated historical cost
- land, buildings, infrastructure and surplus assets - held at current value
- investment assets held at fair value
- heritage assets are held at historical cost and not depreciated

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 current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current 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),
- b. where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

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:

- Land - not depreciated as it has an infinite useful life
- Buildings - straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, Plant, Furniture and Equipment* - straight-line depreciation over useful life which depends on the type of asset and ranges from 3 to 7 years
- Information Technology - straight-line depreciation over 3 to 10 years
- Intangibles - software licences and systems are depreciated over estimated useful life which is normally 3 to 10 years
- Infrastructure - straight-line depreciation over the remaining life of the asset
- Heritage Assets - these are not normally subject to depreciation and are held at either historic cost or insurance valuation
- Community Assets - no determinable useful life and not depreciated, held at nominal value
- Landfill Sites - end of useful life
- Assets under construction - held at historic cost and not depreciated

** Some legacy assets within VPE have longer useful lives*

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.

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.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policy on impairment.

The Heritage Assets held by the Council include artefacts, historical furniture, civic items, Ross' Monument, paintings and drawings.

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 transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against District Rates for the expenditure.

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

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

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

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

The Council is not required to raise District Rates to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue to contribute towards the reduction in its overall borrowing requirement [equal to either an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance]. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance [minimum revenue provision (MRP)] or the Statutory Repayment of Loans Fund Advances], 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**

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

d **Fair Value Measurement**

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

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

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and 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 Council's financial statements are categorised within the fair value hierarchy, as follows:

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires an authority to disclose information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years.

This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (ie on or before 1 January 2025 for 2025/26). For this disclosure the standards introduced

by the 2025/26 Code include the following:

- a) IAS 21 The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability) issued in August 2023.
- b) IFRS 17 Insurance Contracts issued in May 2017.
- c) The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations

c Critical Judgements in Applying Accounting Policies

In applying accounting policies set out from 1a above, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries AON Hewitt is engaged to provide the Council with expert advice about the assumptions to be applied. The pension figures disclosed in these financial statements are sensitive to the assumptions used.

The calculation of the necessary financial provision for the capping and aftercare costs for the landfill sites depends on a judgement around the appropriate discount rate to be used and the number of years over which these costs are needed to be provided. The landfill provision figures are sensitive to the assumptions used.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Valuations of Land and Buildings are carried out externally by Land and Property Services (LPS), in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). As at the valuation date, LPS considers that economic & political uncertainty continues to affect the real estate markets globally. This is true of local property market sectors relating to each of the asset types identified and valued. Accordingly, and for avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VP3 and VPGA 10 of the RICS Valuation - Global Standards.

2

a 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]. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	2025/26			2024/25		
	Net Expenditure Chargable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£	£	£
Chief Executive	1,877,546	-	1,877,546	1,692,729	-	1,692,729
Corporate Services	14,819,937	8,103,186	6,716,751	14,122,247	5,977,444	8,144,803
Economy, Regeneration & Tourism	9,850,912	(2,509,706)	12,360,618	8,467,101	(2,832,954)	11,300,055
Sustainability & Environment	33,967,433	(4,268,191)	38,235,624	36,799,760	(6,276,303)	43,076,063
Active & Healthy Communities	8,950,463	(3,072,850)	12,023,313	8,062,061	(2,903,131)	10,965,192
Net Cost of Services	69,466,292	(1,747,560)	71,213,852	69,143,898	(6,034,944)	75,178,842
Other Income and Expenditure	(76,709,217)	6,281,789	(82,991,006)	(71,689,780)	6,890,477	(78,580,257)
Surplus or Deficit	(7,242,924)	4,534,230	(11,777,154)	(2,545,882)	855,533	(3,401,415)
Opening General Fund			17,904,779			14,990,597
Surplus/(Deficit) on General Fund Balance in Year			207,264			2,914,182
Closing General Fund			18,112,043			17,904,779

Newry, Mourne and Down District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 March 2026

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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
2025/26

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Other non-statutory Adjustments	Total adjustments
	£	£	£	£	£
Chief Executive	-	-	-	-	-
Corporate Services	6,424,802	1,682,000	(3,616)	-	8,103,186
Economy, Regeneration & Tourism	(2,516,521)	-	6,815	-	(2,509,706)
Sustainability & Environment	(4,283,605)	-	15,414	-	(4,268,191)
Active & Healthy Communities	(3,064,995)	-	(7,855)	-	(3,072,850)
Net Cost of Services	(3,440,318)	1,682,000	10,758	-	(1,747,560)
Other Income and Expenditure from the Expenditure and Funding Analysis	6,147,789	134,000	-	-	6,281,789
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	2,707,472	1,816,000	10,758	-	4,534,230

Adjustments between Funding and Accounting Basis
2024/25

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Other non-statutory Adjustments	Total adjustments
	£	£	£	£	£
Chief Executive	-	-	-	-	-
Corporate Services	6,270,144	(281,000)	(11,700)	-	5,977,444
Economy, Regeneration & Tourism	(2,821,929)	-	(11,025)	-	(2,832,954)
Sustainability & Environment	(6,274,983)	-	(1,320)	-	(6,276,303)
Active & Healthy Communities	(2,863,211)	-	(39,920)	-	(2,903,131)
Net Cost of Services	(5,689,979)	(281,000)	(63,965)	-	(6,034,944)
Other Income and Expenditure from the Expenditure and Funding Analysis	6,641,477	98,000	151,000	-	6,890,477
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	951,498	(183,000)	87,035	-	855,533

Adjustments for Capital Purposes

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, i.e. 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 Pensions Adjustments

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

For Services: this represents the removal of the employer pension contributions made by the authority as allowed 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 statutory differences

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

For Financing and investment income and expenditure the other statutory adjustments 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 district rates 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.

Other non-statutory adjustments

The reportable segments are based on the organisational structure of the Council comprising the Chief Executive's department and four directorates.

Newry, Mourne and Down District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 March 2026

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c Segmental Income and Expenditure

Income and expenditure on a segmental basis are analysed below:

	2025/26							
	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	Income Tax Expense or Income	Material Non cash items other than Depreciation and Amortisation
	£	£	£	£	£	£	£	£
Chief Executive	(1,919)	-	-	-	-	533,627	-	-
Corporate Services	(382,989)	-	(306,173)	2,316,067	361,474	5,759,618	-	6,746,276
Economy, Regeneration & Tourism	(4,132,378)	-	-	-	2,056,544	6,887,442	-	459,977
Sustainability & Environment	(2,183,356)	-	-	-	4,535,641	24,137,374	-	(398,040)
Active & Healthy Communities	(3,652,898)	-	-	-	2,777,605	7,694,502	-	287,390
Total Income Analysed on a segmental basis	(10,353,540)	-	(306,173)	2,316,067	9,731,264	45,012,563	-	7,095,603

	2024/25							
	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	Income Tax Expense or Income	Material Non cash items other than Depreciation and Amortisation
	£	£	£	£	£	£	£	£
Chief Executive	(1,882)	-	-	-	-	459,750	-	-
Corporate Services	(389,670)	-	(437,296)	2,227,055	404,821	5,357,984	-	7,080,553
Economy, Regeneration & Tourism	(3,747,387)	-	-	-	1,928,274	1,309,677	-	893,656
Sustainability & Environment	(2,153,105)	-	-	-	4,608,475	23,809,245	-	1,666,508
Active & Healthy Communities	(2,753,769)	-	-	-	2,640,991	6,372,159	-	222,220
Total Income Analysed on a segmental basis	(9,045,813)	-	(437,296)	2,227,055	9,582,561	37,308,815	-	9,862,937

Newry, Mourne and Down District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 March 2026

3 a Expenditure and Income Analysed by Nature

Expenditure		2025/26	2024/25
	Notes	£	£
Employee Benefits Expenses	7	(47,120,823)	(43,261,415)
Other Services Expenditure		(36,730,329)	(41,015,038)
Depreciation, Amortisation, Impairment	11	(9,368,853)	(10,912,106)
Interest Payments	9	(2,365,128)	(2,279,142)
Loss on the Disposal of Assets	8	(20,035)	(45,624)
Other Expenditure	9	(11,189)	(12,232)
Total Expenditure		(95,616,357)	(97,525,557)

Income		2025/26	2024/25
	Notes	£	£
Fees, Charges and Other Service Income		23,926,999	20,142,298
Interest and Investment Income	9	440,183	535,417
District Rate Income	10	73,715,102	69,059,380
Government Grants and Contributions	10	9,211,818	11,119,971
Gain on the Disposal of Assets	8		
Other Income	9	99,409	69,906
Total Income		107,393,511	100,926,972
Surplus or (Deficit) on the Provision of Services		11,777,154	3,401,415

b Revenue from contracts with service recipients

The Council does not receive material revenue from contracts with service recipients.

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	2025/26		2024/25	
	£	£	£	£
Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:				
Impairments (losses & reversals) of non-current assets	-	-	-	-
Derecognition (other than disposal) of non-current assets	11	-	-	-
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	11	(392,412)	1,329,545	
Depreciation charged in the year on non-current assets	11	9,761,265	9,368,853	10,912,106
Net Revenue expenditure funded from capital under statute	12		837,741	1,655,632
Carrying amount of non current assets sold	8	77,864		174,599
Proceeds from the sale of PP&E, investment property and intangible assets	8, 12	(57,829)	20,035	45,624
Difference between finance costs calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	23		-	-
Net charges made for retirement benefits in accordance with IAS 19	21		4,370,000	5,998,000
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	21		(6,186,000)	(5,815,000)
Capital Grants and Donated Assets Receivable and Applied in year	10		(4,246,979)	(6,705,520)
Capital Grants Receivable and Unapplied in year	10d		(1,920,846)	(132,581)
Rates Claw-Back Reserve	23		-	-
Adjustments in relation to short-term compensated absences	27d		-	107,025
Provisions Discount Rate Reserve Adjustment	27e		(10,758)	(43,060)
Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the General Fund Balance for the year				
Statutory Provision for the financing of Capital Investment	12, 26e		(6,766,276)	(6,877,759)
		(4,534,230)		(855,533)

b Net transfers (to)/from statutory and other earmarked reserves:					
	Notes	2025/26	2025/26	2024/25	2024/25
		£	£	£	£
Capital Fund					
Interest		-		-	
From Capital		-		-	
Other	26c	-	-	-	-
Renewal and Repairs Fund					
Interest		-		-	
Other	27	-	-	-	-
Capital Receipts Reserve					
Interest		-		-	
Other	26a	-	-	-	-
Other Funds and earmarked reserves					
Interest		-		-	
From Other funds		-		-	
Other	26e	(7,035,660)	(7,035,660)	368,300	368,300
Unusable reserves					
Capital Adjustment Account		-	-	-	-
			(7,035,660)		368,300

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 £Nil during 2025/26 (£Nil in 2024/25).

b External Audit Fees

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

	2025/26	2024/25
	£	£
External Audit Fees	85,000	80,850
Performance Improvement Audit	19,500	19,000
National Fraud Initiative	-	1,377
(Over)/Under provided previous year	-	4,000
	104,500	105,227

6 Leases (as a Lessor and Lessee)**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 £462,838 (2024/25 £392,586).

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

	31st March 2026	31st March 2025
	£	£
Not later than 1 year	381,321	460,279
1 -2 years	228,688	257,839
2 -3 years	186,473	170,214
3 -4 years	140,553	156,545
4 -5 years	88,848	120,917
Later than 5 years	771,007	688,087
	1,796,890	1,853,881

Council as Lessee**c Leases - Right of Use Assets - (Council as lessee)**

The Council adopted IFRS16 Leases effective 1st April 2024.

The Council has acquired a number of pieces of land and buildings under leases.

The assets acquired under these leases are carried as Right of Use Assets in the Balance Sheet at the following net amounts:

	31st March 2026
	£
Other Land and Buildings	1,035,725
Vehicles, Plant, Furniture and Equipment	-
	1,035,725

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31st March 2026	31st March 2025
	£	£
Leases liabilities (net present value of minimum lease payments):		
Current	80,525	113,089
Non- Current	830,131	831,665
Finance costs payable in future years	555,723	473,625
Minimum Lease Payments	1,466,379	1,418,379

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Lease Liabilities	
	31st March 2026	31st March 2025	31st March 2026	31st March 2025
	£	£	£	£
Not later than one year	181,546	156,646	80,525	113,089
Later than one year and not later than five years	388,358	384,358	269,439	237,150
Later than five years	896,475	877,375	560,692	594,515
	1,466,379	1,418,379	910,656	944,754

The authority incurred the following expenses and cash flows in relation to leases:

	31st March 2026	31st March 2025
	£	£
Comprehensive Income and Expenditure Statement		
Interest expense on lease liabilities	49,061	52,087
Balance Sheet		
Repayment of Lease Liabilities held on the Balance Sheet	110,255	106,759
Cash flow statement		
Total cash outflow for leases	159,316	158,846

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

d Operating Leases (Council as lessee)

The Council adopted IFRS 16 Leases effective 1st April 2024. As a result, the figures reported as of 31st March 2026 & 2025 reflect the leases that are exempt under IFRS 16.

The future minimum lease payments due under non-cancellable leases in future years are:

	31st March 2026	31st March 2025
	£	£
Not later than 1 year	18,835	18,950
Later than 1 year and no later than 5 years	45,800	47,380
Later than 5 years	653,450	664,650
	718,085	730,980

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

	2025/26	2024/25
	£	£
Minimum lease payments	31,800	40,498
Total	31,800	40,498

7 Employee Costs and Member Allowances

Staff Costs	2025/26	2024/25
	£	£
Salaries and Wages	32,298,794	30,526,369
Employers NIC	3,948,438	3,020,424
Employers Superannuation	6,464,258	6,101,189
Total staff costs	42,711,490	39,647,982

In addition, agency costs during the year amounted to £4,409,333 (2024/25 £3,613,433). Short term compensated absences during the year amounted to £0 (2024/25 £107,024) included in the table above.

The Council's current contribution rate to NILGOSC scheme is 19%, there was no Deficit Recovery Contribution.

At last actuarial valuation dated 31st March 2026 the funds assets meet 119% of liabilities at that date (2022-111%).

Average Number of Employees - where FTE represents fulltime equivalent employees

b Average Number of Employees		2025/26	2024/25
		FTE	FTE
Chief Executive		16	14
Corporate Services		91	97
Economy, Regeneration & Tourism		162	150
Sustainability & Environment		351	330
Active & Healthy Communities		197	203
Total Number		817	794

	2025/26	2024/25
	Actual	Actual
Full-time numbers employed	759	728
Part-time numbers employed	142	138
Total Number	901	866

Contract basis changed from 37 Hours Per Week to 36 Hours Per Week on 1st April 2024.

c Senior Employees' Remuneration		2025/26	2024/25
		£	£
£50,001 to £60,000		49	45
£60,001 to £70,000		16	13
£70,001 to £80,000		12	8
£80,001 to £90,000		1	1
£90,001 to £100,000	-		2
£100,001 to £110,000		3	2
£110,001 to £120,000	-		-
£120,001 to £130,000	-		-
£130,001 to £140,000	-		1
£140,001 to £150,000		1	-
Total Number		82	72

d Members' Allowances

	2025/26	2024/25
	£	£
Salaries	-	-
Basic allowance	771,971	712,853
Mayor's & Deputy Mayor's Allowance	29,188	28,733
Special Responsibility Allowances	87,994	81,595
PCSP Allowance	3,480	4,200
Dependents' carers allowance	-	169
Employer costs	273,303	221,650
Mileage	28,411	34,766
Conferences and Courses	1,911	5,845
Travel & Subsistence Costs	1,324	1,209
Miscellaneous Costs	4,345	6,478
Severance Payments	-	-
Total	1,201,927	1,097,498

e Northern Ireland Civil Service Pension Arrangements

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

The Northern Ireland Civil Service 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 March 2020. 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 2026.

For 2025/26, employers' contributions of £371,922 were payable to the NICS pension arrangements at 34.25% of pensionable pay.

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 March 2020 was completed by the Actuary during 2019-20. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2019. The contribution rates are set to meet the cost of the benefits accruing during 2025/26 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

No persons retired early on ill-health grounds as such the actuarial cost for employees for the early payment of retirement benefits was £0.

8 Other Operating Income & Expenditure**a Surplus/Deficit on Non-Current Assets (exc.I.Investment Properties)**

	2025/26	2024/25
	£	£
Proceeds from sale	(57,829)	(128,975)
Carrying amount of non-current assets sold (excl. Investment Properties)	77,864	174,599
	20,035	45,624

b Other Operating Income/Expenditure

	2025/26	2024/25
	£	£
Income	-	-
Expenditure	-	-
	-	-

Other Operating Expenditure	2025/26	2024/25
	£	£
(Surplus)/Deficit on Non Current Assets	20,035	45,624
Other Operating (Income)/Expenditure	-	-
	20,035	45,624

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

	2025/26	2024/25
	£	£
Lease / hire purchase interest	49,061	52,087
Government Loan Interest	2,316,067	2,227,055
	2,365,128	2,279,142

b Interest and Investment Income

	2025/26	2024/25
	£	£
Bank Interest	306,173	437,296
Employee Car Loan Interest	10	121
	306,183	437,417

c Pensions interest costs and expected return on pensions assets

	2025/26	2024/25
	£	£
Net interest on the net defined benefit liability (asset)	(134,000)	(98,000)
	(134,000)	(98,000)

d Surplus/(Deficit) on trading operations

	2025/26	2024/25
	£	£
Income from trading	-	-
Expenditure	-	-

(Surplus)/Deficit for the year	-	-
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e Income, Expenditure and changes in Fair Value of Investment Properties

	2025/26	2024/25
	£	£
Income/Expenditure from Investment Properties:		
Income including rental income	(99,409)	(69,906)
Expenditure	31,189	22,232
Net income from investment properties	(68,220)	(47,674)
Surplus/deficit on sale of Investment Properties		
Proceeds from sale	-	-
Carrying amount of investment properties sold	-	-
Investment Properties:	-	-
Changes in Fair Value of Investment Properties		
	(20,000)	(10,000)
	(88,220)	(57,674)

Financing and Investment Income and Expenditure	2025/26			2024/25		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Interest Payable and Similar Charges	2,365,128	-	2,365,128	2,279,142	-	2,279,142
Interest and Investment Income	-	(306,183)	(306,183)	-	(437,417)	(437,417)
Pensions interest cost	-	(134,000)	(134,000)	-	(98,000)	(98,000)
Surplus/(Deficit) on trading operations	-	-	-	-	-	-
Other investment income	31,189	(99,409)	(68,220)	22,232	(69,906)	(47,674)
Changes in Fair Value of Investment Properties	-	(20,000)	(20,000)	-	(10,000)	(10,000)
	2,396,317	(559,592)	1,836,725	2,301,374	(615,323)	1,686,051

10 Taxation and Non Specific Grant Income**a Revenue Grants**

	2025/26	2024/25
	£	£
General	(4,964,839)	(4,414,451)
Other	-	-
	(4,964,839)	(4,414,451)

b Revenue Grants - Unapplied

The Council has no Revenue Grants Unapplied.

c Capital Grants and Donated Assets - Applied

	2025/26	2024/25
	£	£
Government & Other Grants - Conditions met and applied in year	(4,246,979)	(6,554,520)
Government & Other Grants - Transfer from receipts in advance	-	-
Donated Assets (leases)- Conditions met	-	(151,000)
Donated Assets - Transfer from donated assets creditor	-	-
	(4,246,979)	(6,705,520)

d Capital Grants - Unapplied

	2025/26	2024/25
	£	£
Government & Other Grants - Conditions met and not applied in year	(1,920,846)	(132,581)
Other	-	-
	<u>(1,920,846)</u>	<u>(132,581)</u>

e District Rates

	2025/26	2024/25
	£	£
Current year	(72,177,365)	(67,929,169)
Finalisation - current year	(1,537,737)	(1,130,211)
Finalisation - other years	-	-
	<u>(73,715,102)</u>	<u>(69,059,380)</u>

Taxation and Non Specific Grant Income	2025/26	2024/25
	£	£
District Rate Income	(73,715,102)	(69,059,380)
Revenue Grants	(4,964,839)	(4,414,451)
Capital Grants and Contributions	(6,167,825)	(6,838,101)
	<u>(84,847,766)</u>	<u>(80,311,932)</u>

Newry, Mourne and Down District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 March 2026
Long - Term Assets - Current Year

11 a

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2025	33,902,513	156,089,065	966,639	(516,895)	22,503,587	26	16,605,180	2,771,501	232,321,616	1,584,006	1,010,000	234,915,622
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2025	33,902,513	156,089,065	966,639	(516,895)	22,503,587	26	16,605,180	2,771,501	232,321,616	1,584,006	1,010,000	234,915,622
Additions	-	1,347,547	-	-	1,040,103	-	9,556,612	-	11,944,262	-	-	11,944,262
Donations	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/(decreases) to Revaluation Reserve	350,312	(1,714,280)	-	-	-	-	-	85,500	(1,278,468)	48,480	-	(1,229,988)
Revaluation increases/(decreases) to Surplus or Deficit on the Provision of Services	-	(325,987)	-	-	-	-	-	(10,000)	(335,987)	-	-	(335,987)
Impairment to Surplus or Deficit on the Provision of Services	11,116	-	-	-	-	-	-	-	11,116	-	-	11,116
Derecognition - Disposals	(3,428)	-	-	-	(1,372,912)	-	-	-	(1,376,340)	-	-	(1,376,340)
Derecognition - Other	-	-	-	-	-	-	(1,249,571)	-	(1,249,571)	-	-	(1,249,571)
Reclassifications & Transfers	10,500	10,333,284	-	-	-	-	(10,333,284)	(110,500)	(100,000)	-	100,000	-
Reclassified to(-)/from(+) Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2026	34,271,013	165,729,629	966,639	(516,895)	22,170,778	26	14,578,937	2,736,501	239,936,628	1,632,486	1,110,000	242,679,114

Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£			£	£	£	£	£	£	£	£	£
Balance as at 1 April 2025	-	4	793,223	(516,897)	13,195,935	1	-	-	13,472,266	-	-	13,472,266
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2025	-	4	793,223	(516,897)	13,195,935	1	-	-	13,472,266	-	-	13,472,266
Depreciation Charge	-	6,972,333	13,679	-	2,140,633	-	-	-	9,126,645	-	-	9,126,645
Depreciation written out on Revaluation Reserve	-	(6,275,050)	-	-	-	-	-	-	(6,275,050)	-	-	(6,275,050)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	(697,283)	-	-	-	-	-	-	(697,283)	-	-	(697,283)
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(1,298,476)	-	-	-	(1,298,476)	-	-	(1,298,476)
Derecognition - Other	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications & Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2026	-	4	806,902	(516,897)	14,038,092	1	-	-	14,328,102	-	-	14,328,102
Balance as at 31 March 2026	34,271,013	165,729,625	159,737	2	8,132,686	25	14,578,937	2,736,501	225,608,526	1,632,486	1,110,000	228,351,012

b Long - Term Assets - Comparative Year

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2024	33,612,763	152,381,176	966,639	(371,895)	19,965,415	26	7,785,109	4,449,201	218,788,434	1,584,006	133,000	220,505,440
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2024	33,612,763	152,381,176	966,639	(371,895)	19,965,415	26	7,785,109	4,449,201	218,788,434	1,584,006	133,000	220,505,440
Additions	-	3,521,756	-	-	3,591,348	-	10,679,947	-	17,793,051	-	-	17,793,051
Donations	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/decreases to Revaluation Reserve	(453,825)	(1,144,066)	-	-	-	-	-	275,500	(1,322,391)	-	-	(1,322,391)
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(1,861,375)	(247,704)	-	-	-	-	-	(5,000)	(2,114,079)	-	14,000	(2,100,079)
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	(88,250)	(49,349)	-	-	(1,019,393)	-	-	-	(1,156,992)	-	(37,000)	(1,193,992)
Derecognition - Other	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications & Transfers	2,693,200	1,627,252	-	(145,000)	(33,782)	-	(1,859,876)	(1,948,200)	333,594	-	900,000	1,233,594
Reclassified to(-)/from(+) Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2025	33,902,513	156,089,065	966,639	(516,895)	22,503,588	26	16,605,180	2,771,501	232,321,617	1,584,006	1,010,000	234,915,623

Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
				£	£	£	£	£	£	£	£	£
Balance as at 1 April 2024	-	4	775,118	(516,897)	11,933,496	1	-	-	12,191,722	-	-	12,191,722
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2024	-	4	775,118	(516,897)	11,933,496	1	-	-	12,191,722	-	-	12,191,722
Depreciation Charge	-	6,529,121	18,105	-	2,281,938	-	-	-	8,829,164	-	-	8,829,164
Depreciation written out on Revaluation Reserve	-	(5,768,587)	-	-	-	-	-	-	(5,768,587)	-	-	(5,768,587)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	(760,534)	-	-	-	-	-	-	(760,534)	-	-	(760,534)
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(1,019,393)	-	-	-	(1,019,393)	-	-	(1,019,393)
Derecognition - Other	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications & Transfers	-	-	-	-	(106)	-	-	-	(106)	-	-	(106)
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2025	-	4	793,223	(516,897)	13,195,935	1	-	-	13,472,266	-	-	13,472,266
Net Book Values												
Balance as at 31 March 2025	33,902,513	156,089,061	173,416	2	9,307,653	25	16,605,180	2,771,501	218,849,351	1,584,006	1,010,000	221,443,357
Balance as at 31 March 2026	34,271,013	165,729,625	159,737	2	8,132,686	25	14,578,937	2,736,501	225,608,526	1,632,486	1,110,000	228,351,012

* The above figures exclude Right of Use Assets held under leases which are disclosed at Note 11h

Newry, Mourne and Down District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 March 2026

11 c Property, plant and equipment

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- buildings - 10 to 50 years straight-line
- vehicles, plant, furniture and equipment* - 3 to 7 years straight-line
- infrastructure - as per buildings
- information technology - 3 to 10 years straight-line
- intangibles - estimated useful life

* Some legacy assets within VPE have longer useful lives

Revaluations

The Council carries out a rolling programme that ensures that all property, plant and equipments required to be measured at current value is revalued at least every five years. All valuations were carried out externally by Land and Property Services. Valuations of land and buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on historic cost adjusted for depreciation.

Non-operational Property, Plant and Equipment (Surplus Assets)

The Council has surplus assets with a carrying value of £2,736,501 at 31st March 2026.

d Intangible Assets

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

Intangible Assets	2025/26	2024/25
	£	£
Balance at start of year:		
Gross carrying amounts	6,406,475	5,946,934
Accumulated amortisation	3,598,154	3,055,755
Net carrying amount at start of year	2,808,321	2,891,179
Additions	32,188	260,720
Derecognition - Disposals (Cost)	(20,920)	
Amortisation for the period	(488,616)	(609,855)
Derecognition - Disposals (Amortisation)	20,920	
Transfer from Assets Under Construction (See Note 11a)	-	266,277
Net carrying amount at end of year	2,351,893	2,808,321
Comprising:		
Gross carrying amounts	6,469,386	6,406,475
Accumulated amortisation	4,117,493	3,598,154
Net carrying amount at end of year	2,351,893	2,808,321

e Investment Properties

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

Investment Properties	31/03/2026	31/03/2025
	£	£
Rental Income from Investment Activities	99,409	69,906
Direct Operating expenses arising from investment properties	(31,189)	(22,232)
Net gain/(loss)	68,220	47,674

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

Investment Properties	2025/26	2024/25
	£	£
Balance at start of the year	750,002	2,240,002
Additions	-	-
Disposals	-	-
Net gains/losses from fair value adjustments	20,000	10,000
Transfers to/from property, plant and equipment	-	(1,500,000)
Other changes	-	-
Balance at end of the year	770,002	750,002

Valuation process for Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out internally, in accordance with the methodologies and bases for estimate set out in the professional standards of the Royal Institution of Chartered Surveyors.

The Council's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

f Heritage Assets

The Council's 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.

The following table summarises the Heritage Assets held by the Council:

Heritage Assets	31/03/2026	31/03/2025
	£	£
Artefacts	530,952	529,452
Historical Furniture	74,635	79,935
Civic Items	65,600	65,600
Ross' Monument	415,911	415,911
Paintings and Drawings	545,387	493,108
Balance at end of the year	1,632,485	1,584,006

9 Assets Held for Sale

Assets Held for Sale	Current	Non Current	Total
	£	£	£
Cost or Valuation			
Balance as at 1 April 2025	1,010,000	-	1,010,000
Adjustments between cost/value & depreciation/impairment	-	-	-
Transferred from Non-Current Assets during year	-	-	-
Assets Held for Sale Donations	-	-	-
Assets Held for Sale Revaluation increases/decreases to Revaluation Reserve	-	-	-
Revaluation increases/decreases taken to Surplus or Deficit on the Provision of	-	-	-
Assets Held for Sale Impairment @ Cost to Provision of Services	-	-	-
Derecognition - Disposals	-	-	-
Derecognition - Other	-	-	-
Reclassified from Current Assets Held for Sale to Non-Current Assets Held for Sale	100,000	-	100,000
Transferred to Property, Plant & Equipment during year	-	-	-
Balance as at 31 March 2026	1,110,000	-	1,110,000
Net Book Value			
Balance as at 31 March 2026	1,110,000	-	1,110,000
Balance as at 31 March 2025	1,010,000	-	1,010,000

Comparative Year

Assets Held for Sale	Current	Non Current	Total
	£	£	£
Cost or Valuation			
Balance as at 1 April 2024	133,000	-	133,000
Adjustments between cost/value & depreciation/impairment	-	-	-
Transferred from Non-Current Assets during year	-	-	-
Assets Held for Sale Donations	-	-	-
Assets Held for Sale Revaluation increases/decreases to Revaluation Reserve	-	-	-
Revaluation increases/decreases taken to Surplus or Deficit on the Provision of	14,000	-	14,000
Assets Held for Sale Impairment @ Cost to Provision of Services	-	-	-
Derecognition - Disposals	(37,000)	-	(37,000)
Derecognition - Other	-	-	-
Reclassified from Current Assets Held for Sale to Non-Current Assets Held for Sale	900,000	-	900,000
Transferred from/(to) Property, Plant & Equipment during year	-	-	-
Balance as at 31 March 2025	1,010,000	-	1,010,000

The Council intends to dispose of land & buildings that it no longer uses. The sale is expected to take place within the next 12 months. The council is actively seeking a buyer for this land.

The gain/(loss) on assets classified to held for sale and sold during the year was £4650. (2024/25 (£4225) loss).

h Right of Use Assets held under leases

The Council adopted IFRS 16 Leases effective 1st April 2024.

	Land and Buildings	TOTAL 2026	Land and Buildings	TOTAL 2025
	£	£	£	£
Cost or Valuation				
At 1 April 2025	1,234,270	1,234,270		
Additions	91,000	91,000	1,234,270	1,234,270
At 31 March 2026	1,325,270	1,325,270	1,234,270	1,234,270
Depreciation				
At 1 April 2025	(143,542)	(143,542)		
Provided for year 2026	(146,004)	(146,004)		
At 31 March	(289,546)	(289,546)	(143,542)	(143,542)
Provided for year 2026				
Net Book Value at 31 March 2026	1,035,724	1,035,724		
Net Book Value at 31 March 2025			1,090,728	1,090,728

i Revaluation

A valuation exercise was carried out by Land and Property Services (LPS) as at 31 March 2026 on the Council's land and buildings. As a result, the value of land and buildings have increased from £194.7 million at 31 March 2025 to £204.8 million at 31 March 2026

12 Capital Expenditure and Capital Financing

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

Capital Expenditure		2025/26	2024/25
		£	£
Opening Capital Financing Requirement		106,568,555	100,824,184
Capital Investment			
Property, Plant and Equipment	11	12,035,262	19,027,321
Investment Properties		-	-
Intangible Assets		32,188	260,720
Revenue Expenditure Funded from Capital under Statute		837,741	1,655,632
Investments		-	-
Sources of Finance			
Capital Receipts		(57,829)	(128,975)
Government Grants and Other Contributions	10	(4,246,979)	(6,705,520)
Transfers from Earmarked Reserves		(7,200)	(1,487,048)
Sums set aside from Revenue:			
Direct Revenue Contributions		-	-
Minimum Revenue Provision		(6,766,276)	(6,877,759)
Closing Capital Financing Requirement		108,395,462	106,568,555
Explanation of Movements in Year		2025/26	2024/25
		£	£
Increase in underlying need to borrow		486,336	4,510,101
Assets acquired under leases		91,000	1,234,270
Increase/(decrease) in Capital Financing Requirement		577,336	5,744,371

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	43,720,194	(12,115,655)	31,604,539
Other Commitments	2,108,764	-	2,108,764
Total	45,828,958	(12,115,655)	33,713,303

Inventories		2025/26	2024/25
		£	£
Central Stores		494,146	406,658
Other		183,099	156,828
Total		677,245	563,486

15	Debtors		Restated
a	Long Term Debtors	2025/26	2024/25
		£	£
	Recoveries From Insurance Claims	2,990,740	2,416,350
	Loans and advances	25,541	29,141
	Total Long-Term Debtors	3,016,281	2,445,491
b	Short Term Debtors	2025/26	Restated
		£	2024/25
			£
	Government Departments	2,155,163	2,371,782
	Other Councils	51,770	113,915
	Recoveries From Insurance Claims	19,496	103,128
	Bodies external to general government	-	-
	NIHE loans	-	-
	Employee car loans	-	146
	Revenue Grants	2,189,160	2,755,965
	Capital Grants	2,795,474	3,620,010
	Interest Receivable	34,688	38,102
	Capital Debtors	-	-
	Value Added Tax	1,758,838	2,087,717
	Prepayments	259,985	259,246
	Lease debtors	-	-
	Other	423,033	520,064
	Trade receivables	889,469	538,133
	Impairment loss - Trade receivables	(249,051)	(328,042)
	Contract Receivables	-	-
	Total Short-Term Debtors	10,328,025	12,080,166
	Total Debtors	13,344,306	14,525,657

Recoveries From Insurance Claims

The Council is subject to employer's liability and public liability arising in the course of its activities. The Council maintains insurance arrangements under which the financial cost of eligible claims, subject to the terms, conditions and excesses of the relevant insurance policies, is recoverable from its insurers. At 31 March 2026, the Council has recognised a provision of £3.0m in respect of the estimated liability associated with outstanding insurance claims. The provision represents the Council's best estimate of the amounts required to settle its obligations in respect of these claims based on information available at the reporting date. The timing and final amount of individual claim settlements are inherently uncertain and may differ from the amounts currently estimated. The provision will therefore be reviewed at each reporting date and adjusted, where appropriate, to reflect the most up-to-date information available.

Prior year adjustment

During the preparation and audit of the 2025/26 financial statements, Council reviewed the accounting treatment applied to outstanding insured liability claims. In previous financial years, outstanding insurance claims had not been recognised as provisions on the balance sheet. Following a review of the nature of the Council's obligations and the information available in respect of outstanding claims, the Council has decided that the recognition criteria for a provision were met at 31 March 2025 and that a provision should therefore have been recognised in the prior year. The Council has therefore recognised a provision of £2.5m at 31 March 2025, representing its best estimate of the liability in respect of outstanding insurance claims at that date.

The Council also reviewed the amounts recoverable under its insurance arrangements. As recovery was considered virtually certain where the Council settles the insured obligations, a corresponding insurance asset of £2.5m million has been recognised at 31 March 2025.

In accordance with the accounting policy for prior period errors, this been accounted for retrospectively and the balance sheet at 31 March 2025 has been restated. The adjustment increases provisions by £2.5 million and increases insurance assets by £2.5 million. The adjustment has therefore no impact on the Council's net assets, General Fund balance, total reserves or the reported surplus/deficit for 2024/25.

The statement of financial position at the beginning of the preceding period has not been presented because it is not considered practicable to do so. The necessary claims data required for prior years is not easily accessible and it would be impracticable to recreate it and hence the accounting treatment has only been applied to the last year (2024-2025).

16 Investments

The Council has no investments.

17 Borrowings			
a Short Term Borrowing		2025/26	2024/25
		£	£
Loans re-payable within one year		11,538,893	11,191,848
Lease Principal		80,525	113,089
Total Short Term Borrowing		11,619,418	11,304,937
b Long Term Borrowing		2025/26	2024/25
		£	£
Between 1 and 2 years		5,416,148	5,370,558
Between 2 and 5 years		13,529,550	13,746,784
Between 5 and 10 years		13,859,502	15,813,828
In more than 10 years		20,592,504	23,006,961
Government Loans Fund & Leases		53,397,704	57,938,131
Total Borrowing		65,017,122	69,243,068

Following implementation of IFRS 16 Leases in 2024/25, the impact on total borrowing has been £910,656 due to recognition of additional lease liabilities in FY26.

18 Creditors			
a Short Term Creditors		2025/26	2024/25
		£	£
Government Departments		2,289,692	1,438,954
Other Councils		516,877	1,117,671
Public corporations and trading funds		33,827	5,208
Bodies external to general government		-	-
Rates clawback		-	-
VAT		-	-
Remuneration due to employees		2,368,903	2,273,489
Accumulated Absences		766,002	766,002
Loan Interest Payable		-	-
Capital Creditors		2,316,321	4,705,078
Receipts in advance		1,423,010	1,397,938
Trade creditors		4,043,135	6,439,492
Other		95,509	157,588
Contract Payables		-	-
Total Short Term Creditors		13,853,276	18,301,420
Total Creditors		13,853,276	18,301,420

The creditor balance for 'Other Councils' relates mainly to administration costs.
There are no long-term creditors at 31st March 2026.

b 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 17794 invoices totalling £74,475,874.

The number of disputed invoices were nil.

The Council paid:

16,014 (90%) invoices with 30 calendar days target;
5,595 (31%) invoices within 10 working days target; and
1780 invoices outside of the 30 day target

Provisions	Restated Balance as at 1 April 2025	Increase in provision during year	Utilised during year	Unused amounts reversed	Interest cost and/or discount rate changes	Balance as at 31 March 2026
	£	£	£	£	£	£
Landfill Closure	1,415,956	252,517	(196,555)	-	(10,758)	1,461,160
Legal Claims	2,519,478	490,758	-	-	-	3,010,236
Total	3,935,434	743,275	(196,555)	-	(10,758)	4,471,396
Current Provisions	-	73,225	-	-	-	73,225
Long Term Provisions	3,935,434	670,050	(196,555)	-	(10,758)	4,398,171
Total	3,935,434	743,275	(196,555)	-	(10,758)	4,471,396

Provisions	Balance as at 1 April 2024	Increase in provision during year	Utilised during year	Unused amounts reversed	Interest cost and/or discount rate changes	Restated Balance as at 31 March 2025
	£	£	£	£	£	£
Landfill Closure	1,496,926	149,684	(187,594)	-	(43,060)	1,415,956
Legal Claims	-	2,519,478	-	-	-	2,519,478
Total	1,496,926	2,669,162	(187,594)	-	(43,060)	3,935,434
Current Provisions	-	66,748	-	-	-	66,748
Long Term Provisions	1,496,926	2,602,414	(187,594)	-	(43,060)	3,868,686
Total	1,496,926	2,669,162	(187,594)	-	(43,060)	3,935,434

Landfill Closure

The expected cost of landfill closure and aftercare costs of £1,461,160 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 as at 31st March 2015. Drumanakelly Landfill Site ceased to take landfill on 30th April 2016. Now that 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.

Legal Provision

The Council is subject to employer's liability and public liability arising in the course of its activities. The Council maintains insurance arrangements under which the financial cost of eligible claims, subject to the terms, conditions and excesses of the relevant insurance policies, is recoverable from its insurers. At 31 March 2026, the Council has recognised a provision of £3.0m in respect of the estimated liability associated with outstanding insurance claims. The provision represents the Council's best estimate of the amounts required to settle its obligations in respect of these claims based on information available at the reporting date. The timing and final amount of individual claim settlements are inherently uncertain and may differ from the amounts currently estimated. The provision will therefore be reviewed at each reporting date and adjusted, where appropriate, to reflect the most up-to-date information available.

The Council expects the amounts provided for to be recoverable under its insurance arrangements and therefore has a corresponding insurance reimbursement asset of £3.0m has been recognised on the balance sheet, reflecting the amount expected to be recovered from the Council's insurers. The asset has been recognised separately from the associated provision. Recognition of the provision and corresponding reimbursement asset has no net impact on the Council's net assets at 31 March 2026.

Prior year adjustment

During the preparation and audit of the 2025/26 financial statements, Council reviewed the accounting treatment applied to outstanding insured liability claims. In previous financial years, outstanding insurance claims had not been recognised as provisions on the balance sheet. Following a review of the nature of the Council's obligations and the information available in respect of outstanding claims, the Council has decided that the recognition criteria for a provision were met at 31 March 2025 and that a provision should therefore have been recognised in the prior year. The Council has therefore recognised a provision of £2.5m at 31 March 2025, representing its best estimate of the liability in respect of outstanding insurance claims at that date.

The Council also reviewed the amounts recoverable under its insurance arrangements. As recovery was considered virtually certain where the Council settles the insured obligations, a corresponding insurance asset of £2.5m million has been recognised at 31 March 2025.

In accordance with the accounting policy for prior period errors, this been accounted for retrospectively and the balance sheet at 31 March 2025 has been restated. The adjustment increases provisions by £2.5 million and increases insurance assets by £2.5 million. The adjustment has therefore no impact on the Council's net assets, General Fund balance, total reserves or the reported surplus/deficit for 2024/25.

The statement of financial position at the beginning of the preceding period has not been presented because it is not considered practicable to do so. The necessary claims data required for prior years is not easily accessible and it would be impracticable to recreate it

20 Financial Instruments

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

a Financial Assets as at 31 March 2026

	Non-Current		Current		Total
	Investments	Debtors	Investments	Debtors	
	£	£	£	£	£
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	-	3,016,281	645,057	869,724	4,531,062
Fair Value through other comprehensive income - designated equity instruments	-	-	-	-	-
Fair Value through other comprehensive income - Money Market Funds	-	-	10,314,997	-	10,314,997
Total Financial Assets	-	3,016,281	10,960,054	869,724	14,846,059
Non-Financial Assets	-	-	-	9,458,301	9,458,301
Total	-	3,016,281	10,960,054	10,328,025	24,304,360

Financial Assets as at 31 March 2025

	Non-Current		Current		Restated Total
	Investments	Debtors	Investments	Debtors	
	£	£	£	£	£
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	-	2,445,491	820,245	703,423	3,969,159
Fair Value through other comprehensive income - designated equity instruments	-	-	-	-	-
Fair Value through other comprehensive income - Money Market Funds	-	-	8,620,351	-	8,620,351
Total Financial Assets	-	2,445,491	9,440,596	703,423	12,589,510
Non-Financial Assets	-	-	-	11,376,743	11,376,743
Total	-	2,445,491	9,440,596	12,080,166	23,966,253

b Financial Liabilities as at 31 March 2026

	Non-Current		Current		Total
	Borrowings	Creditors	Borrowings	Creditors	
	£	£	£	£	£
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	53,397,704	-	11,619,418	7,034,747	72,051,869
Total financial liabilities	53,397,704	-	11,619,418	7,034,747	72,051,869
Non-financial liabilities	-	-	-	6,818,505	6,818,505
Total	53,397,704	-	11,619,418	13,853,252	78,870,374

Financial Liabilities as at 31 March 2025

	Non-Current		Current		Total
	Borrowings	Creditors	Borrowings	Creditors	
	£	£	£	£	£
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	57,106,466	-	11,304,937	11,836,306	80,247,709
Total financial liabilities	57,106,466	-	11,304,937	11,836,306	80,247,709
Non-financial liabilities	-	-	-	6,465,092	6,465,092
Total	57,106,466	-	11,304,937	18,301,398	86,712,801

Material soft loans made by the Council

The Council has one soft loan but does not consider this to be material.

Employee Car Loans

The Council makes loans for car purchases to employees who are in posts that require them to drive regularly on the Council's business. The balances outstanding are disclosed at Note 15.

Fair Values of Financial Assets and Financial Liabilities that are not Measured at Fair Value (but for which Fair Value Disclosures are Required).

All financial liabilities and financial assets held by the authority are classified as loans and receivables and long-term debtors and creditors

Financial Liabilities	31st March 2026		31st March 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
	£	£	£	£
Financial liabilities held at amortised cost [Loans]	64,186,992	56,699,654	68,411,403	60,452,089
Total	64,186,992	56,699,654	68,411,403	60,452,089

The majority of the Council's portfolio of loans are held with the Government Loans Fund and carry a premature redemption penalty if the loans are repaid early.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

c Nature and Extent of Risks Arising from Financial Instruments

The Council has no material exposure to any of the risks identified below in its dealings with financial instruments.

Credit Risk

Credit risks 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. 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.

Liquidity Risk

The Council manages its liquidity position through the risk management processes set out in its annual Treasury Management Strategy and Prudential Indicators, as well as through the active management of the cash flow position. This seeks to ensure that cash is available when it is needed.

As the Council has ready access to borrowing from the Public Works Loans Board, 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 at Note 17 and other payables are due for payment within one year.

Market Risk: Interest Rates

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and 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. The Council also occasionally takes out short-term loans from other UK local authorities to benefit from low interest rates available. This is done with advice from the Council's treasury advisers and in line with the Treasury Management Strategy Statement for the year.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies other than a bank account denominated in Euro for payments however due to the size of the balances held this would not be considered a material exposure to loss arising from movements in exchange rates.

21 Retirement Benefits

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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.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement during the year:

	Note	2025/26 £	2024/25 £
Net cost of services:			
Current service cost		4,503,000	6,095,000
Past service cost/(gain)		1,000	1,000
Gains and losses on settlements or curtailments		-	-
Net operating expenditure:			
Net interest on net defined benefit Liability (asset) plus interest on unrecognised asset		(3,520,000)	(1,150,000)
Interest on Unrecognised Asset		3,386,000	1,052,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services		4,370,000	5,998,000
Movement in Reserves Statement:			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(4,370,000)	(5,998,000)
Actual amount charged against the general fund balance for pensions in the year:			
Employers' contributions payable to scheme		6,186,000	5,815,000
Net adjustment to General Fund		1,816,000	(183,000)

The service cost figures include an allowance for administration expenses of £128k (2024/25 £151k).

Remeasurements recognised in Other Comprehensive Income and Expenditure	Note	2025/26 £	2024/25 £
Liability gains/(losses) due to change in assumptions		2,547,000	35,332,000
Liability gains/(losses) due to demographic changes		(2,084,000)	1,533,000
Liability experience gains/(losses) arising in the year		(872,000)	(318,000)
Actuarial gains/(losses) on plan assets		6,214,000	(869,000)
Adjustment in respect of paragraph 64		(7,581,000)	(35,417,000)
Total gains/(losses) recognised in Other Comprehensive Income and Expenditure		(1,776,000)	261,000

C Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:		Note	2025/26 £	2024/25 £
Balance as at 1 April			175,266,000	200,470,000
Current service cost			4,503,000	6,095,000
Interest cost			9,980,000	9,525,000
Contributions by members			2,091,000	1,967,000
Remeasurement (gains) and losses:				
Actuarial gains/losses arising from changes in financial assumptions			(2,547,000)	(35,332,000)
Actuarial gains/losses arising from demographic changes			2,084,000	(1,533,000)
Actuarial gains/losses arising on liabilities from experience			872,000	318,000
Other (if applicable)			-	-
Past service costs/(gains)			1,000	1,000
Losses/(gains) on curtailments			-	-
Liabilities extinguished on settlements			-	-
Estimated unfunded benefits paid			(85,000)	(87,000)
Estimated benefits paid			(8,631,000)	(6,158,000)
Balance as at 31 March			183,534,000	175,266,000

Reconciliation of present value of the scheme assets:		Note	2025/26 £	2024/25 £
Balance as at 1 April			232,913,000	221,570,000
Interest Income			13,500,000	10,675,000
Contributions by members			2,091,000	1,967,000
Contributions by employer			6,101,000	5,728,000
Contributions in respect of unfunded benefits			85,000	87,000
Remeasurement gain/(loss)			6,214,000	(869,000)
Assets distributed on settlements			-	-
Unfunded benefits paid			(85,000)	(87,000)
Benefits paid			(8,631,000)	(6,158,000)
Balance as at 31 March			252,188,000	232,913,000

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.

The actual return on scheme assets in the year was a gain of £19.714m (2024/25 gain of £9.8m).

Fair Value of Plan Assets	2025/26 £	2024/25 £
Equity investments	108,693,028	93,631,026
Bonds	97,596,756	75,463,812
Property	24,462,236	23,291,300
Cash	6,809,076	26,552,082
Other	14,626,904	13,974,780
	252,188,000	232,913,000

The above asset values are at bid value as required by IAS 19.

Details of estimates made by the Fund Manager when assessing the fair values of plan assets.

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):

	2025/26 £	2024/25 £
Fair Value of Employer Assets	252,188,000	232,913,000
Present value of funded defined benefit obligation	(182,840,000)	(174,532,000)
Pension asset/(liability) of Funded Scheme	69,348,000	58,381,000
Present Value of unfunded defined benefit obligation	(694,000)	(734,000)
Unrecognised Asset	(69,348,000)	(58,381,000)
Net asset/(liability) arising from the defined benefit obligation	(694,000)	(734,000)
Amount in the Balance sheet:		
Liabilities	(183,534,000)	(175,266,000)
Assets	182,840,000	174,532,000
Net Asset/(Liability)	(694,000)	(734,000)

d Scheme History

Analysis of scheme assets and liabilities	2025/26 £	2024/25 £
Fair Value of Assets in pension scheme	252,188,000	232,913,000
Present Value of Defined Benefit Obligation	(183,534,000)	(175,266,000)
Unrecognised Asset	(69,348,000)	(58,381,000)

Surplus/(deficit) in the Scheme	(694,000)	(734,000)
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Amount recognised in Other Comprehensive Income and Expenditure:	2025/26 £	2024/25 £
Actuarial gains/(losses)	(7,990,000)	1,130,000
Expected Return on Plan Assets	6,214,000	(869,000)
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	-	-
Remeasurements recognised in Other Comprehensive Income and Expenditure	(1,776,000)	261,000
Cumulative actuarial gains and losses	70,152,000	71,928,000
History of experience gains and losses:		
Experience gains and (losses) on assets	-	-
Experience gains and (losses) on liabilities	(872,000)	(318,000)

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £183m has been balanced by the fair value of the assets resulting in a net asset of £69m which has been restricted to £nil as recorded in the Balance Sheet at 31/3/2026.

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 2026

	31/03/2026 £	31/03/2026
Projected current cost	4,734,000	11.2%
Net Interest on the net defined benefit liability (asset)	(121,000)	-9.0%
	4,613,000	2.2%

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 2027 is £5.279m.

History of experience gains and losses

The actuarial gains/losses identified as movements on the Pensions Reserve 2025/26 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2026.

	2025/26 %	2024/25 %
Experience gains and (losses) on Assets	0.00%	0.00%
Experience gains and (losses) on Liabilities	0.48%	0.18%

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 2026.

Pension scheme assumptions:	2025/26 %	2024/25 %
Equity investments	43.1%	40.2%
Bonds	38.7%	32.4%
Property	9.7%	10.0%
Cash	2.7%	11.4%
Other	5.8%	6.0%
Mortality assumptions:		
Longevity at 65 current pensioners:	Years	Years
Men	22.0	21.6
Women	25.3	24.5
Longevity at 65 for future pensioners:		
Men	22.3	22.2
Women	25.6	25.2
Inflation/Pension Increase Rate	2.80%	2.50%
Salary Increase Rate	4.30%	4.00%
Expected Return on Assets	0.00%	0.00%
Discount Rate	6.20%	5.80%
Pension accounts revaluation rate	2.80%	2.50%
Take-up of option to convert annual pension into retirement lump sum:		
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 2026 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		
	+0.1%p.a.	-0.1%p.a.
Adjustment to discount rate		
Present value of the total obligation	180,097,000	185,583,000
% change in the present value of the total obligation	-1.50%	-1.50%
Projected service cost	4,540,000	4,933,000
Approximate % change in projected service cost	-4.10%	4.20%
Rate of General Increase in Salaries		
	+0.1%p.a.	-0.1%p.a.
Adjustment to salary increase rate		
Present value of the total obligation	183,023,000	182,657,000
% change in the present value of the total obligation	0.10%	-0.10%
Projected service cost	4,734,000	4,734,000
Approximate % change in projected service cost	0.00%	0.00%
Rate of Increase to Pensions in Payment and Deferred Pension Assumption		
	+0.1%p.a.	-0.1%p.a.
Adjustment to pension increase rate		
Present value of the total obligation	185,217,000	180,463,000
% change in the present value of the total obligation	1.30%	-1.30%
Projected service cost	4,933,000	4,540,000
Approximate % change in projected service cost	4.20%	-4.10%
Post Retirement Mortality Assumption		
	- 1 Year	+1 Year
Adjustment to mortality age rating assumption*		
Present value of the total obligation	186,862,000	178,635,000
% change in the present value of the total obligation	2.20%	-2.30%
Projected service cost	4,890,000	4,573,000
Approximate % change in projected service cost	3.30%	-3.40%

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

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

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

	31/03/2026	31/03/2025
	%	%
Equity investments	43.10%	40.20%
Government Bonds	21.40%	15.40%
Corporate Bonds	17.30%	17.00%
Property	9.70%	10.00%
Cash	2.70%	11.40%
Other	5.80%	6.00%
Total	100.00%	100.00%

g Northern Ireland Civil Service Pension Arrangements

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Council is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31/03/25. 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 2026.

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.

h Goodwin Ruling

In June 2020 an Employment Tribunal ruled, in relation to the Teachers' Pension Scheme, that survivor provisions were discriminatory on grounds of sexual orientation. The chief secretary to the Treasury announced in a written ministerial statement on 20 July 2020 that he believed changes would be required to other public service pension schemes with similar arrangements. Changes to NI regulations were made on 24 March 2022 and came into effect on 18 April 2022. These changes have now been reflected in the data received for the 31 March 2025 valuation and so no adjustments have been made for Goodwin within the accounting figures as the Committee has taken the necessary steps to recalculate and adjust the benefits of the affected records.

i Virgin Media Judgement

In June 2023, the High Court handed down a decision (Virgin Media Limited v NTL Pension Trustees II Limited and others) which potentially has implications for the validity of amendments made by pension schemes, including the LGPS (NI), which were contracted out on a salary related basis between 6 April 1997 and the abolition of contracting-out in 2016. Government is proposing to legislate to allow retrospective validation of certain changes through the 2024 Pension Schemes Bill. Given the uncertainty, Aon Hewitt have not made any allowance for the possible impact of the ruling as it is currently unclear whether any additional liabilities may arise, and if they were to arise, how they would be reliably measured.

22 Donated Assets Account

The balance of the Donated Assets Account represents donations received that have yet to be recognised as income, as they have conditions attached to them, which will require the donated assets to be returned, if conditions are not met. During the year the Council had no Donated Assets and the balance on the Donated Assets Account was £Nil at 31st March 2026 (31/3/2025 £Nil). Following the adoption of IFRS16 Leases at 1/4/2024, the Council has recorded Donated Assets income as disclosed at Note 10c.

23 Capital Grants Received In Advance

The Council has no capital grants received in advance other than those reflected in the Capital Grants Unapplied account.

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 and Newry, Mourne and Down District Council has agreed the legacy Down District Council's share of the contingent liability. 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

In accordance with IAS 37, Councils should make a disclosure if there is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council, or a present obligation that arises from past events but is not recognised because: a) it is not probable that an outflow of resources embodying economic benefit or service potential will be required to settle the obligation, or b) the amount of the obligation cannot be measured with sufficient reliability.

The Council is involved in 24 legal actions regarding potential legal claims arising in the ordinary course of its activities, including in relation to planning, property and civil disputes, the outcome of which are uncertain and difficult to predict. Council is of the view that it is not probable that an outflow of resources will be required to settle the claim and it is not possible to make a sufficiently reliable estimate of potential contingent liabilities for disclosure.

Newry, Mourne and Down District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 March 2026

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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 non-cash movements			
	Notes	2025/26	2024/25
		£	£
Depreciation	11	9,761,265	9,582,561
Impairment & downward revaluations (& non-sale derecognitions)	11	(392,412)	1,329,545
Amortisation (included with depreciation above)		-	-
(Increase)/Decrease in inventories		(113,759)	50,610
(Increase)/Decrease in Debtors		(1,073,164)	(1,646,089)
Increase/(Decrease) in impairment provision for bad debts		(78,991)	42,077
Increase/(Decrease) in Creditors		(2,008,315)	3,249,902
Increase/(Decrease) in Interest Creditors		-	-
Payments to NILGOSC	21b	(1,816,000)	183,000
Carrying amount of non-current assets sold	8	77,864	174,599
AIC/WIP written off to Net Cost of Services	11	-	-
Contributions to Other Reserves/Provisions		535,962	2,438,508
Amounts posted to CIES from Donated Assets Account	22	-	-
		4,892,450	15,404,713

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing			
	Notes	2025/26	2024/25
		£	£
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	8	(57,829)	(128,975)
Capital grants included in "Taxation & non-specific grant income"	10	(6,160,624)	(6,838,101)
		(6,218,453)	(6,967,076)

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:

	2025/26	2024/25	2023/24
	£	£	£
Cash and Bank balances	621,741	796,750	259,458
Short Term Deposits (considered to be Cash Equivalents)	10,338,313	8,643,846	1,369,670
Short Term Investments (considered to be Cash Equivalents)	-	-	-
Bank Overdraft	-	-	-
	10,960,054	9,440,596	1,629,128

c Cash Flow Statement: Operating Activities		2025/26	2024/25
The cash flows from operating activities include:		£	£
Interest received		306,173	437,416
Interest paid		2,365,128	2,279,142

d Cash flows from Investing Activities		2025/26	2024/25
		£	£
Purchase of PP&E, investment property and intangible assets		(13,259,243)	(16,849,873)
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		57,829	128,975
Proceeds from Short Term Investments (not considered to be cash equivalents)		-	-
Proceeds from Long Term Investments		-	-
Capital Grants and Contributions Received		8,494,130	4,555,843
Other Receipts from Investing Activities		-	-
Net Cash flows from Investing Activities		(4,707,284)	(12,165,055)

e Cash flows from Financing Activities		2025/26	2024/25
		£	£
Cash Receipts from Short and Long Term Borrowing		(32,564)	12,113,089
Other Receipts from Financing Activities		-	-
Cash payments for the reduction of the outstanding liability relating to a lease and on-Balance Sheet PFI contracts		-	-
Repayment of Short and Long Term Borrowing		(4,191,845)	(3,975,618)
Other payments for Financing Activities		-	-
Net Cash flows from Financing Activities		(4,224,409)	8,137,471

26 Usable Reserves**a Capital Receipts Reserve**

These are capital receipts which have originated primarily from the sale of assets which have not yet been used to finance capital expenditure.

The Capital Receipts Reserve is credited with the proceeds from fixed asset sales and other monies defined by statute as capital receipts. These are originally credited to the Comprehensive Income and Expenditure Statement as part of the gain/loss on disposal and posted out via the Movement in Reserves Statement to the Capital Receipts Reserve. The reserve is written down when resources are applied to finance new capital expenditure or set aside to reduce an authority's capital financing requirement (or used for other purposes permitted by statute).

Capital Receipts Reserve	Notes	31/03/2026	31/03/2025
		£	£
At 1 April		-	-
Movement			
		-	-
Disposal of Non-Current Assets/Capital Sales		57,829	128,975
Capital Receipts used to finance capital expenditure	3, 11	(57,829)	(128,975)
Other Movements		-	-
At 31 March		-	-

b Capital Grants Unapplied Account

Where a capital grant or contribution (or part thereof) has been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant or contribution shall be transferred to the Capital Grants Unapplied Account (within the usable reserves section of the balance sheet), reflecting its status as a capital resource available to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

When, at a future date, the expenditure to be financed from the grant or contribution is incurred, the grant or contribution (or part thereof) shall be transferred from the Capital Grants Unapplied Account to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer is also reported in the Movement in Reserves Statement or in the notes to the accounts.

Capital Grants Unapplied account	Notes	31/03/2026	31/03/2025
		£	£
At 1 April		232,974	1,633,556
Movement			
Unapplied Capital Grants received in year		1,920,846	132,581
Transferred from/(to) Other Balances & Reserves in year	26d	-	(46,115)
Unapplied Capital Grants transferred to CAA in year		(7,200)	(1,487,048)
At 31 March		2,146,620	232,974

c Capital Fund

This fund was established under section 56 of the Local Government Act (NI) 1972, however this section of the act was repealed under the Local Government Finance Act (Northern Ireland) 2011.

Capital Fund	Notes	31/03/2026	31/03/2025
		£	£
At 1 April		15,000,000	15,000,000
Transfers between statutory & other reserves & the General Fund		-	-
Transfers between Capital Fund & CAA to finance Capital Expenditure	12	-	-
At 31 March		15,000,000	15,000,000

d Other Balances & Reserves

Other Balances & Reserves	Notes	31/03/2026	31/03/2025
		£	£
At 1 April		7,574,734	7,896,919
Transfers between statutory & other reserves & the General Fund	4	7,035,660	(368,300)
Transferred to Capital Grants Unapplied Account	26b	-	46,115
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure	11	-	-
At 31 March		14,610,394	7,574,734

(i). 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. The balance at 31/3/26 is £412,328 (31/3/25 £199,500).

(ii). Revitalisation Reserve - this reserve has been created to assist with the revitalisation of the District. The balance at 31/3/26 is £0 (31/3/25 £716,411).

(iii). Repairs and Renewals Reserve - to fund significant repair and renewal projects identified across the Council's estate over future years. The balance at 31/3/26 is £3,500,000 (31/3/25 £Nil).

(iv). Future Rate Pressure Reserve - this reserve has been created to alleviate future Rate pressures. The balance at 31/3/26 is £787,669 (31/3/25 £1,835,669).

(v). Leisure Claim Reserve - this reserve has been set up to fund future leisure services. The balance at 31/3/26 is £4,754,021 (31/3/25 £4,756,528).

(vi). Integrated Advice Partnership Reserve - the Department for Communities set up this fund to increase the reach of debt advice. The balance at 31/3/26 is £0, (31/3/25 £66,624).

(vii). Producer Extended Packaging Responsibility (pEPR) Reserve - This reserve was established following Council approval and will be utilised by the S&E Department over the coming years to support initiatives aimed at increasing recycling rates across the District. The balance at 31/3/26 is £4,856,375 (31/3/25 £Nil).

(viii). Narrow Water Bridge Project Reserve - This reserve was established following Council approval to support the successful completion and opening of the Narrow Water Bridge Project. The balance at 31/3/26 is £300,000 (31/3/25 £Nil).

e 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	31/03/2026	31/03/2025
		£	£
At 1 April		17,904,779	14,990,597
Applied Capital Grants	10, 12	(4,246,979)	(6,705,520)
Unapplied Capital Grants received in year		(1,920,846)	(132,581)
Direct Revenue Financing	4, 12	-	-
Depreciation and Impairment adjustment	4	9,368,853	10,912,106
Statutory Provision for financing Capital Investment	4	(6,766,276)	(6,877,759)
Net Revenue expenditure funded from capital under statute	4, 12	837,741	1,655,632
Surplus/(Deficit) on the Provision of Services	CIES	11,777,154	3,401,415
Transfers between Statutory and Other Reserves and the General Fund	4	(7,035,660)	368,300
Net movements on Pension Reserve	4, 21	(1,816,000)	183,000
Disposal of Fixed Assets/Capital Sales	3, 4, 11, 23	20,035	45,624
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		-	107,025
Other Movements		(10,758)	(43,060)
At 31 March		18,112,043	17,904,779

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

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

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

Capital Adjustment Account	Notes	31/03/2026	31/03/2025
			£
At 1 April		50,360,347	45,109,578
Applied Capital Grants	10, 12	4,246,979	6,705,520
Unapplied Capital Grants transferred to CAA in year		7,200	1,487,048
Direct Revenue Financing	4, 12	-	-
Depreciation & Impairment adjustment	11	(9,368,853)	(10,912,106)
Statutory Provision for financing Capital Investment	4, 12	6,766,276	6,877,759
Net Revenue expenditure funded from Capital under statute	4, 12	(837,741)	(1,655,632)
Disposal of Fixed Assets/Capital Sales	4, 11	(77,864)	(174,599)
Capital Receipts used to finance capital expenditure	4, 12	57,829	128,975
Other Movements	27b	2,686,098	2,793,804
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure	12	-	-
At 31 March		53,840,271	50,360,347

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	31/03/2026	31/03/2025
			£
At 1 April		69,163,526	67,511,134
Revaluation & Impairment	11	5,045,062	4,446,196
Other Movements	27a	(2,686,098)	(2,793,804)
At 31 March		71,522,490	69,163,526

c Pension Reserve

Pension Reserve	Notes	31/03/2026	31/03/2025
		£	£
At 1 April		(734,000)	(812,000)
Net Movements on Pension Reserve	4, 21	1,816,000	(183,000)
Revaluation & Impairment	21	(1,776,000)	261,000
At 31 March		(694,000)	(734,000)

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

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

d Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year e.g. staff annual leave entitlement carried forward at the end of the financial year. Statutory arrangements are expected to require that the impact on the General Fund is neutralised by transfers to or from this Accumulated Absences Account

Accumulated Absences Account	Notes	31/03/2026	31/03/2025
		£	£
At 1 April		(766,002)	(658,977)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		-	(107,025)
At 31 March		(766,002)	(766,002)

e Provisions Discount Rate Reserve

The Provisions Discount Rate Reserve covers the arrangement, put in place by the Department under its amendment to the 2018/19 accounts direction (see DfC circular 18/19), 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 an agreed period.

Provisions Discount Rate Reserve	Notes	31/03/2026	31/03/2025
		£	£
At 1 April		(328,134)	(371,194)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		10,758	43,060
Other Movements		-	-
At 31 March		(317,376)	(328,134)

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 £759,307 and costs of £360,276.

In deciding whether a trading operation is significant the Council takes both financial and non-financial criteria into account.

Financial criteria taken into account in deciding whether trading operations are significant to the Council are:

- the magnitude of each individual trading operation's turnover.
- the risk of financial loss the Council may be exposed to in providing the service to the user.

Non-financial criteria taken into account in deciding whether trading operations are significant to the Council are:

- the importance of each individual trading operation to demonstrating the achievement of Council targets and improving performance.
- the exposure of the Council to service reputational loss risk by providing the service
- whether the provision of the service is likely to be of interest to the Council's key stakeholders and their needs.

29 Agency Services**119**

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 £328,095. Payments were made to the company of £280,000. The company also reimburses the Councils reasonable charges and expenses which amounted to £5,739 for the financial year under review. The balance outstanding from the BID company's debtors amounted to £652,795.91 at 31st March 2026. This resulted in a net amount of debt held by the Council on behalf of the company at 31st March 2026 of £66,765, 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. Internal Audit Provided limited assurance in their review of Newry BID. Specifically, they identified significant issues regarding the veracity of financial records between Newry BID and the Council. Further details can be found in the Annual Governance

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 for the project. 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 €16,042 (2024/25 €132,432) of grants from SEUPB on behalf of the project partners and paid €54,173 (2024/25 €82,078) to the project partners. These transactions are not reflected in the Council's Revenue accounts. There is a zero-balance owing to the other project partners at 31st March 2026 (31/3/25 €54,173). This project is now finished.

3. The Digital Transformation Flexible Fund (DTFF) - the Council is a lead member of the Full Fibre Northern Ireland (FFNI) Consortium, which is comprised of all local authorities outside of Belfast and administers the project. DTFF is a Northern Ireland wide grant scheme designed to stimulate digital innovation. It seeks to address the financial barriers to the adoption of advanced digital technologies to achieve business transformation in small and micro-businesses. The £7.5m funding programme is delivered by local authorities in NI under the FFNI Consortium and supported by Invest NI. Newry Mourne and Down District Council (NMDDC) are the lead partners for the project. Funding for the partners is paid into NMDDC's bank account. The Council subsequently pays this funding to the project partners. During 2025/26 NMDDC received £1,276,720 (2024/25 £909,425) and paid £1,595,053, which includes the £439,472 owed for 2024/25, (2024/25 £469,953). The balance owing to other project partners at 31st March 2025 was £NIL. The balance owing to other project partners at 31st March 2026 was £NIL.

30 Related Party Transactions

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the council.

Central government has significant influence over the general operations of the council - it is responsible for providing the statutory framework within which the council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties. Grant receipts outstanding at 31 March 2026 are shown in Note 4.

Members of the council have direct control over the council's financing and operating policies. The total of members' allowances paid in 2025/26 is shown in Note 7. During 2025/26, works and services to the value of £190,811 (2024/25 £100,262) were commissioned from companies in which individual members and senior officers had an interest. In addition, a member of the Council is a member of the ARC 21 Committee (disclosed separately below). Contracts were entered into in full compliance with the council's standing orders. In addition, the Council received rental income from one organisation in which a member declared an interest. In addition, the council paid grants/SLAs totalling £523,963 to voluntary organisations in which 23 members had positions on the governing body and £11,892 to three organisations in which 2 senior officers had an interest. In all instances, the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the Register of Members' Interest, open to public inspection at the Civic Centre during office hours.

<u>Organisation Expenses</u>	<u>Members</u>	<u>Grants/SLAs</u>	<u>Other</u>
		£	£
ASSO FOR PUBLIC SERV EXCE	1		26,664
CAMLOUGH COMMUNITY ASSOCIATION	1	4,045	
COMMUNITY RESTORATIVE JUSTICE	2	1,498	
COMMUNITY RESTORATIVE JUSTICE NEWRY	2	2,255	
CROSSGAR WAR MEMORIAL HALL	1		450
DOWN COMMUNITY ARTS	1	40,323	770
DOWNPATRICK COMMUNITY COLLECTIVE	1	21,700	
EAST BORDER REGION COMMITTEE	3	20,000	375
KELLIES COFFEE	1	-	(12,188)
MOURNE HERITAGE TRUST	4	327,050	
MOURNE STIMULUS LTD	1		1,409
N.I. AMENITY COUNCIL	1		3,080
N.I. LOCAL GOVERNMENT ASSOCIATION	1		79,731
NATIONAL ASSOCIATION OF COUNCILLORS	1		3,280
NEWRY MARITIME ASSOCIATION	1	2,085	
ROSTREVOR MEN'S SHED	1	9,944	
ROYAL BRITISH LEGION KILKEEL	1	1,432	
ROYAL MAIL GROUP LTD	1		2,106
SAFER WARRENPOINT PROJECT	1	5,000	
SOUTH EASTERN REGIONAL COLLEGE	1	72,303	3,833
ST MALACHYS PRIMARY SCHOOL CASTLEWELLA	1	375	
ST. BRONAGH'S G.A.A	1	4,850	
ST.OLIVER PLUNKETT YOUTH CLUB	1		525
TI CHULAINN LTD	1		820
WARRENPOINT HARBOUR AUTHORITY	2		420
WELLINGTON MEMORIAL SILVER BAND	1	1,500	
BALLYNAGROSS FC	1	1,000	
DOWN BUSINESS CENTRE LIMITED	1	8,040	960
ST PATRICKS GAC SAUL	1	564	
CARRICKCRUPPEN GAA CLUB	0	500	359
KELLYS POINT HIRE LTD	0	11,122	
LISLEA COMMUNITY ASSOCIATION	0	270	52,000
MEIGH PHARMACY	0		14,028
		535,855	178,623

The Council incurred expenditure of £843,099 (2024/25 £770,618) to other councils of which £57,250 (31/3/25 £76,258) was outstanding as at 31st March 2026.

The Council has recorded income of £891,421 (2024/25 £727,562) from other councils of which £86,260 (31/3/25 £26,745) was outstanding as at 31st March 2026.

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 £196,765 (2024/25 £185,993). The Council paid an additional £3,331,572 (2024/25 £3,321,416) to Arc 21 for various services provided during the year including the use of the Material Recycling Facility and received income of £68,057 (2024/25 £128,456).

31 Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Audit Committee on ____ October 2026. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2026, the figures in the financial statements have been adjusted in all material respects to reflect the impact of this information.

32 Date of authorisation for issue

The Chief Financial Officer authorised these financial statements for issue on ____ October 2026.