

# **Statement of Accounts**

## **Newry, Mourne and Down District Council**

**For the Year Ended 31<sup>st</sup> March  
2019**



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

**Newry, Mourne  
and Down  
District Council**

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## Organisational overview and external environment

With approximately 1026 employees and an annual budget of circa £58m made up from rate income, grants from central government and income generated from specific services, we are the third largest of the eleven Local Government Districts in Northern Ireland. Our 41 Councillors elected from our seven District Electoral Areas serve a diverse population, 23% of which is aged 15 years and below, and 15% being 65 years and older.



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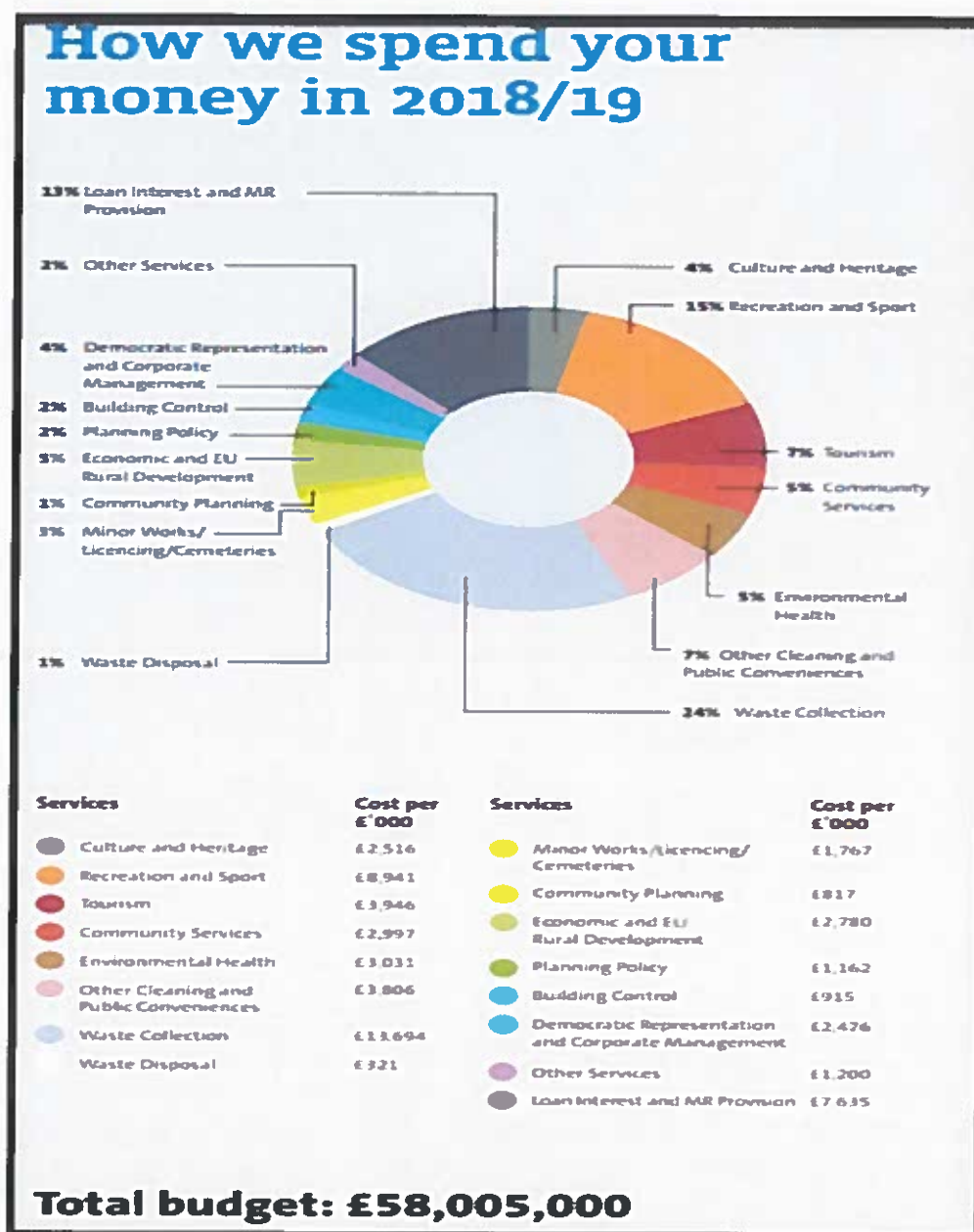
## Operational model

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

The Council's budgeted sources of income for the year ended 31 March 2019 were as follows:

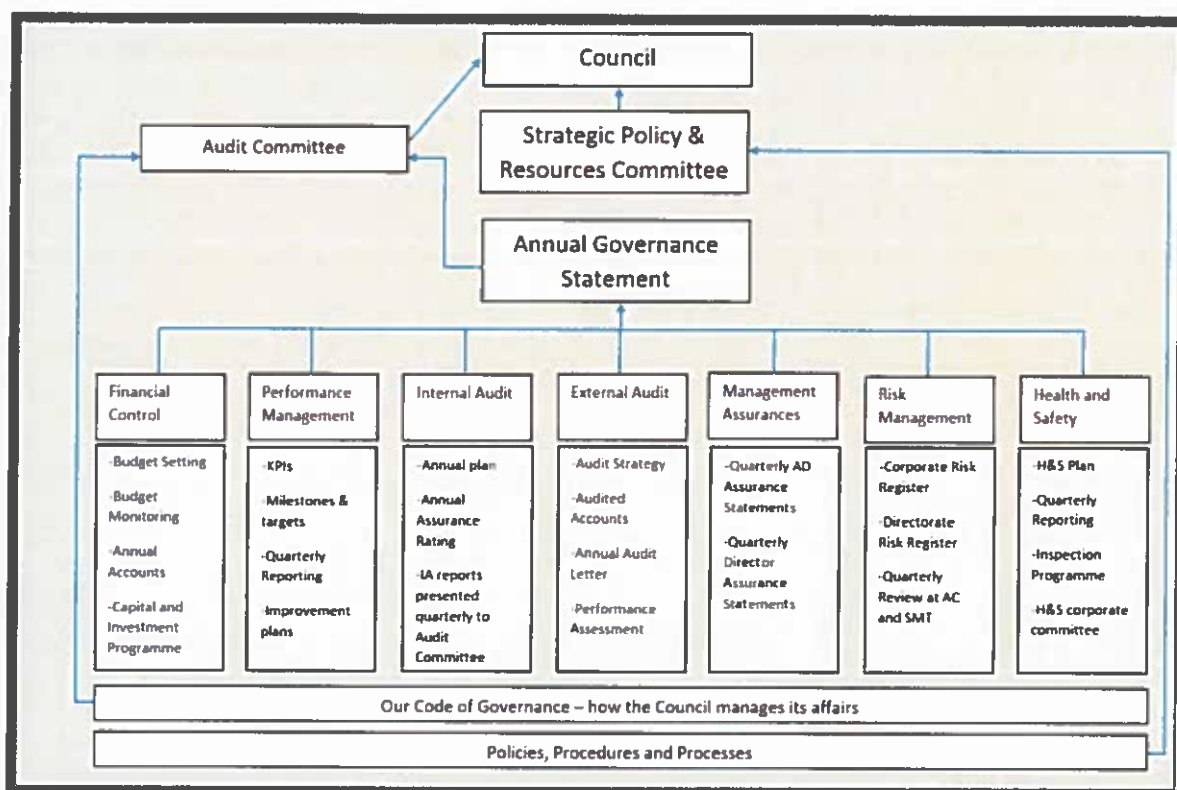
District Rate from Householders and Businesses	£52,070k
Grants from Central Government	£5,001k
Other	£934k
<b>Total</b>	<b>£58,005k</b>

The budgeted income went towards the delivery of the following in the year ended 31 March 2019:



## Governance

The figure below illustrates the assurance framework in place within the Council (approved annually by the Audit Committee), that provides information on compliance with various elements of the Council's Governance arrangements.



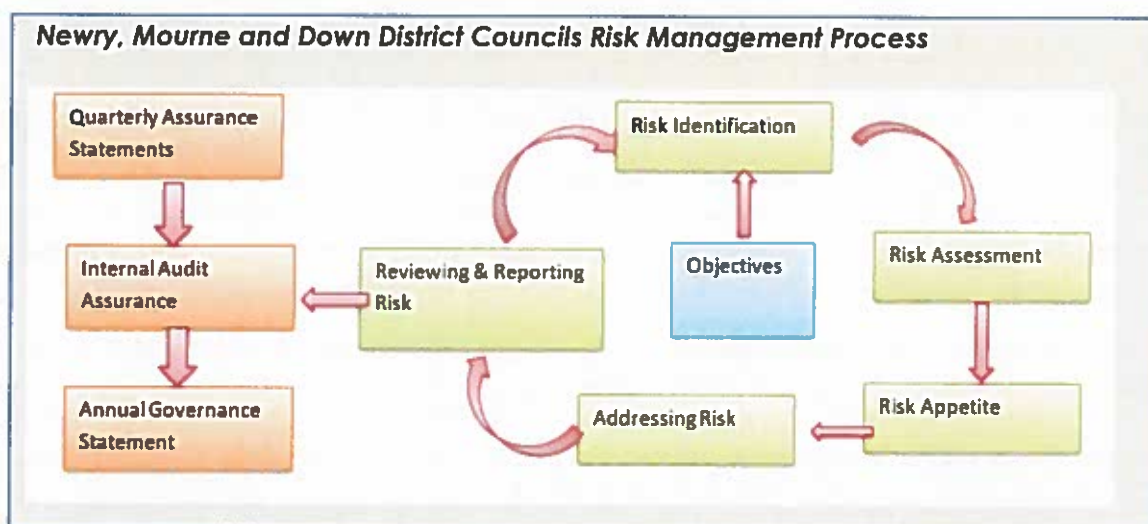
The only significant change to the governance arrangements within the Council, is the addition of the Council's Assurance Mapping and Code of Governance document. This has been presented to the Audit Committee on the 3 July 2019. This was a best practice recommendation coming from the Audit Committee self-assessment carried out by the independent chair of the Audit Committee in January 2019. More details surrounding the Council's Code of Governance and significant Governance issues facing the Council are detailed within the Council's Annual Governance statement on Page 18.

## Risks and opportunities

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

The Council's Risk Management Policy was updated in November 2017. The key elements of the risk management process are highlighted below:





The Council maintains a suite of risk registers for significant projects, Directorate areas and a Corporate Risk Register.

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

The Council had 12 Corporate Risks at 3 July 2019, which included:

1. Failure to deliver the capital investment programme for the district;
2. Breach of legislation in relation to the procurement of goods and services and works;
3. Non-compliance with legislative requirements (including GDPR);
4. Failure to effectively manage waste;
5. Failure to provide timely planning decisions;
6. IT services do not support the statutory, strategic or operational requirements of the Council;
7. Failure to develop a transformational programme of organisational change that addresses Local Government Reform and delivers efficiencies and improvement, as well as supporting the realisation of the strategic outcomes of the Community and Corporate Plans;
8. Failure to adequately react to a major incident which would minimise any negative consequences/impact;
9. Failure to implement an economic development programme to regenerate the district and attract inward investment due to financial uncertainties caused by the current economic and political climate;
10. Lack of standardised Terms and Conditions of employment leading to the failure to transform services and could impact on the current service delivery;

11. Accidents/injuries may occur if health and safety of service users and staff is not considered, with a focus on fire risk assessments.
12. If sickness absence is not kept to a minimum, this may affect the delivery of services, staff morale and lead to increased costs

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

## **Financial Statements**

The Council's financial performance for the year ended 31st March 2019 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 2019 (the Code) and the Department for Communities Accounts Direction, Circular LG 12/2019. It is the purpose of this foreword to explain, in an easily understandable way, the financial facts in relation to the Council.

This Statement of Accounts explains Newry, Mourne and Down District Council finances during the financial year 2018/19 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 41, shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce rates) and other reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Summary (CIES).

## **The Comprehensive Income and Expenditure Statement**

This statement, as set out on page 40, shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rates income. Councils 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 42, shows the value as at the Balance Sheet date of the Council's assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.



## **The Cash Flow Statement**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the 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 Councils Statement of Accounts are prepared on an accruals basis and are intended to present to readers a true and fair view of financial activity during the 2018/19 year. There are strict controls governing the accounting standards that must be complied with, accounting policies must be applied on a consistent basis and officers must follow relevant accounting and disclosure requirements.

There are also materiality thresholds to be adhered to and officers are obliged to make judgements and estimates that are reasonable and prudent and have endeavours to ensure that as much information as possible has been presented to make the accounts user friendly as possible within these limitations.

## Performance Report

The strategic performance of the Council is incorporated in the Council's Corporate Plan 2015-2019. The Council's mission is to lead and serve a District that is prosperous, healthy, as well as sustainable from an economic, environmental and social perspective. The Council will achieve this by focusing on eight core areas (the Council's strategic objectives):

<p><b>Our mission</b></p> <p><b>Our mission as a Council is to lead and serve a District that is prosperous, healthy and sustainable.</b></p>	<p><b>Our Priorities (Strategic Objectives)</b></p> <ol style="list-style-type: none"><li>1 Become one of the premier tourism destinations on the island of Ireland.</li><li>2 Attracted investment and supported the creation of new jobs.</li><li>3 Supported improved health and well-being outcomes.</li><li>4 Protected our natural and built environment.</li><li>5 Led the regeneration of our urban and rural areas.</li><li>6 Advocated on your behalf specifically in relation to those issues which really matter to you.</li><li>7 Empowered and improved the capacity of our communities.</li><li>8 Transformed and modernised the Council, providing accessible as well as value for money services.</li></ol>
<p><b>Our values</b></p> <ul style="list-style-type: none"><li>- Citizen focused</li><li>- Accountable</li><li>- Collaborative</li><li>- Sustainable</li><li>- Fair</li></ul>	

As we have now reached the end of our first four year term of Council, we are now looking forward to developing a new Corporate Plan for our second term which will continue to deliver for local people and the communities.

It has been a challenging period of change during which the Council has continued to define its new role and purpose, 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 image on the next page illustrates some of the high level achievements Council has made since the 1 April 2015.

'Living well together' is published on the Council's website and outlines the Council's ambitions for the District until 2030. The Council's community planning vision is "Newry, Mourne and Down is 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 need

# Our District, Our Organisation, Our Performance



## District

Population: 178,966  
Households: 66,164  
7 District Electoral Areas  
41 Elected Members  
1,000+ employees  
87% of residents are satisfied with the Council



## Community

Life expectancy:  
Male: 78.9 years / Female: 82.6 years  
Age Profile: 0-15 years: 23% / 65+ years: 15%  
72% of residents agree that their local area is a place where people from different backgrounds get on well together  
94% of residents feel safe during the day,  
87% of residents feel safe after dark  
175 Neighbourhood Watch Schemes



## Economy

Employment rate: 65.5%  
8,520 VAT Registered Businesses  
Average weekly earnings: €483 (full time)  
22.1% of the population have no qualifications  
805 jobs generated through 'business start up' activity since 2015



## Tourism

Since 2015:  
45% increase in visitor numbers to 589,581  
88% increase in visitor spend to £90m  
Three Areas of Outstanding Natural Beauty



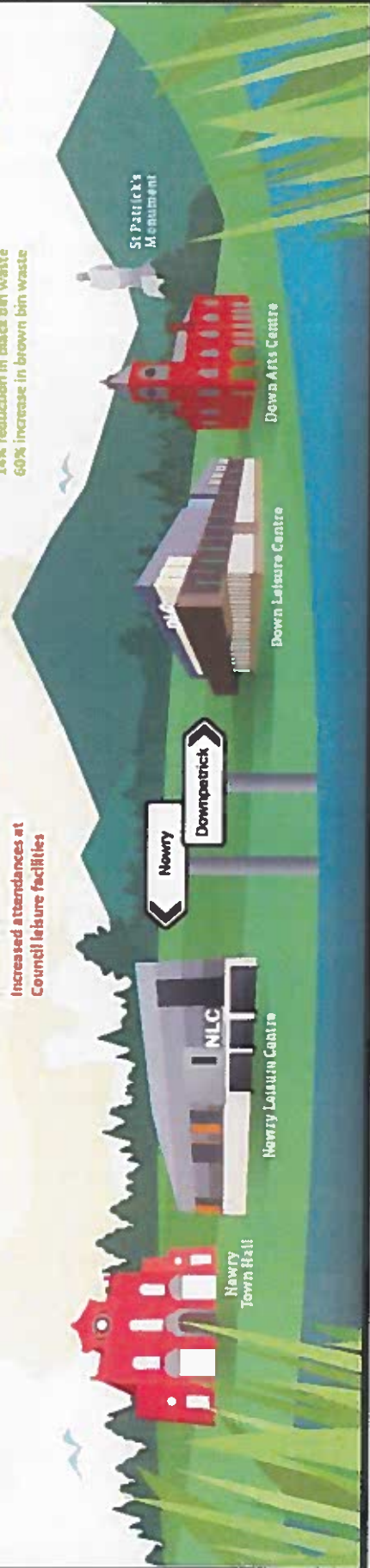
## Health and Wellbeing

79% of residents feel they are in very good or good health  
78% of residents are physically active at least once a week for 30mins  
73.5% of customers are satisfied with the Council's six leisure facilities  
Increased attendances at Council leisure facilities



## Environment

Recycling is important to 86% of residents  
Top perceived problem for residents: Dog mess and fouling  
Recycling rate: 46.1%  
Between 2016-17 and 2017-18:  
14% reduction in black bin waste  
60% increase in brown bin waste



Part 12 of the Local Government Act (NI) 2014 sets out a General Duty of Improvement for local government, whereby all district councils must put in place arrangements to secure continuous improvement in the exercise of their functions. The Council is required to set annual improvement objectives for the services it provides and to also have in place arrangements to achieve these objectives. The Council recognises 'improvement' to mean activity that enhances the sustainable quality of life and environment for ratepayers and communities.

The Council has also incorporated five key improvement objectives to ensure continuous improvement in the exercise of the Council's functions. The improvement objectives are linked to the Community Plan, the Corporate Plan and Directorate Business plans.

Below I have highlighted what the Council's five key performance objectives are, and the key achievements Council have made since 1 April 2017 to the 31 March 2019:

1. *Encourage healthy lifestyles through increased participation in leisure, sport and recreational activities;*
  - Newry and Down Leisure Centres open and 'Be Active' campaign launched;
  - Increase in total number of attendances across the six leisure centres;
  - Average satisfaction rating of 73.5% across the six leisure facilities;
  - 3 new play parks open, 1 park transformed, and 13 parks upgraded;
  - Review of leisure facilities complete;
  - 1,872 children took part in Community Play initiatives;
  - Options to progress the development of a park in Newry City being considered; and
  - Multi-stakeholder activity, Promotion and Development Plan launched.
2. *Improve economic growth by creating new business starts, supporting the growth of existing businesses and promoting Newry, Mourne and Down as a premier tourist destination;*
  - 371 new business starts, and 352 jobs promoted through business start-up activity;
  - City Deal for the Belfast Region secured;
  - Carlingford Lough Greenway between the Weir and Victoria Lock complete;
  - Development of an Arts, Culture and Heritage Strategy Underway;
  - Destination Experience Development Plan for the Mourne and Ring of Gullion and the Mourne Coast launched; and
  - The Giant Adventure Festivals attracted over £252,650 visitors and generated an estimated £7m for the local economy.
3. *Deliver urban and rural regeneration initiatives that will create a District where people want to live, work and invest in;*
  - Warrenpoint Municipal Park restored and re-opened;
  - Forkhill Greenspace Pathway Project complete;
  - Late night bus service from Newry to Crossmaglen and Kilkeel piloted;
  - Revitalisation schemes in Newry and Warrenpoint complete
  - 25 village plans updated, and 20 new Village plans created;
  - Multiple initiatives launched to improve digital connectivity; and
  - Consultation on the Preferred Options Paper for the Local Development Plan complete.
4. *Create a cleaner, greener, more attractive District;*
  - Neighbourhood Service Working Group established;
  - Decrease in black bin waste and increase in blue and brown bin waste;
  - Reduction in the amount of biodegradable municipal waste sent to landfill;
  - Increase in the amount of household waste that is recycled; and
  - Over £52k awarded to 25 environmental improvement projects through 'Down your street – Live here, Love here'.

5. *Encourage and empower local communities to participate in Council engagement structures and initiatives.*
- Corporate Consultation and Engagement Strategy adopted;
  - Community and voluntary sectors occupy 52% of places on community engagement structures;
  - Almost £3m awarded through the Financial Assistance Scheme;
  - 1500 visits to the Ethnic Minority Support Centre in Newry;
  - £10.5k awarded to community groups through 'participatory budgeting' programmes;
  - Ae Friendly status achieved from the World Health Organisation; and
  - Youth Council engaged in the development of strategic plans.

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

### **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 in 2018/19. There have been changes to the way we report our financial performance on the delivery on these services in our financial statements. This change is mainly due to the requirement for Councils to now report financial performance in line with their decision making structure and the introduction of the Expenditure and Funding analysis, as set out in note 2.

The objective of the Expenditure and Funding Analysis is to demonstrate to ratepayers how the funding available to the Council (i.e. government grants, rates fees and charges) for the year has been used in providing services in comparison with those resources consumed or earned by Council in accordance with generally accepted accounting practices.

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**

The Council had a deficit budget of £933k in 2018/19, as RPA redundancies were to be financed from reserves. The actual outturn for the year was £1.4m favourable against budget. This resulted in a net increase in the General Fund of £465k for the year.

Management Accounts are presented and scrutinised quarterly at the SP&R committee. The overall favourable position for the year ended 31 March 2019 is mainly due to a £1.1 million underspend in staff costs due to delays in filling posts in the structure. The general grant was £300k better than budget and rates income finalisation was £887k favourable.

These underspends were countered by a £610k overspend in waste management costs and £580k in capital financing costs.

The Cost of Services on Continuing Operations of £70.7m, 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. The total net expenditure reported in the Comprehensive Income and Expenditure Statement is £74.1m.

### **Borrowings**

For the 2018/19 year the Council has an authorised borrowing limit of £98.5m. This is based on the Council's forecast capital expenditure plans over the medium to long term. In conjunction with the Council's capital financing requirement of £90.5m, this ensure the Council only borrows for capital purposes.

During the year the Council repaid external loans of £5.4m. The Council borrowed £11m to fund ongoing capital projects. At the 31 March 2019, the total amount outstanding on external loans was £69.75m.

### **Capital Expenditure**

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

The total net expenditure reported in the Comprehensive Income and Expenditure Statement includes allocations of £17.1m to fund capital expenditure.

The most significant spend was on the following projects:

- Down Leisure Centre - £3,500k
- Kittys Road Community Centre - £300k
- Saintfield Community Hall - £1,450k
- Play Strategy - £540k
- Warrenpoint Municipal Park - £360k
- Downpatrick Recycling Centre - £700k

### **Strategy and Resource Allocation**

The Medium Term Financial Plan was approved by the Council in February 2019. In accordance with the Local Government Finance Act (NI) 2011, the Chief Executive, as Chief Financial Officer is required to provide assurance to members on the robustness of the revenue estimates and the adequacy of the Council's reserves position as part of the rate setting process. Detailed estimates were formulated, presented and scrutinised by members. They took into account past outturn, current spending plans and likely future demand and pressures.

When setting the district rate for 2018/19 consideration was given to the following key financial factors and uncertainties for the Council:

- Current political instability prevents the determination of a regional rate for 2018/19. Land and Property Services (LPS) have advised that Councils are protected in legislation and, therefore, are guaranteed payment of their rates in instalments. There may however be some delay to these payments, and we have been mindful of this potential delay in our calculations of working capital requirements as part of our Prudential Indicators and MRP Statement 2019-20.
- Included within our 2019-20 estimates are various areas of funding received from central government. We have included amounts on the basis of our previous arrangements with central government. However, it is important to note that until such times as a budget is agreed by the Northern Ireland Executive these funding streams are uncertain.
- With a lack of political decision regarding Brexit, the financial implications for Council are currently unknown, and no provision has been made in the estimates for any financial implications arising. Furthermore, included within our 2019-20 estimates are various areas of funding received from the European Union under programmes which we have been advised will continue during the 2019-20 year.
- At present there has been no agreed budget by the NI Executive. The absence of an agreed budget has the potential to impact on the ability of the Department for Communities (DfC) to issue rates support grant to Councils. Whilst the Local Government Finance Act (Northern Ireland) 2011, Section 27 states that "*the Department shall for each financial year make a grant under this section to Councils*". Councils have yet to be advised of the total amount of Rates Support Grant being made available by the DfC for 2019-20.

## Outlook

The Council is fully aware that it is operating in an increasingly challenging economical and political environment to deliver business as usual as well as our ambitions for the district under the Living Well Together community plan.

The main uncontrollable risk to the Council in the medium term, is the impact of externally imposed increases to the Council's pay bill, such as the nationally negotiated pay awards, the introduction of the apprenticeship levy and the effect of the national living wage. These combined with inflation levels at 2.4% exert financial pressure on the District Rate which are beyond the Council's control.

The Council will also face significant year on year increases in costs in several areas such as waste disposal costs where the arc21 residual contract and interim arrangements become operational.

However, the Council seeks out opportunities to pursue additional funding streams for the district, adopting innovative approaches to delivering services and working in partnership to ensure the District optimises its resources. A few of the current initiatives the Council is currently developing are outlined below:

- City Deal – The City Deal model is the UK Government's innovative strategy for building stronger urban and regional growth via smarter more localised and growth focused investment decision-making. The chancellor in his budget statement in October 2018, announced a £350m investment package for the Belfast Regions City Deal (BRCD), with a further £350m match funding from NI Executive and £150m contribution from BRCD partners.



- The Council have earmarked three significant projects to benefit the district; Newry Civic Regeneration Project, the Gateway to the Mournes project and the Southern Area Relief Road.
- Full Fibre Network NI (FFNI) – The Department for Digital, Culture, Media and Sport (DCMS), Local Full Fibre Networks Programme (LFFN) is designed to stimulate commercial investment in full fibre networks in rural and urban locations across the whole of the UK. On 18<sup>th</sup> February 2019, NMDDC officers representing all the Councils in the FFNI consortium, presented the collaborative LFFN bid to the DCMS. The bid was successful. This funding of £15m aims to deliver full fibre to 880 council and school sites by March 2021, using the "Public Sector Anchor Tenancy" approach. This represents Phase 1 of a proposed longer-term programme of fibre related investment.
- The Peace IV Programme – is a cross-border initiative designed to support peace and reconciliation in Northern Ireland and the Border region. Funding of £4.7m has been awarded from the European Union PEACE IV programme managed by the Special EU Programmes body (SEUPB).

These initiatives enhance the Council's opportunities to develop services, deliver on our key objective for the District and grow the District to make it a leading destination to live, work, visit and invest.

## **Statement of the Council's and Chief Financial Officer's Responsibilities for the Statement of Accounts**

### **The Council's Responsibilities**

Under Section 1 of the Local Government Finance Act (Northern Ireland) 2011 a council shall make arrangements for the proper administration of its financial affairs. A council shall designate an officer of the council as its chief financial officer and these arrangements shall be carried out under the supervision of its chief financial officer.

Under Regulation 7 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 the Council, or a Committee, is required by resolution, to approve the accounts.

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

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

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

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

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

The Chief Financial Officer is also required to:

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

## **ANNUAL GOVERNANCE STATEMENT**

### **Scope of Responsibility**

The Council's Annual Governance Statement follows DfC accounts directions and where applicable the factsheet on Governance Statements issued by NIAO in 2013, and comprises the following sections:

- Scope of responsibility;
- The purpose of the governance framework;
- The governance framework;
- Review of effectiveness;
- Update on significant governance issues that were declared at the year-end 2017-18; and
- Significant governance issues for the year end 2018-19.

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

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

In discharging this overall responsibility, the 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 CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016 edition). This statement explains how the Council has complied with the code and meets the requirements of Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in relation to the publication of an Annual Governance Statement.

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

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Newry, Mourne and Down District Council for the year ended 31 March 2019 and up to the date of approval of the financial statements.

### **The governance framework**

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

#### Council Committee and Management Structure



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, which consists of 41 elected representatives, is the overarching decision making body.

The 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 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 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 NS Committee is responsible for the development and implementation of strategies, policies, programmes and projects aimed at ensuring the waste service is delivered across the district in the context of the outcomes agreed in the community and corporate plans.

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

The 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 a number of key agencies and partners.

In addition to the committees listed above, there are also working groups established to support the work of Committees.

The Council's Assurance Framework (referred to previously in the diagram on page 5) illustrates how different sources of assurance and related key elements/control measures combine to enable Council to monitor its governance arrangements and produce the information which enables Council to prepare 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 and updated annually and a summary of the key elements of our governance framework are set out below:

#### **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
- Council Whistleblowing 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
- Access to Information Policy and Procedure
- Council Magazine, 'NMD Connect' published annually
- Community Plan and Local Development Plan

#### **C. Defining Outcomes**

- Community and Corporate Plans
- Leisure Transformation - Newry Leisure Centre and Down Leisure Centre Provision
- Organisational Development
- Tourism Development and Marketing Strategy
- Performance Improvement Plans
- Local Development Plan



#### D. Optimising the achievement of outcomes

- Corporate and Directorate plans
- Constitution
- Strategic financial planning
- Risk Management Policy

#### E. Developing Capacity and Capability

- Organisational Development
- 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
- Audit Services Manager 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

- NMLDC 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

### Review of Effectiveness

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

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

The Chief Executive has responsibility for preparing this Annual Governance Statement. In preparing this statement, he has considered the governance framework and system of internal controls in place. The Chief Executive leads the Council's SMT to collectively have involvement in and oversight of the processes involved in maintaining and reviewing the effectiveness of the governance framework. In producing this statement, full regard has been made to the register of interests for both Councillors and employees, reports of the internal and external auditor, the Corporate Risk Register, Assurance Statements provided by each Director and Assistant Director for year ended 31 March 2019.

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

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

- **the Members:** 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 make up 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 in order for Council to achieve its goals and objectives. Council meets monthly in statutory meetings. Council has established sub-Committees of Council to consider in further detail its operations in line with specific areas of responsibility, as set out in the Constitution. These Committees of elected members are informed by Council Officers.

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 Senior Management Team who meet at least monthly to monitor strategic direction and good governance across the District. During 2018-19 a meeting of the CMT occurred monthly. Directors meet regularly with senior members of their Directorates to ensure that all staff are aware of Council's priorities and that risks are being appropriately managed.

Quarterly Assurance Statements are completed by Assistant Directors and Directors to give the Chief Executive assurance over the controls that are in place. The Assurance Statements also make the Chief Executive aware of any of the risks arising which may have a negative impact on the Council.

- **The Audit Committee:** The Audit Committee provides an important source of assurance to those charged with governance about the Council's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and other performance. The Audit Committee has an Independent Chairperson and met on five occasions during 2018/19 (one special audit committee in February 2019). The Audit Committee Terms of Reference were revised in February 2019 and sets out the purpose and the roles and responsibilities of committee.

The effectiveness of Audit Committee was reviewed at the Committee on the 15 January 2019. This was done using the National Audit Office Self-Assessment Checklist (September 2017).



The Committee was satisfied with its overall performance when compared against the checklist. The NAO checklist is the benchmark for best practice. The Audit Committee Annual report 2018/19 was presented to the 3 July 2019 Audit Committee to support the completion of the Annual Governance Statement.

- **By Internal Audit:** The Internal Audit function is carried out by an independent firm in accordance with Public Sector Internal Audit Standards. It provides assurance and advisory service to assist Council achieve its objectives and improve the effectiveness of internal control, risk management and governance processes. Nine internal audit assignments were carried out in 2018/19, plus a follow up review of the 2017/18 recommendations.
  
- **Other explicit review / assurance mechanisms:**
  - Health and Safety: By reviews of Health and Safety by professionally qualified officers, the Corporate Health and Safety Committee, and various Health and Safety sub committees.
  - Risk Management: Risk Management is embedded across all activities of the Council and is a continuously evolving process, which is monitored closely by the Audit Services Manager. The Corporate Risk Register is presented quarterly to both SMT and the Audit Committee.
  - External Funding: External funding throughout the year is subject to independent audits from the relevant funders i.e. European Court of Auditors, Government Departments, SEUPB.
  - Local Government Audit: Work carried out by the Local Government Auditor during 2018/19 is also used by the Council as an additional assurance mechanism. The Councils Performance Improvement Plan has also been externally audited by the NIAO and received a satisfactory Assurance rating in 2018/19.
  - The Transport Regulation Unit and the Freight Transport Association undertook a review of the Council's compliance with, and management of, controls in respect of certain aspects of the Operators Licence on direction from Council.

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 2017-18

Five issues were declared last year and four of these continue to be declared as issues in this year's statement (Procurement and Contract Management, IT Transformation Project, Economic and Political climate and Belfast City Region deal).

An update on the remaining governance issues from 2017/18 is provided below:

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

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

Council have undertaken considerable work to ensure that it is compliant with GDPR. The compliance structure is now complete and all posts have been filled. An independent organisation were procured to commence a gap analysis on what the Council needed to do to be compliant with GDPR. The final audit report was completed in May 2018. The implementation of the data audit recommendations to ensure Council meets its obligations under GDPR are currently well underway. Mandatory Data protection / GDPR training was rolled out to all staff and members, and this was completed in March 2019. A new Access to Information Policy and Procedure was approved by Council in July 2019.

## Significant Governance Issues in 2018-19

The significant governance issues for 2018/19 were identified through the review of significant risks in the Corporate Risk Register for the year ending 31 March 2019, consideration of significant events / issues, internal / external audit reports and a review of the Directors Assurance Statements.

Internal Audit conducted nine reviews during 2018-19. Eight Internal Audit Reviews received a satisfactory assurance rating and one report received a limited assurance rating.

Internal Audit also undertook a follow up review of recommendations made in their 2017/18 reviews. The review identified that, out of the 48 accepted recommendations, 8 recommendations were fully implemented, 21 recommendations were partially implemented, 17 recommendations were not implemented, and the remaining 2 recommendations were no longer accepted or could not be tested.

The internal audit assurance work as detailed in the Internal Audit Plan for 2018/19 was completed in full. Internal Audit's Annual Opinion during the period from 1 April 2018 to 31 March 2019 was that **"the Council's systems in relation to internal control, risk management and governance were, in general, adequate and operated effectively and can provide satisfactory assurance in relation to the effective and efficient achievement of the Council's objectives."**

The internal audit report which received a limited assurance rating is summarised below:

### Facilities Management – Canteens

Internal Audit concluded that there were a number of key controls absent from the Council's systems for facilities management at the canteens. Specifically, the review identified a lack of basic control operating over the cash collected particularly at the Monaghan Row canteen and a failure to fully investigate discrepancies on a daily basis. Internal Audit also considered that further work is also needed to consider the efficiency of purchasing and meal planning at the canteens and a need to have a strategic view about the longer term viability of operating the canteens.

Internal Audit concluded that in these circumstances, the remaining controls in place can only provide a limited level of assurance regarding the effective and efficient achievement of the Council's objectives in relation to Facilities management at the canteens. The Audit Services Manager carried out a review of the recommendations in September 2019, some recommendations have still not been implemented. Assistant Director and Director made aware and Audit Services Manager will continue to monitor the progress made.

The Audit Services Manager will continue to follow up on the 2016/17 and 2017/18 Internal Audit Recommendations which have not yet been implemented, and will also follow up on the 2018/19 recommendations prior to the Independent Internal Auditor carrying their own follow up review during 2019/20. 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.

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

#### 1. Procurement and Contract Management

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

Internal Audit gave purchasing, procurement and contract management a limited assurance rating during the 2015-16 year. During the 2018-19 financial year Internal Audit Completed a Stage two of their procurement audit which focused on the compliance with the Council's revised procurement policy (January 2018). Both the stage one audit (review of the revised policy during the 2017-18 year) and stage two audits received a satisfactory assurance levels. At the January 2019 Audit Committee it was agreed to remove the procurement update from the being a standing agenda item due to the progress made over the last number of years. Within the 2018-19 financial year, the controls around procurement have been strengthened significantly;

- The Newry, Mourne and Down District Council Procurement Policy and Procedures was approved by the SP&R committee on the 14 December 2017 and subsequently ratified by Council on the 8 January 2018. Business Case templates and procedures were approved in February 2018 by SMT.
- In June 2018, a procurement expert delivered training to relevant staff. The training covered drafting business cases, drafting tender documents, tender evaluation and training on the Council's e-procurement system.
- A new procurement training schedule was delivered to all staff. This commenced in February 2019 and was completed in May 2019. The five separate sessions targeted particular officers proportionate to the value of procurement exercises they regularly undertake.

Even though considerable progress has been made, we are still highlighting procurement as a significant issue as the policy and procedures continue to imbed. However, the main concern going forward is in relation to contract management. There is a detailed section on contract management within the new policy to assist Council Officers and further training and information will be rolled out to all staff in the coming year. Internal Audit will also have an audit focusing on contract management within their four year internal audit plan 2019-2023.

## 2. IT Transformation Project

Council is currently undertaking an IT transformation project to improve the IT environment and enhance our IT services. This is a long-term project and until a time when the IT Strategy is fully implemented, we are actively working at managing risk in this area and ensuring our current IT systems and IT security is sufficiently robust to meet the needs of the organisation. As mentioned above the Disaster Recovery and progress on implementing the Council's IT strategy internal audit received a limited assurance. The follow up internal Audit of the report above highlighted limited progress in implemented in progressing the recommendations (3 recommendations not implemented and 4 only partially implemented). An IT Programme Group has been established and all recommendations falling out of the internal audit report in relation to the IT Strategy will be implemented via this group.

The IT department have established an IT Service Catalogue, which details all the Council's IT architecture and provides a rating for the impact a service failure would have on Council operations to ensure critical processes remain operational. The prioritisation of IT projects is reviewed annually by SMT and progress reports are reviewed regularly.

## 3. Economic and Political Climate

There is a major external influence on the Council's future financial security and that will be potentially impacted by the UK's progress in negotiating its exit from the European Union and agreeing its future trading arrangements. The domestic economy has remained relatively robust since the 2016 referendum, but there are indications that uncertainty over the future is now weighing on growth. Economic growth is therefore forecast to remain sluggish throughout 2019/20.

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

The Council established a Brexit Member's forum in March 2018. The forum consists of Senior Officers and Members. Their role is to create contingency plans to monitor and take actions to reduce the risks arising due to the current levels of uncertainty. Council also have established a Brexit Task and Finish working group which has a specific risk register for potential Brexit outcomes.

At the September 2019 SP&R Committee the Assistant Director of Estates and Project Management brought a paper which detailed an update on the Council's Brexit Planning and provided a copy of Council's specific Brexit Risk Register. The Brexit Working Group met to develop a Council specific risk register to identify high level risks as a result of a no deal Brexit, and to consider what mitigation measures are currently in place and what measures need to be introduced to reduce the impacts of Brexit to our District.

## 4. Belfast City Region Deal

Appropriate governance and programme management arrangements were put in place to develop the Belfast Region City Deal (BRCD) proposition, which was presented to UK and NI governments in September 2018. The chancellor in his budget statement in October 2018, announced a £350m investment package for the BRCD, with a further £350m match funding from NI Executive and £150m contribution

from BRCD partners. Belfast City Council, as the lead authority, are now putting in place a dedicated programme office and revised Governance Structures to deliver the second phase of the programme, which includes the development of Outline Business Cases (OBCs) for all projects, and will result in a financial agreement being drawn up between BRCD and the UK government and NI Executive.

Work will also continue on the governance arrangements and assurance framework which will be put in place for the delivery phase of the deal, which is likely to commence in 2020.

NMDDC have governance structures in place via Project Steering Boards, which will have oversight on the design, development and implementation of the regeneration and tourism capital projects which Council are the lead on. Council decisions on City Deal initiatives will be tabled at the ERT Committee, which will be supplemented with a focused City Deal councillor reference group. At a regional level Advisory Boards will be established under each of the City Deal pillars, and an NMDDC official will be represented at each of these.

#### 5. Big Screen Investigation

An investigation by our internal auditors into the Council's procurement, and erection of the 'Big Screen' in Newry raised serious concerns around the processes surrounding the procurement and erection of the Big Screen by the legacy Newry and Mourne Council, as well as raising concerns regarding the provision of information for audit purposes and under Freedom of Information relating to the Big Screen.

An amount of £23,199 provided to Newry and Mourne Council as a contribution to the Big Screen project was repaid to the Department for Communities in April 2019 as, following the investigations findings, they deemed the expenditure irregular.

A lessons learned report was produced during the course of the investigations which has been widely shared with relevant staff. Additional training has been provided to staff in the areas of procurement, GDPR and code of conduct. Further training on fraud, whistleblowing and conflicts of interest is planned for Autumn 2019.

#### 6. Planning Backlog

The failure to deliver timely planning decisions is highlighted as a risk within the Corporate Risk Register. Recently the planning backlog has been increasing rather than decreasing. The number of live applications at the end of May 2019 was 1223.

Internal Audit completed an audit of the planning function during 2017/18 and this received a limited assurance rating. Internal Audit concluded that there are currently a number of key controls absent from the Council's systems for Planning, particularly in relation to: the Council's performance against the legislative targets; the completeness and validation of the documentation supporting planning applications and enforcement actions; the lack of clarity in respect of key performance indicators within the Planning Department; and the level of non-compliance by the Council with its own planning and enforcement procedures. At May 2019, three Recommendations remained not implemented and two recommendations only partially implemented.

Senior Management are considering ways forward to ensure compliance with policy and legislative targets while maintaining the number of live cases to an acceptable

level. Internal Audit are also going to carry out a review of the management of planning applications in the 2019/20 year.

#### 7. Absenteeism

In July 2019, The SMT decided to include a new Corporate Risk; 'if sickness absence is not kept to a minimum, this may affect the delivery of services, staff morale and lead

to increased costs'. The Council's level of sickness absence is currently the highest among the Council's in Northern Ireland, this was highlighted in the Local Government Audit Report 2019. Management are highlighting this on the Corporate Risk Register to put in place actions to bring the average number of days down to an acceptable level. As well as reminding Line Manager of their duties in relation to absence management, Council are seeking to introduce a Managing Attendance Procedure which will replace six legacy absence management policies which are currently in operation.

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: 26/9/2019

CHAIR

Signed: 

Date: 26/9/2019

CHIEF EXECUTIVE

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

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

### **REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2019**

#### **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 2018 were issued by the Department for Communities on 31 July 2018 (Circular LG 12/2018). Details of the allowances paid to individual councillors are published on council websites.

Following local elections on 2 May 2019, 462 councillors were elected to the 11 councils for a four year term. Newry, Mourne and Down District Council had 41 councillors in 2018/19.

##### **SENIOR EMPLOYEES**

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

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

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

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

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



## ALLOWANCES PAID TO COUNCILLORS

The total amount paid to Councillors by way of allowances, under Part 3 of the Local Government Finance Act (Northern Ireland) 2011 and the Local Government (Payments to Councillors) Regulations (Northern Ireland) 2012 was:

**Table 1: Total Allowances paid to councillors (audited information)**

Allowance	2018/19		2017/18	
	Total Allowances £	Number of Councillors receiving the Allowance	Total Allowances £	Number of Councillors receiving the Allowance
Basic Allowance	598,388	41	592,631	44*
Special Responsibility Allowance	72,835	24	71,407	25
Chairperson/Mayor Allowance	19,770	2	19,770	2
Vice Chairperson/ Deputy Mayor Allowance	6,170	2	6,170	2
Mileage Allowance	75,403	32	68,127	33
Public Transport and Other Travel Incidentals	17,591	22	17,441	20
Subsistence	5,228	9	5,407	14
Courses/ Conferences Visits (registration & joining fees)	5,810	18	10,768	16
Dependents' Carers Allowance	1,017	1	1,054	1
<b>TOTAL</b>	<b>802,211</b>	<b>-</b>	<b>792,775</b>	<b>-</b>

\* Please note: In 2017/2018 44 Councillors received an allocation of the 41 Basic Allowances as 3 Councillors resigned mid-year and their replacements received the balance of those allowances.

Details of the allowances paid to individual councillors in 2018/19 are published on the council website at [www.newrymourneanddown.org/councillors-allowances-and-expenses](http://www.newrymourneanddown.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	2018/19					2017/18				
	Salary (Full year equivalent in brackets where applicable) £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)	*Pension Benefits (to nearest £1,000)	Total £'000	Salary (Full year equivalent in brackets where applicable) £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)	*Pension Benefits (to nearest £1,000)	Total £'000
<b>Liam Hannaway</b> Clerk & Chief Executive	115 - 120	5 - 10	400	-8,000	120 - 125	115 - 120	-	300	-6,000	115-120
<b>Edwin Curtis</b> Director of Strategic Planning & Performance (Until 14/01/2019)	70 - 75 (85 - 90 full year equivalent)	-	100	21,000	70 - 75 (85 - 90 full year equivalent)	55 - 60 (80 - 85 full year equivalent)	-	100	12,000	55 - 60 (80 - 85 full year equivalent)
<b>Michael Lipsett</b> Director of Active Health & Communities	85 - 90	-	100	34,000	85 - 90	80 - 85	-	100	25,000	80 - 85
<b>Marie Ward</b> Director of Enterprise, Regeneration & Tourism	85 - 90	-	100	29,000	85 - 90	80 - 85	-	100	25,000	80 - 85
<b>Dorinnia Carville</b> Director of Corporate Services	80 - 85	-	100	31,000	80 - 85	80 - 85	-	100	25,000	80 - 85
<b>Roland Moore</b> Director of Neighbourhood Services	80 - 85	-	300	84,000	80 - 85	5 - 10 (75 - 80 full year equivalent)	-	800	4,000	5 - 10 (75 - 80 full year equivalent)
<b>Canice O'Rourke</b> Director of Regulatory & Technical Services (Until 30/06/2017)	-	-	-	-	-	20 - 25 (75 - 80 full year equivalent)	-	-	3,000	20 - 25 (75 - 80 full year equivalent)
Please Note: From 13/06/2017 to 28/02/2017 the position of Director of Regulatory and Technical Services was undertaken by Mr Adam Wilkinson on a consultancy basis. Mr Wilkinson received remuneration of £119,381 plus expenses of £732, totalling £120,113.										

\* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.

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

The banded remuneration of the highest paid member of the Executive Management Team/Senior Management Team in the financial year 2018/19 was £115k - £120k. This was 5.65 times the median remuneration of the workforce, which was £21,176.

**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)**

	2018/19	2017/18
Salary Band of Highest Paid member of the Executive Management Team/ Senior Management Team	115 - 120	115 - 120
Median Total Remuneration	£21,176	£20,571
Ratio	5.65	5.71

In 2018/19, 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 2018/19 relate to performance in 2018/19.

#### 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 2018/19 (audited information)**

Severance Package Cost Band	2018/19				2017/18			
	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								
£20,001 - £40,000								
£40,001 - £60,000						2	2	102,485
£60,001 - £80,000		1	1	65,250		1	1	61,759
£80,001 - £100,000		2	2	188,418				
£100,001 - £150,000		1	1	100,891				
£150,001 - £200,000								
<b>Total</b>	<b>0</b>	<b>4</b>	<b>4</b>	<b>354,559</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>164,244</b>

## Pension Benefits

The Local Government Pension Scheme (Northern Ireland) (the Scheme) which is a funded defined benefit pension scheme, which provides retirement benefits for council employees on a "career average revalued earnings" basis from 1 April 2015. Prior to that date benefits were built up on a "final salary" basis.

From 1 April 2015, a member builds up retirement pension at the rate of 1/49th pensionable pay for each year. Pension benefits in relation to membership between 1 April 2009 and 31 March 2015 were built up at the rate of 1/60th pensionable pay for each year of membership. There is no automatic lump sum provided in respect of membership after 31 March 2009. Pension benefits in relation to any membership before 1 April 2009 were built up at the rate of 1/80th (pension) and 3/80ths (tax-free lump sum) of pensionable pay for each year of membership up to 31 March 2009. At retirement, members may give up some pension for additional lump sum, subject to HM Revenue and Customs (HMRC) limits. The conversion rate is £12 additional lump sum for every £1 of pension given up.

Councillors have been able to join the Scheme since May 2011. The Scheme application is modified to reflect the fact that councillors hold an elected office. Councillor members have always accrued pension on a career average basis. Prior to 1 April 2015 pension was accrued at a rate of 1/60th and thereafter at a rate of 1/49th.

The Scheme is funded by contributions made by both employees/councillors and employers. Prior to 1 April 2009, a member's contribution rates were fixed at 6% of their pensionable remuneration (except for those who were entitled to contribute to the Scheme at 5% before 1 February 2003 and have remained in continuous employment). Tiered member contribution rates, determined by the whole-time equivalent rate of pay, were introduced from 1 April 2009. From 1 April 2015, the member contribution rates are determined on the actual rate of pay.

The ranges for the bands for tiered contribution rates are revised by the Department for Communities in April each year in accordance with the increase applied to a pension in payment. The bands, effective from 1 April 2018, were as follows:

**Table 5: Employee Contribution Rates**

Band	Range	Employee Contribution Rate
1	£0 - £14,500	5.5%
2	£14,501 - £22,100	5.8%
3	£22,101 - £36,900	6.5%
4	£36,901 - £44,700	6.8%
5	£44,701 - £88,300	8.5%
6	More than £88,300	10.5%

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

**Table 6: Employer Contribution Rates**

Year	Employer Contribution Rate
1 April 2017 - 31 March 2018	18% + 1.8% deficit contribution
1 April 2018 - 31 March 2019	19% + 1.8% deficit contribution
1 April 2019 - 31 March 2020	20% + 1.8% deficit contribution

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 2018/19 was £159,930.

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 2018/19 (audited information)**

Officers	Accrued Pension at pension age as at 31/3/19 £'000	Real Increase in pension and related lump sum at pension age	CETV at 31/3/19 £'000	*CETV at 31/3/18 £'000	Real increase in CETV £'000
Liam Hannaway Clerk & Chief Executive	55 - 60 plus lump sum of 125 - 130	(-0.5) - 0.0 plus lump sum of 0.0 - (-0.5)	1,296	1,231	30
Edwin Curtis Director of Strategic Planning & Performance (Until 14/01/2019)	40 - 45 plus lump sum of 80 - 85	1.0 - 1.5 plus lump sum of 1.1 - (-0.5)	933	889	27
Michael Lipsett Director of Active Health & Communities	35 - 40 plus lump sum of 70 - 75	2.0 - 2.5 plus lump sum of 0.5 - 1.0	723	664	36
Marie Ward Director of Enterprise, Regeneration & Tourism	15 - 20 no lump sum	1.5 - 2.0 no lump sum	165	139	15
Dorinnia Carville Director of Corporate Services	15 - 20 no lump sum	1.5 - 2.0 no lump sum	179	152	16
Canice O'Rourke Director of Regulatory & Technical Services (Until 30/06/2017)	15 - 20 plus lump sum of 10 - 15	4.0 - 4.5 plus lump sum of 2.5 - 3.0	225	161	53

\* Please note, new transfer factors, effective from 7 January 2019, have been used to recalculate the 2017/2018 CETV and for the 2018/2019 CETV. This is because the real increase in CETV should exclude the impact of any change in factors. It does mean that the CETV now stated for 2017/2018 will be different from that stated at the end of last year.

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

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

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

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

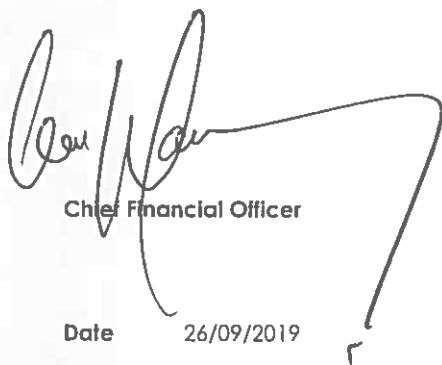


Chief Executive  
26 September 2019

## Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31st March 2019 on pages 40 to 102 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 44 to 63.
- (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 2019.

  
Chief Financial Officer  
Date 26/09/2019

## Council Approval of Statement of Accounts

These accounts were approved by resolution of the Audit Committee on 24 September 2019".

Chair 

Date 26/09/2019



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

### **Opinion on financial statements**

I have audited the financial statements of Newry, Mourne and Down District Council for the year ended 31 March 2019 under the Local Government (Northern Ireland) Order 2005. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and the related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2018-19, of the financial position of Newry, Mourne and Down District Council as at 31 March 2019 and its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Department for Communities directions issued thereunder.

### **Basis of opinion**

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

### **Other Information**

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

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

### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Department for Communities directions made under the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015; and

- the information given in the Statement of Accounts for the financial year ended 31 March 2019 is consistent with the financial statements.

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

As explained more fully in the Statement of Council's and Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

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

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

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

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

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

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

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

- in my opinion:
  - the Annual Governance Statement:
    - does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018-19;
    - does not comply with proper practices specified by the Department for Communities;
    - is misleading or inconsistent with other information I am aware of from my audit; or
  - adequate accounting records have not been kept; or
  - the Statement of Accounts and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
  - I have not received all of the information and explanations I require for my audit, or

- I issue a report in the public interest under Article 9 of the Local Government (Northern Ireland) Order 2005; or
- I designate under Article 12 of the Local Government (Northern Ireland) Order 2005 any recommendation made to the Council; or
- I exercise the other special powers of the auditor under Article 19 to 21 of the Local Government (Northern Ireland) Order 2005.

#### **Certificate**

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



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

**30 September 2019**

Newry, Mourne and Down District Council

Comprehensive Income and Expenditure Statement for the year ended 31 March 2019

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.

	Notes	2018/19			2017/18		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
		£	£	£	RESTATED £	RESTATED £	RESTATED £
<b>Service Expenditure</b>							
Chief Executive	2	2,180,596	(73,112)	2,107,484	2,335,093	(3,752)	2,331,341
Corporate Services	2	16,335,647	(340,142)	15,995,505	10,103,569	(347,649)	9,755,920
Enterprise, Regeneration & Tourism	2	16,101,007	(5,153,845)	10,947,162	16,612,112	(5,258,325)	11,353,787
Neighbourhood Services	2	27,637,970	(1,054,621)	26,583,349	27,547,616	(1,233,579)	26,314,037
Active & Healthy Communities	2	20,015,879	(4,914,184)	15,101,695	15,028,020	(4,514,083)	10,513,937
<b>Cost of Services on Continuing Operations</b>		<b>82,271,099</b>	<b>(11,535,904)</b>	<b>70,735,195</b>	<b>71,626,410</b>	<b>(11,357,388)</b>	<b>60,269,022</b>
Other Operating Expenditure/ Income	8	312,234	(85,694)	226,540	587,645	(696,122)	(108,477)
Financing and Investment Income and Expenditure	9	3,229,982	(92,744)	3,137,238	3,009,323	(537,862)	2,471,461
(Surplus) or Deficit on Discontinued Operations							
Share of Operating Results of associates and joint ventures	31	-	-	-	-	-	-
<b>Net Operating Expenditure</b>		<b>85,813,315</b>	<b>(11,714,342)</b>	<b>74,098,973</b>	<b>75,223,378</b>	<b>(12,591,372)</b>	<b>62,632,006</b>
Taxation and Non-Specific Grant Income	10	-	(60,988,658)	(60,988,658)	-	(56,714,293)	(56,714,293)
<b>(Surplus)/Deficit on the Provision of Services</b>		<b>85,813,315</b>	<b>(72,703,000)</b>	<b>13,110,315</b>	<b>75,223,378</b>	<b>(69,305,665)</b>	<b>5,917,713</b>
(Surplus)/Deficit on revaluation of non-current assets	11			(4,883,073)			(12,117,341)
Impairment losses on non-current assets charged to the Revaluation Reserve	11			(719,078)			
Surplus/(Deficit) arising on revaluation of available-for-sale financial assets	27						
Remeasurements of the Net Defined Benefit Liability (Asset)	21			(3,830,000)			92,490
Share of Other Comprehensive Expenditure & Income of associates and joint ventures	31						
<b>Other Comprehensive Income and Expenditure</b>				<b>(9,432,151)</b>			<b>(12,024,851)</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>3,678,164</b>			<b>(6,107,138)</b>

**Newry, Mourne and Down District Council**  
**Movement in Reserves Statement for the year ended 31 March 2019**

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

	General Fund Summary	Other Fund Balances and Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£
<b>Balance as at 1 April 2017</b>	<b>8,909,091</b>	<b>1,255,113</b>	<b>-</b>	<b>10,164,204</b>	<b>52,711,092</b>	<b>62,875,296</b>
<b>Movement in reserves during the year</b>						
Surplus/ (Deficit) on the provision of services	(5,917,713)	-	-	(5,917,713)	-	(5,917,713)
Other Comprehensive Income and Expenditure	-	-	-	-	12,024,851	12,024,851
<b>Total Comprehensive Income and Expenditure</b>	<b>(5,917,713)</b>	<b>-</b>	<b>-</b>	<b>(5,917,713)</b>	<b>12,024,851</b>	<b>6,107,138</b>
Adjustments between accounting basis & funding under regulations	8,535,935	-	-	8,535,935	(8,535,935)	-
<b>Net Increase before transfers to Statutory and Other Reserves</b>	<b>2,618,222</b>	<b>-</b>	<b>-</b>	<b>2,618,222</b>	<b>3,488,916</b>	<b>6,107,138</b>
Transfers to / from Statutory and Other Reserves	(240,000)	240,000	-	-	-	-
<b>Increase/ Decrease in year</b>	<b>2,378,222</b>	<b>240,000</b>	<b>-</b>	<b>2,618,222</b>	<b>3,488,916</b>	<b>6,107,138</b>
<b>Balance as at 31 March 2018</b>	<b>11,287,313</b>	<b>1,495,113</b>	<b>-</b>	<b>12,782,426</b>	<b>56,200,008</b>	<b>68,982,434</b>
<b>Movement in reserves during the year</b>						
Surplus/ (Deficit) on the provision of services	(13,110,315)	-	-	(13,110,315)	-	(13,110,315)
Other Comprehensive Income and Expenditure	-	-	-	-	9,432,151	9,432,151
<b>Total Comprehensive Income and Expenditure</b>	<b>(13,110,315)</b>	<b>-</b>	<b>-</b>	<b>(13,110,315)</b>	<b>9,432,151</b>	<b>(3,678,164)</b>
Adjustments between accounting basis & funding under regulations	13,812,503	-	-	13,812,503	(13,760,164)	52,339
<b>Net Increase before transfers to Statutory and Other Reserves</b>	<b>702,188</b>	<b>-</b>	<b>-</b>	<b>702,188</b>	<b>(4,328,013)</b>	<b>(3,625,825)</b>
Transfers to / from Statutory and Other Reserves	(120,000)	120,000	-	-	-	-
<b>Increase in year</b>	<b>582,188</b>	<b>120,000</b>	<b>-</b>	<b>702,188</b>	<b>(4,328,013)</b>	<b>(3,625,825)</b>
<b>Balance as at 31 March 2019</b>	<b>11,869,501</b>	<b>1,615,113</b>	<b>-</b>	<b>13,484,614</b>	<b>51,871,995</b>	<b>65,356,609</b>

**Newry, Mourne and Down District Council**  
**Balance Sheet as at 31 March 2019**

	Note	31st March 2019	31st March 2018
		£	£
Fixed Assets	11	185,280,914	175,008,502
Long Term Investments	16	-	-
Investment in Associates and Joint Ventures	31	-	-
Long Term Debtors	15	143,306	550,191
<b>LONG TERM ASSETS</b>		<b>185,424,220</b>	<b>175,558,693</b>
Short Term Investments	16	-	-
Inventories	14	411,813	381,218
Short Term Debtors	15	7,038,055	6,399,204
Cash and Cash Equivalents	22	1,103,575	2,649,235
Assets Held for Sale	11	-	18,000
<b>CURRENT ASSETS</b>		<b>8,553,443</b>	<b>9,447,657</b>
Bank Overdraft	25	917,976	213,624
Short Term Borrowing	17	15,758,777	5,433,112
Short Term Creditors	18	12,562,809	9,573,212
Provisions	19	70,500	207,251
<b>CURRENT LIABILITIES</b>		<b>29,310,062</b>	<b>15,427,199</b>
Long Term Creditors	18	-	-
Provisions	19	3,140,993	4,198,941
Long Term Borrowing	17	53,991,999	58,750,776
Other Long Term Liabilities	21	42,178,000	37,647,000
Donated Assets Account	22	-	-
Capital Grants Receipts in Advance	23	-	-
<b>LONG TERM LIABILITIES</b>		<b>99,310,992</b>	<b>100,596,717</b>
<b>NET ASSETS</b>		<b>65,356,609</b>	<b>68,982,434</b>
USABLE RESERVES			
Capital Receipts Reserve	26	-	-
Capital Grants Unapplied Account	26	-	-
Capital Fund	26	1,255,113	1,255,113
Renewal and Repairs Fund	26	-	-
Other Balances and Reserves	26	360,000	240,000
General Fund	26	11,869,501	11,287,313
		<b>13,484,614</b>	<b>12,782,426</b>
UNUSABLE RESERVES			
Capital Adjustment Account	27	46,810,666	50,010,076
Financial Instruments Adjustment Account	27	-	-
Revaluation Reserve	27	48,737,027	45,046,424
Available for Sale Financial Instruments Reserve	27	-	-
Financial Instruments Revaluation Reserve	27	-	-
Pensions Reserve	27	(42,178,000)	(37,647,000)
Capital Receipts Deferred Account	27	-	-
Accumulated Absences Account	27	(390,926)	(357,308)
Landfill Regulations Reserve	27	-	-
Provisions Discount Rate Reserve	27	(1,106,772)	(852,184)
		<b>51,871,995</b>	<b>56,200,008</b>
<b>NET WORTH</b>		<b>65,356,609</b>	<b>68,982,434</b>

**Newry, Mourne and Down District Council**  
**Cash Flow Statement at 31 March 2019**

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

	Note	2018/19	2017/18
		£	£
Net Deficit on the provision of services		13,110,315	5,917,713
Adjustment for non-cash movements	22	20,965,428	15,795,461
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	22	(2,814,993)	(1,790,127)
<b>Net cash flows from operating activities</b>	<b>25</b>	<b>5,040,120</b>	<b>8,087,621</b>
Cash flows from Investing Activities	25	(12,857,017)	(17,122,051)
Net Cash flows from Financing Activities	25	5,566,889	4,649,529
<b>Net increase or decrease in cash and cash equivalents</b>		<b>(2,250,008)</b>	<b>(4,384,901)</b>
Cash and cash equivalents at the beginning of the reporting period		2,435,607	6,820,512
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>185,599</b>	<b>2,435,611</b>

**Newry, Mourne and Down District Council  
Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2019**

**1 Accounting Policies**

**a General Principles**

The Statement of Accounts summarises the Council's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The Council is required to prepare an annual Statement of Accounts in a form directed by the Department for Communities in accordance with regulations 3 (7) and (8) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 also requires disclosure in respect of:

**Summary of Significant Accounting Policies**

**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 machinery of government arrangements) 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) Provision for Single Status, Job Evaluation and Pay and Grading Reviews**

As each of the legacy councils had substantially completed its Single Status, Job Evaluation and Pay and Grading Reviews, Council has not acquired an opening provision for such matters. As the staff of the former legacy councils and those transferring in from the Department of the Environment's Planning Service are protected by the Transfer of Protected Undertakings Act (Northern Ireland) 2006 (TUPE), Council has not sought to amend these employees' terms and conditions of employment. Appropriate provision will be made for any financial consequences of employees terms and conditions as and when required.

**iv) Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

**v) Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

**vi) Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

## **Employee Benefits**

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, and are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the 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 debts for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### **Post Employment Benefits**

Employees of the Council are members of the Northern Ireland Local Government Officers' Pension Fund administered by the Northern Ireland Local Government Officers' Superannuation Committee. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

### **The Northern Ireland Local Government Officers' Pension Fund**

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

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

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), – ie 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.

#### **The Northern Ireland Civil Service (NICS) Pension Scheme**

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 schemes 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.

**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.

However, the bonds issued by the Council in 2018/19 are carried at a lower amortised cost than the outstanding principal, and interest is charged at a marginally higher effective rate of interest than the rate payable to bondholders, as a material amount of costs incurred in its issue is being financed over the life of the stock.

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

### **Financial Assets**

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

- amortised cost
- 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 (ie where the cash flows do not take the form of a basic debt instrument).

## **Financial Assets Measured at Amortised Cost**

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

Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year - the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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).

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

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

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

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

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

Lease payments are apportioned between:

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

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

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

### ***Operating Leases:***

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

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

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

Lease rentals receivable are apportioned between:

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

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

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

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

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

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.

## 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 (ie it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- surplus assets - the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at 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:

- dwellings and other buildings - straight-line allocation over the useful life of the property as estimated by the valuer
- plant, furniture and equipment - straight line basis on historic cost using a standard useful life of 5 years
- vehicles - straight line basis on historic cost using a standard useful life of 7 years
- infrastructure - straight line allocation over 25 years

### **Componentisation**

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

### **Revaluations**

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

xxii) **Heritage Assets**

Heritage Assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historic associations. They would be held by this authority in pursuit of our overall objectives in relation to the maintenance of heritage.

xxiii) **Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

xxiv) **Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by 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 Her Majesty's Revenue and Customs. VAT receivable is excluded from income.



xxix) **Fair Value Measurement**

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

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

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

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

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**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.

Accounting changes that are introduced in the 2019/20 code are:

- Amendments to IAS 40 Investment Property: Transfers of Investment property
- Annual Improvements to IFRS Standards 2014 - 2016 Cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

**c Critical Judgements in Applying Accounting Policies**

In applying accounting policies set out from 1a above, the Council has not had to make any critical judgements about complex transactions or those involving uncertainty about future events.

**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 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

**i) Property, Plant and Equipment**

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

**ii) Pension Liability**

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

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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.

	2018/19			2017/18		
	Net Expenditure Chargable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargable to the General Fund RESTATED	Adjustments RESTATED	Net Expenditure in the Comprehensive Income and Expenditure Statement RESTATED
	£	£	£	£	£	£
Chief Executive	2,105,868	(1,616)	2,107,484	2,333,898	2,557	2,331,341
Corporate Services	14,064,977	(1,930,528)	15,995,505	12,207,751	2,451,831	9,755,920
Enterprise, Regeneration & Tourism	7,793,778	(3,153,384)	10,947,162	6,633,254	(4,720,533)	11,353,787
Neighbourhood Services	22,694,813	(3,888,536)	26,583,349	21,807,292	(4,506,745)	26,314,037
Active & Healthy Communities	8,791,613	(6,310,082)	15,101,695	7,951,913	(2,562,024)	10,513,937
<b>Net Cost of Services</b>	<b>55,451,049</b>	<b>(15,284,146)</b>	<b>70,735,195</b>	<b>50,934,108</b>	<b>(9,334,914)</b>	<b>60,269,022</b>
<b>Other Income and Expenditure</b>	<b>(56,153,237)</b>	<b>1,471,643</b>	<b>(57,624,880)</b>	<b>(53,552,331)</b>	<b>798,978</b>	<b>(54,351,309)</b>
<b>Surplus or Deficit</b>	<b>(702,188)</b>	<b>(13,812,503)</b>	<b>13,110,315</b>	<b>(2,618,223)</b>	<b>(8,535,936)</b>	<b>5,917,713</b>
<b>Opening General Fund</b>			<b>11,287,313</b>			<b>8,909,091</b>
<b>Surplus/ (Deficit) on General Fund Balance In Year</b>			<b>582,188</b>			<b>2,378,222</b>
<b>Closing General Fund</b>			<b>11,869,501</b>			<b>11,287,313</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

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	2018/19
					Total adjustments
	£	£	£	£	£
Chief Executive	-	-	(1,616)	-	(1,616)
Corporate Services	5,526,217	(7,447,000)	(9,745)	-	(1,930,528)
Enterprise, Regeneration & Tourism	(3,124,904)	-	(28,480)	-	(3,153,384)
Neighbourhood Services	(3,688,675)	-	(199,861)	-	(3,888,536)
Active & Healthy Communities	(6,261,578)	-	(48,504)	-	(6,310,082)
Net Cost of Services	(7,548,940)	(7,447,000)	(288,206)	-	(15,284,146)
Other Income and Expenditure from the Expenditure and Funding Analysis	2,385,643	(914,000)	-	-	1,471,643
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(5,163,297)	(8,361,000)	(288,206)	-	(13,812,503)

### Adjustments between Funding and Accounting Basis

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	2017/18
					Total adjustments
	£	£	£	£	£
Chief Executive	-	-	2,557	-	2,557
Corporate Services	5,145,814	(2,707,510)	13,527	-	2,451,831
Enterprise, Regeneration & Tourism	(4,741,507)	-	20,974	-	(4,720,533)
Neighbourhood Services	(3,689,187)	-	(817,558)	-	(4,506,745)
Active & Healthy Communities	(2,587,326)	-	25,302	-	(2,562,024)
Net Cost of Services	(5,872,206)	(2,707,510)	(755,198)	-	(9,334,914)
Other Income and Expenditure from the Expenditure and Funding Analysis	1,626,978	(828,000)	-	-	798,978
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(4,245,228)	(3,535,510)	(755,198)	-	(8,535,936)

#### 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 ie Minimum Revenue Provision and other revenue contributions are deducted from financing and investment income and expenditure as these are not chargeable under generally accepted accounting practices.

iii) Taxation and Non Specific Grant Income and Expenditure – Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

#### Net change for the Pensions Adjustments

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

For Services: this represents the removal of the employer pension contributions made by the authority as 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.

2

c Segmental Income and Expenditure

	2018/19								
	Revenue from External Customers	Revenues from Transactions with Other Operating Segments of the Authority	Interest Revenue	Interest Expense	Depreciation and Amortisation	Material Items of Income and Expense	Interest in the Profit or Loss of Associates and Joint Ventures Accounted for by the Equity Method	Income Tax Expense or Income	Material Non cash Items other than Depreciation and Amortisation
	£	£	£	£	£	£	£	£	£
Chief Executive	61,722	-	-	-	-	817,600	-	-	-
Corporate Services	268,808	-	13,648	2,176,448	261,762	4,598,608	-	-	6,421,136
Enterprise, Regeneration & Town Regeneration	3,973,593	-	-	-	1,694,099	5,667,049	-	-	1,430,805
Neighbourhood Services	1,022,328	-	-	-	2,776,388	15,799,217	-	-	912,287
Active & Healthy Communities	2,529,031	-	-	-	2,570,868	6,721,480	-	-	3,690,710
Total Income Analysed on a segmental basis	7,855,482	-	13,648	2,176,448	7,303,117	33,603,954	-	-	12,454,938

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

3 a Expenditure and Income Analysed by Nature

Expenditure		2018/19	2017/18
	Notes	£	£
Employee Benefits Expenses	7	(33,123,718)	(30,751,833)
Other Services Expenditure		(37,392,160)	(29,983,923)
Support Service Recharges		-	-
Depreciation, Amortisation, Impairment	11	(11,840,915)	(10,890,654)
Interest Payments	9	(3,090,448)	(2,986,786)
Loss on the Disposal of Assets	8	(226,540)	-
Other Expenditure		(139,534)	(22,537)
<b>Total Expenditure</b>		<b>(85,813,315)</b>	<b>(74,635,733)</b>

Income		2018/19	2017/18
	Notes	£	£
Fees, Charges and other service Income		11,621,598	11,357,388
Interest and Investment Income	9	16,679	5,403
District rate income	10	52,957,978	50,471,839
Government grants and Contributions	10	8,030,680	6,242,454
Support Service Income		-	-
Gain on the Disposal of Assets	8	-	108,477
Other Income		76,065	532,459
<b>Total Income</b>		<b>72,703,000</b>	<b>68,718,020</b>
<b>(Surplus) or Deficit on the Provision of Services</b>		<b>(13,110,315)</b>	<b>(5,917,713)</b>



- 4 Adjustments between an Accounting Basis and Funding Basis under Regulations
- Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:

Notes	2018/19		2017/18	
	£	£	£	£
<b>Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:</b>				
Impairments (losses & reversals) of non-current assets		-	-	
Derecognition (other than disposal) of non-current assets	11	-	-	
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	11	4,537,798	4,600,781	
Depreciation charged in the year on non-current assets	11	7,303,117	11,840,915	10,890,654
Net Revenue expenditure funded from capital under statute	12	1,871,141		(81,945)
Carrying amount of non current assets sold	8	312,234	587,645	
Proceeds from the sale of PP&E, investment property and intangible assets	23	(85,694)	226,540	(108,477)
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	20	13,340,000	7,907,000	
Direct revenue financing of Capital Expenditure	12,23	-	-	
Capital Grants and Donated Assets Receivable and Applied in year	10	(2,729,299)		(1,094,005)
Capital Grants Receivable and Unapplied in year	10C	-	-	
Rates Claw-Back Reserve	23	-	-	
Adjustments in relation to Short-term compensated absences	24	33,618		(96,986)
Provisions Discount Rate Reserve Adjustment	24	254,588		852,184
<b>Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the General Fund Balance for the year</b>				
Statutory Provision for the financing of Capital Investment	23	(6,046,000)		(5,361,000)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	20	(4,979,000)		(4,371,490)
		<b>13,812,503</b>	<b>8,535,935</b>	



b Net transfers (to)/from statutory and other earmarked reserves:					
	Notes	2018/19 £	2018/19 £	2017/18 £	2017/18 £
<b>Capital Fund</b>					
Interest		-		-	
From Capital		-		-	
Other	23	-	-	-	-
<b>Renewal and Repairs Fund</b>					
Interest		-		-	
Other	27	-	-	-	-
<b>Capital Receipts Reserve</b>					
Interest		-		-	
Other	27	-	-	-	-
<b>Other Funds and earmarked reserves</b>					
Interest		-		-	
From Other funds		(120,000)		(240,000)	
Other	23	-	(120,000)	-	(240,000)
<b>Unusable reserves</b>					
Capital Adjustment Account		-	-	-	-
			(120,000)		(240,000)

## 5 Cost of Services on Continuing Operations

### a General power of competence

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

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

The actual expenditure under the power of competence amounted to £0 during 2018/19 (£0 in 2017/18).

### b External Audit Fees

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

	2018/19	2017/18
	£	£
External Audit Fees	63,000	63,000
National Fraud Initiative Fees	1,101	-
Other Fees	20,000	19,800
	84,101	82,800

The Other Fees of £20,000 (2017/18 £19,800) were incurred in respect of the audit on Performance Improvement.

## 6 Operating and Finance Leases

### Council as Lessor

#### a 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 £279,407.

	31st March 2019	31st March 2018
	£	£
Not later than 1 year	206,520	223,089
Later than 1 year and no later than 5 years	459,280	288,759
Later than 5 years	196,850	230,648
	862,650	742,496

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

	31st March 2019	31st March 2018
	£	£
Investment Properties	2,327,117	2,730,187

### Council as Lessee

#### a Finance Leases (Council as lessee)

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

	31st March 2019	31st March 2018
	£	£
Other Land and Buildings	-	-
Vehicles, Plant, Furniture and Equipment	17,640	43,457
	17,640	43,457

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 2019	31st March 2018
	£	£
Finance leases liabilities (net present value of minimum lease payments):		
Current	4,172	23,730
Non-Current	-	-
Finance costs payable in future years	-	-
Minimum Lease Payments	4,172	23,730

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
	£	£	£	£
Not later than one year	4,172	19,558	4,172	19,558
Later than one year and not later than five years	-	4,172	-	4,172
Later than five years	-	-	-	-
	4,172	23,730	4,172	23,730

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

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

	31st March 2019	31st March 2018
	£	£
Not later than 1 year	159,550	119,333
Later than 1 year and no later than 5 years	374,524	300,395
Later than 5 years	1,332,643	1,166,257
	1,866,717	1,585,985

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

	2018/19	2017/18
	£	£
Minimum lease payments	149,706	210,062
Contingent rentals	-	-
Less: Sublease payments receivable	-	-
Total	149,706	210,062

## 7 Employee Costs and Member Allowances

a Staff Costs	2018/19	2017/18
	£	£
Salaries and Wages	24,157,512	22,387,848
Employers NIC	2,093,211	1,907,689
Employers Superannuation	4,919,829	4,376,902
<b>Total staff costs</b>	<b>31,170,552</b>	<b>28,672,439</b>

In addition, agency costs during the year amounted to £1,953,166 (2017/18 £2,079,394).

The Council's current contribution rate to NILGOSC scheme is 20% plus a Deficit Recovery Contribution of £355,300.

At last actuarial valuation dated 31st March 2016 the funds assets meet 96% of liabilities at that date.

### Average Number of Employees - where FTE represents fulltime equivalent employees

b Average Number of Employees	2018/19	2017/18
	FTE	FTE
Chief Executive	19	18
Corporate Services	115	106
Enterprise, Regeneration & Tourism	179	176
Neighbourhood Services	345	332
Active & Healthy Communities	239	228
<b>Total Number</b>	<b>897</b>	<b>860</b>

	2018/19	2017/18
	Actual Numbers	Actual Numbers
Full-time numbers employed	792	764
Part-time numbers employed	234	178
<b>Total Number</b>	<b>1,026</b>	<b>942</b>

c Senior Employees' Remuneration	2018/19	2017/18
	£	£
£50,001 to £60,000	16	14
£60,001 to £70,000	2	2
£70,001 to £80,000	1	1
£80,001 to £90,000	4	4
£90,001 to £100,000	-	-
£100,001 to £110,000	-	-
£110,001 to £120,000	1	1
<b>Total Number</b>	<b>24</b>	<b>22</b>

### d Members' Allowances

	2018/19	2017/18
	£	£
Salaries	-	-
Basic allowance	598,388	592,631
Mayor's & Deputy Mayor's Allowance	25,940	25,940
Special Responsibility Allowances	72,835	71,407
Dependents' carers allowance	1,017	1,054
Employer costs	175,172	168,506
Mileage	75,403	68,127
Conferences and Courses	5,810	10,768
Travel & Subsistence Costs	22,819	22,848
Miscellaneous Costs	9,166	10,740
Severance Payments	-	-
<b>Total</b>	<b>986,550</b>	<b>972,021</b>

## a 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 2016. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DOF Superannuation and Other Allowances Resource Accounts as at 31 March 2019.

For 2018-19, employers' contributions of \$265,097 were payable to the NICS pension arrangements at one of 3 rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

## 8 Other Operating Income & Expenditure

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

	2018/19	2017/18
	£	£
Proceeds from sale	(85,694)	(696,122)
Carrying amount of non-current assets sold (excl Investment Properties)	312,234	587,645
	226,540	(108,477)

### b Other Operating Income/ Expenditure

	2018/19	2017/18
	£	£
Income	-	-
Expenditure	-	-
	-	-

Other Operating Expenditure	2018/19	2017/18
	£	£
{Surplus} / Deficit on Non Current Assets	226,540	(108,477)
Other Operating (Income) / Expenditure	-	-
	226,540	(108,477)

## 9 Financing and Investment Income and Expenditure

### a Interest Payable and Similar Charges

	2018/19	2017/18
	£	£
Lease/hire purchase interest	-	-
Bank interest	-	-
Government Loan Interest	2,176,448	2,158,786
Commercial Loan Interest	-	-
Other interest (please specify)	-	-
	2,176,448	2,158,786

### b Interest and Investment Income

	2018/19	2017/18
	£	£
Bank Interest	13,648	1,289
Employee car loan interest	3,031	4,114
NIHE Loan interest receivable	-	-
Investment income on Fund Balances		
Capital Fund	-	-
Repairs & Renewals Fund	-	-
Other Funds	-	-
Other Investment income	-	-
	16,679	5,403



### c Pensions interest costs and expected return on pensions assets

	2018/19	2017/18
	£	£
Net interest on the net defined benefit liability (asset)	914,000	828,000
	914,000	828,000

### d Surplus/ (Deficit) on trading operations

	2018/19	2017/18
	£	£
Income from trading	-	-
Expenditure	-	-
(Surplus)/Deficit for the year	-	-

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

	2018/19	2017/18
	£	£
<b>Income/Expenditure from Investment Properties</b>		
Income including rental income	(76,065)	(107,963)
Expenditure	22,419	22,537
Net income from investment properties	(53,646)	(85,426)
<b>Surplus/deficit on sale of Investment Properties</b>		
Proceeds from sale	-	-
Carrying amount of investment properties sold	-	-
(Surplus)/deficit on sale of Investment Properties:	-	-
<b>Changes in Fair Value of Investment Properties</b>	117,115	(424,496)
	63,469	(509,922)

### Financing and Investment Income and Expenditure

	2018/19			2017/18		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Interest Payable and Similar Charges	2,176,448	-	2,176,448	2,158,786	-	2,158,786
Interest and Investment Income	-	(16,679)	(16,679)	-	(5,403)	(5,403)
Pensions interest cost	914,000	-	914,000	828,000	-	828,000
Surplus/(Deficit) on trading operations	-	-	-	-	-	-
Other investment income	22,419	(76,065)	(53,646)	22,537	(107,963)	(85,426)
Changes in Fair Value of Investment Properties	117,115	-	117,115	-	(424,496)	(424,496)
	3,229,982	(92,744)	3,137,238	3,009,323	(537,862)	2,471,461

## 10 Taxation and Non Specific Grant Income

### a Revenue Grants

	2018/19	2017/18
	£	£
General	(5,301,381)	(5,148,449)
Other	-	-
	(5,301,381)	(5,148,449)

Transferred Functions Grant amounting to £605,545 has been reclassified from service revenue to General Grant in the comparative year to 31 March 2018.

**b Capital Grants and Donated Assets - Applied**

	2018/19	2017/18
	£	£
Government & Other Grants - Conditions met and applied in year	(2,729,299)	(1,094,005)
Government & Other Grants - Transfer from receipts in advance	-	-
Donated Assets - Conditions met	-	-
Donated Assets - Transfer from donated assets creditor	-	-
	(2,729,299)	(1,094,005)

**c District Rates**

	2018/19	2017/18
	£	£
Current year	(52,070,535)	(49,712,269)
Finalisation - previous year	(887,443)	(759,570)
Transitional Relief	-	-
Finalisation - other years	-	-
	(52,957,978)	(50,471,839)

Taxation and Non Specific Grant Income	2018/19	2017/18
	£	£
District Rate Income	(52,957,978)	(50,471,839)
Revenue Grants	(5,301,381)	(5,148,449)
Capital Grants and Contributions	(2,729,299)	(1,094,005)
	(60,988,658)	(56,714,293)

Newry, Mourne and Down District Council  
Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2019

11 a Long - Term Assets - Current Year

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Sale	TOTAL
<b>Balance as at 1 April 2018</b>	29,501,885	117,138,937	213,270	430,005	17,334,159	130,542	15,242,213	3,415,401	<b>183,406,412</b>	1,371,786	3,155,816	2,733,391	18,000	<b>190,685,405</b>
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 1 April 2018</b>	<b>29,501,885</b>	<b>117,138,937</b>	<b>213,270</b>	<b>430,005</b>	<b>17,334,159</b>	<b>130,542</b>	<b>15,242,213</b>	<b>3,415,401</b>	<b>183,406,412</b>	<b>1,371,786</b>	<b>3,155,816</b>	<b>2,733,391</b>	<b>18,000</b>	<b>190,685,405</b>
Additions	18,000	2,460,209	-	-	1,908,059	-	12,478,432	-	<b>16,864,700</b>	17,389	162,301	233,423	-	<b>17,277,813</b>
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/(decreases) to Revaluation Reserve	1,117,045	(298,327)	518	(380,383)	-	(21,798)	-	47,650	<b>464,705</b>	145,267	-	-	-	<b>609,972</b>
Revaluation increases/(decreases) to Surplus or Deficit on the Provision of Services	(280,794)	(5,831,373)	-	-	-	(61,666)	(10,718)	(43,650)	<b>(6,228,200)</b>	(108)	(117,115)	-	-	<b>(6,345,423)</b>
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	(42,000)	(175,016)	-	-	(80,594)	-	(99,582)	-	<b>(397,192)</b>	-	-	-	(18,000)	<b>(415,192)</b>
Derecognition - Other	-	-	-	-	(612,396)	-	(461,685)	-	<b>(1,074,081)</b>	-	-	-	-	<b>(1,074,081)</b>
Reclassifications & Transfers	932,075	19,495,196	775,119	50,379	(66,550)	24,939	(20,932,854)	(84,000)	<b>194,304</b>	3,102	(991,000)	782,875	-	<b>(10,719)</b>
Reclassified to (-) / from (+) Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>31,246,212</b>	<b>132,789,626</b>	<b>988,907</b>	<b>100,001</b>	<b>18,482,678</b>	<b>72,017</b>	<b>6,215,806</b>	<b>3,335,401</b>	<b>193,230,648</b>	<b>1,537,436</b>	<b>2,210,002</b>	<b>3,749,689</b>	<b>-</b>	<b>200,727,775</b>



Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Vehicles, Plant & Equipment	Community Assets	PPE Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Resale	TOTAL
<b>Balance as at 1 April 2018</b>	-	918,180	-	330,002	13,565,999	-	-	14,814,181	-	-	844,722	-	15,658,903
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 1 April 2018</b>	-	918,180	-	330,002	13,565,999	-	-	14,814,181	-	-	844,722	-	15,658,903
Depreciation Charge	-	5,703,539	50,407	50,380	1,175,849	-	-	6,980,175	-	-	322,942	-	7,303,117
Depreciation written out on Revaluation Reserve	-	(4,250,714)	(13,294)	-	-	(9,093)	-	(4,273,101)	-	-	-	-	(4,273,101)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Revaluation Reserve	-	(1,784,694)	-	-	-	(22,931)	-	(1,807,625)	-	-	-	-	(1,807,625)
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	(338,695)	-	(380,383)	-	-	-	(719,078)	-	-	-	-	(719,078)
Derecognition - Disposals	-	(37,533)	-	-	(65,425)	-	-	(102,958)	-	-	-	-	(102,958)
Derecognition - Other	-	-	-	-	(612,396)	-	-	(612,396)	-	-	-	-	(612,396)
Reclassifications & Transfers	-	-	-	-	(10,256)	-	-	(10,256)	-	-	10,256	-	-
Eliminated on reclassification to Held for Sale	-	(207,646)	175,621	-	-	32,025	-	-	-	-	-	-	-
<b>Balance as at 31 March 2019</b>	-	2,437	212,734	(1)	14,053,771	-	-	14,268,942	-	-	1,177,920	-	15,446,862
<b>Balance as at 31 March 2019</b>	31,246,212	132,787,189	776,173	100,002	4,428,907	72,016	6,215,806	3,335,401	178,961,706	2,210,002	1,537,436	2,571,749	185,280,913

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

Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Sale	TOTAL
<b>Balance as at 1 April 2017</b>	-	21,058,335	94,629	5,401,134	14,093,119	-	-	-	40,647,217	-	-	501,529	-	41,148,746
Cost/Value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 1 April 2017</b>	-	21,058,335	94,629	5,401,134	14,093,119	-	-	-	40,647,217	-	-	501,529	-	41,148,746
Depreciation Charge	-	5,044,650	22,031	-	1,119,797	-	-	-	6,186,478	-	-	103,395	-	6,289,873
Depreciation written out on Revaluation Reserve	-	(20,658,975)	(113,445)	(5,071,132)	-	-	-	-	(25,843,552)	-	-	-	-	(25,843,552)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	(4,286,032)	(3,215)	-	-	-	-	-	(4,289,247)	-	-	-	-	(4,289,247)
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
To Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(987,188)	-	-	-	(987,188)	-	-	-	-	(987,188)
Derecognition - Other Reclassifications & Transfers	-	(239,798)	-	-	(659,729)	-	-	-	(659,729)	-	-	239,798	-	(659,729)
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2018</b>	-	918,180	-	330,002	13,565,999	-	-	-	14,814,181	-	-	844,722	-	15,658,903
<b>Net Book Values</b>														
<b>Balance as at 31 March 2018</b>	29,501,885	116,220,757	213,270	109,003	3,768,160	130,542	15,242,213	3,415,401	168,592,231	1,371,786	3,155,816	1,888,669	-	175,008,502
<b>Balance as at 31 March 2019</b>	31,246,212	132,787,189	776,173	100,002	4,428,907	72,016	6,215,006	3,335,401	178,961,706	1,537,436	2,210,002	2,571,769	-	185,280,913

11 c **Property, plant and equipment**

e **Investment Properties**

Investment Properties	31/03/2019	31/03/2018
	£	£
Rental Income from Investment Activities	76,065	107,963
Direct Operating expenses arising from investment properties	(22,419)	(22,537)
<b>Net gain/(loss)</b>	<b>53,646</b>	<b>85,426</b>

Investment Properties	2018/19	2017/18
	£	£
Balance at start of the year	3,155,816	2,730,187
Additions	162,301	1,133
Disposals	-	-
Net gains/losses from fair value adjustments	(117,115)	424,496
Transfers to/ from inventories	-	-
Transfers to/ from property, plant and equipment	(991,000)	-
Other changes	-	-
<b>Balance at end of the year</b>	<b>2,210,002</b>	<b>3,155,816</b>

f **Heritage Assets**

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

Investment Properties	31/03/2019
	£
Artefacts	525,132
Historical Furniture	81,935
Civic Items	65,600
Other (Ross' Monument)	413,911
Other	455,856
<b>TOTAL</b>	<b>1,542,434</b>

**g Assets Held for Sale**

Assets Held for Sale have been recorded in Note 11.

**h Long-Term Assets - Leased Assets**

	Vehicles	Equipment	TOTAL
	£	£	£
<b>Cost or Valuation</b>			
At 1 April 2018	2,618,982	769,248	3,388,230
Additions	-	-	-
Disposals	-	-	-
<b>At 31 March 2019</b>	<b>2,618,982</b>	<b>769,248</b>	<b>3,388,230</b>
<b>Depreciation</b>			
At 1 April 2018	2,618,982	685,442	3,304,424
Disposals	-	-	-
Provided for year	-	-	-
<b>At 31 March 2019</b>	<b>2,618,982</b>	<b>685,442</b>	<b>3,304,424</b>
<b>Net Book Value</b>	<b>-</b>	<b>83,806</b>	<b>83,806</b>

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

## 12 Capital Expenditure and Capital financing

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

Capital Expenditure		2018/19	2017/18
		£	£
<b>Opening Capital Financing Requirement</b>		79,970,002	70,141,462
<b>Capital Investment</b>			
Property, Plant and Equipment	11	16,882,089	17,343,653
Investment Properties		162,301	1,133
Intangible Assets		233,423	-
Revenue Expenditure Funded from Capital under		1,871,141	(81,945)
Investments		-	-
Other		(524,742)	(283,174)
<b>Sources of Finance</b>			
Capital Receipts		(85,694)	(696,122)
Government Grants and Other Contributions	10	(2,729,299)	(1,094,005)
Transfers from Earmarked Reserves		-	-
<b>Sums set aside from Revenue:</b>			
Direct Revenue Contributions		-	-
Minimum Revenue Provision		(6,046,000)	(5,361,000)
<b>Closing Capital Financing Requirement</b>		89,733,221	79,970,002

## 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	52,030,441	-	52,030,441
Other Commitments	23,982,306	-	23,982,306
<b>Total</b>	<b>76,012,747</b>	<b>-</b>	<b>76,012,747</b>

Inventories		2018/19	2017/18
		£	£
Central Stores		221,611	206,863
Other		190,202	174,355
<b>Total</b>		<b>411,813</b>	<b>381,218</b>



<b>15 Debtors</b>		
<b>a Long Term Debtors</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>£</b>	<b>£</b>
Government Departments	-	-
Other Councils	-	-
Public corporations and trading funds	-	-
Bodies external to general government	-	-
Employee car loans	28,565	37,521
Revenue Grants	-	-
Capital Grants	-	-
Interest Receivable	-	-
Capital Debtors	-	-
Loans and advances	50,741	54,341
Finance lease debtors	64,000	458,329
Trade debtors	-	-
NIHE Loans	-	-
Other	-	-
Impairment of loans and receivables	-	-
Contract Receivables	-	-
<b>Total Long-Term Debtors</b>	<b>143,306</b>	<b>550,191</b>

<b>b Short Term Debtors</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>£</b>	<b>£</b>
Government Departments	1,290,278	1,124,442
Other Councils	17,074	146,505
Public corporations and trading funds	-	-
Bodies external to general government	-	-
NIHE loans	-	-
Employee car loans	22,349	31,205
Revenue Grants	2,084,997	1,610,486
Capital Grants	1,535,486	627,838
Interest Receivable	-	6,438
Capital Debtors	-	609,500
Value Added Tax	1,217,224	1,289,215
Prepayments	240,981	254,668
Finance lease debtors	-	-
Other	286,649	192,341
Trade receivables	562,420	818,182
Impairment loss - Trade receivables	(219,403)	(311,616)
Contract Receivables	-	-
<b>Total Short-Term Debtors</b>	<b>7,038,055</b>	<b>6,399,204</b>
<b>Total Debtors</b>	<b>7,181,361</b>	<b>6,949,395</b>

## 16 Investments

The Council has no investments.

<b>17 Borrowings</b>		
<b>a Short Term Borrowing</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>£</b>	<b>£</b>
Loans re-payable within one year	15,754,605	5,409,381
Finance Lease Principal	4,172	23,731
<b>Total Short Term Borrowing</b>	<b>15,758,777</b>	<b>5,433,112</b>
<b>b Long Term Borrowing</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>£</b>	<b>£</b>
Between 1 and 2 years	4,277,171	4,758,777
Between 2 and 5 years	11,062,620	11,857,994
Between 5 and 10 years	15,919,107	16,243,806
In more than 10 years	22,733,101	25,890,199
<b>Government Loans Fund</b>	<b>53,991,999</b>	<b>58,750,776</b>
<b>Total Borrowing</b>	<b>69,750,776</b>	<b>64,183,888</b>

<b>18 Creditors</b>			
<b>a Short Term Creditors</b>			
		<b>2018/19</b>	<b>2017/18</b>
		<b>£</b>	<b>£</b>
Government Departments		1,139,065	958,334
Other Councils		181,296	85,711
Public corporations and trading funds		10,272	3,103
Bodies external to general government		-	-
Rates clawback		-	-
VAT		-	-
Remuneration due to employees		1,568,079	1,456,551
Accumulated Absences		390,926	357,308
Loan Interest Payable		-	-
Capital Creditors		4,455,205	2,319,463
Receipts in advance		591,947	503,936
Trade creditors		3,987,535	3,685,212
Other		238,484	203,594
Contract Payables		-	-
<b>Total Short Term Creditors</b>		<b>12,562,809</b>	<b>9,573,212</b>

#### a 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 23,142 invoices totalling £62,4418,798.

The number of disputed invoices were 111.

The Council paid:

20,904 (90%) invoices with 30 calendar days target;  
2,225 (10%) invoices within 10 working days target; and  
2,238 invoices outside of the 30 day target.

The average number of days taken to pay suppliers during the year was 20 days.

<b>19 Provisions</b>						
	Balance as at 1 April 2018	Increase in provision during year	Utilised during year	Unused amounts reversed	Interest cost and/or discount rate changes	Balance as at 31 March 2019
	£	£	£	£	£	£
Landfill Closure	4,198,941	-	(442,539)	(591,493)	(23,916)	<b>3,140,993</b>
Staff Costs	207,251	-	(83,610)	(53,141)	-	<b>70,500</b>
Other	-	-	-	-	-	-
<b>Total</b>	<b>4,406,192</b>	<b>-</b>	<b>(526,149)</b>	<b>(644,634)</b>	<b>(23,916)</b>	<b>3,211,493</b>

Current Provisions	207,251	-	(83,610)	(53,141)	-	<b>70,500</b>
Long Term Provisions	4,198,941	-	(442,539)	(591,493)	(23,916)	<b>3,140,993</b>
<b>Total</b>	<b>4,406,192</b>	<b>-</b>	<b>(526,149)</b>	<b>(644,634)</b>	<b>(23,916)</b>	<b>3,211,493</b>

#### Comparative Year

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

Current Provisions	143,748	63,503	-	-	-	<b>207,251</b>
Long Term Provisions	3,757,476	-	(493,849)	-	935,314	<b>4,198,941</b>
<b>Total</b>	<b>3,901,224</b>	<b>63,503</b>	<b>(493,849)</b>	<b>-</b>	<b>935,314</b>	<b>4,406,192</b>

#### Landfill Closure

The expected cost of landfill closure and aftercare costs of £3,140,993 is based on the percentage utilisation of the landfill sites of both Drumanakelly and Aughnagun and has been recognised as a provision. Aughnagun Landfill Site was closed at 31st March 2015. Drumanakelly Landfill Site ceased to take landfill on 30th April 2016. It has to be stated that now the sites have closed it will take a period of time before there will be a reliable trend for closure and aftercare costs and gas generation income.

#### Staff Costs

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



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

Financial Assets as at 31 March 2019

	Non-Current		Current		Total
	Investments & Cash and Cash Equivalents	Debtors	Investments & Cash and Cash Equivalents	Debtors	
	£	£	£	£	£
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	-	143,306	1,103,573	920,457	2,167,336
Fair Value through other comprehensive income - designated equity instruments	-	-	-	-	-
Fair Value through other comprehensive income - other	-	-	-	-	-
<b>Total Financial Assets</b>	-	143,306	1,103,573	920,457	2,167,336
Non-Financial Assets	-	-	-	6,117,595	6,117,595
<b>Total</b>	-	143,306	1,103,573	7,038,052	8,284,931

Debtors at amortised cost as at 31 March 2019

	Non-Current	Current
	£	£
Trade Receivables	-	562,420
Trade Receivables - Impairment Loss	-	(219,403)
Government Departments	-	268,444
Soft Loans	50,741	3,600
Employee Car Loans	28,565	22,349
Gas Income Debtor	64,000	257,000
Other	-	26,047
<b>Total</b>	<b>143,306</b>	<b>920,457</b>

**Financial Assets as at 31 March 2018**

	Non-Current		Current		Total
	Investments & Cash and Cash Equivalents	Debtors	Investments & Cash and Cash Equivalents	Debtors	
	£	£	£	£	£
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	-	550,191	2,649,235	1,614,600	4,814,026
Fair Value through other comprehensive income - designated equity instruments	-	-	-	-	-
Fair Value through other comprehensive income - other	-	-	-	-	-
<b>Total Financial Assets</b>	-	550,191	2,649,235	1,614,600	4,814,026
<b>Non-Financial Assets</b>	-	-	-	4,784,607	4,784,607
<b>Total</b>	-	550,191	2,649,235	6,399,207	9,598,633

**Debtors at amortised cost as at 31 March 2018**

	Non-Current	Current
	£	£
Trade Receivables	-	818,185
Trade Receivables - Impairment Loss	-	(311,616)
Government Departments	-	843,547
Soft Loans	54,341	3,600
Employee Car Loans	37,521	31,205
Gas Income Debtor	458,329	117,759
Other	-	111,920
<b>Total</b>	<b>550,191</b>	<b>1,614,600</b>

**Financial Liabilities as at 31 March 2019**

	Non-Current		Current		Total
	Borrowings	Creditors	Borrowings	Creditors	
	£	£	£	£	£
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	53,991,999	-	15,758,777	9,312,213	79,062,989
<b>Total financial liabilities</b>	-	-	-	9,312,213	9,312,213
<b>Non-financial liabilities</b>	-	-	-	3,250,596	3,250,596
<b>Total</b>	<b>53,991,999</b>	<b>-</b>	<b>15,758,777</b>	<b>12,562,809</b>	<b>82,313,585</b>

**Financial Liabilities as at 31 March 2018**

	Non-Current		Current		Total
	Borrowings	Creditors	Borrowings	Creditors	
	£	£	£	£	£
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	58,750,776	-	5,433,111	6,655,019	70,838,906
<b>Total financial liabilities</b>	<b>58,750,776</b>	<b>-</b>	<b>5,433,111</b>	<b>6,655,019</b>	<b>70,838,906</b>
<b>Non-financial liabilities</b>	-	-	-	2,918,193	2,918,193
<b>Total</b>	<b>58,750,776</b>	<b>-</b>	<b>5,433,111</b>	<b>9,573,212</b>	<b>73,757,099</b>

**Material soft loans made by the Council**

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

## Employee Car Loans

The Council makes loans for car purchases to 11 employees, including 2 directors, in the authority who are in posts that require them to drive regularly on the Council's business.

Interest is charged on the loans at Bank of England Base Rate plus 1.5%.

	2018/19 £	2017/18 £
Balance at start of year:		
Opening balance	68,726	87,769
Nominal value of new loans granted in the year	17,500	28,400
Fair value adjustment on initial recognition	-	-
Fair value of new Loans repaid	86,226 (35,311)	116,169 (47,443)
Impairment losses	-	-
Increase in discounted amount	-	-
Other changes	-	-
Closing balance at end of year	50,915	68,726
Nominal value at end of year	50,915	68,726

## Valuation assumptions

These loans have been valued at nominal value as they are not considered material to the Council.

## Income, Expense, Gains and Losses

	2018/19 Surplus or Deficit on the Provision of Services £	Other Comprehensive Income and Expenditure £
Interest revenue		
Financial assets measured at amortised cost	13,648	-
Total Interest revenue	13,648	-
Interest expense	2,176,448	-

	2017/18 Surplus or Deficit on the Provision of Services £	Other Comprehensive Income and Expenditure £
Interest revenue		
Financial assets measured at amortised cost	5,403	-
Total Interest revenue	5,403	-
Interest expense	2,158,786	-

## Fair Values of Financial Assets and Financial Liabilities

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

All the financial liabilities and financial assets held by the authority are classified as loans and receivables and long-term debtors and creditors and are carried in the Balance Sheet at amortised cost. The fair values calculated are as follows:

Financial Liabilities	31st March 2019		31st March 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	£	£	£	£
Financial liabilities held at amortised cost (Loans)				
	69,750,776	81,471,165	64,183,887	75,199,440
Long-term creditors	-	-	-	-
PFI and finance lease	-	-	-	-
<b>Total</b>	<b>69,750,776</b>	<b>81,471,165</b>	<b>64,183,887</b>	<b>75,199,440</b>

The fair value of borrowings is higher than the carrying amount because the majority of the Council's portfolio of loans are held with the PWLB and carry a premature redemption penalty if the loans are repaid early.

Other financial assets and liabilities including trade receivables, trade payables and cash and cash equivalents are carried at cost as this is a fair approximation of their value.

#### Fair Values of Financial Assets and Financial Liabilities that are not Measured at Fair Value

	31st March 2019			
	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurements using:	£	£	£	£
<b>Financial liabilities</b>				
Financial liabilities held at amortised cost:				
Loans/borrowings	-	81,471,165	-	81,471,165
<b>Total</b>	<b>-</b>	<b>81,471,165</b>	<b>-</b>	<b>81,471,165</b>
<b>Financial assets</b>				
Financial assets held at amortised cost:				
Soft loans to third parties	-	105,256	-	105,256
Other financial assets	-	-	-	-
<b>Total</b>	<b>-</b>	<b>105,256</b>	<b>-</b>	<b>105,256</b>

	31st March 2018			
	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurements using:	£	£	£	£
<b>Financial liabilities</b>				
Financial liabilities held at amortised cost:				
Loans/borrowings	-	75,199,440	-	75,199,440
<b>Total</b>	<b>-</b>	<b>75,199,440</b>	<b>-</b>	<b>75,199,440</b>
<b>Financial assets</b>				
Financial assets held at amortised cost:				
Soft loans to third parties	-	126,667	-	126,667
Other financial assets	-	-	-	-
<b>Total</b>	<b>-</b>	<b>126,667</b>	<b>-</b>	<b>126,667</b>

The fair value for financial liabilities and financial assets that are not measured at fair value included in levels 2 and 3 in the table above have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments.

Other financial assets including trade receivables and cash and cash equivalents are carried at cost as this is a fair approximation of their value.

## Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

### Credit Risk

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

Trade Debtors, inclusive of VAT, are analysed by age as follows:	£
Less than three months	333,209
Three to six months	50,435
Six months to one year	73,549
More than one year	269,433
<b>Total</b>	<b>726,626</b>

The above figures include trade debts relating to car parking, government departments and other councils disclosed separately in Note 15.

### Loss Allowance by Asset Class - Assets Held at Amortised Cost

Lifetime expected credit losses - not credit impaired:	£
Opening Balance as at 1 April 2018	311,616
Amounts written off	(5,555)
Other changes	(86,661)
<b>Closing Balance as at 31 March 2019</b>	<b>219,400</b>

There is no historical experience of default in relation to deposits with banks and other financial institutions. The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy.

### 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.

### Foreign Exchange Risk

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

## 21 Retirement Benefits

### a Participation in the Northern Ireland Local Government Officers' Pension Fund.

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Northern Ireland Local Government Officers' Pension Fund administered by the Northern Ireland Local Government Officers' Superannuation Committee. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

### b Transactions relating to retirement benefits - Comprehensive Income and Expenditure Statement Charges:

The Council recognises the cost of retirement benefits in the Cost of Services on Continuing Operations when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge the Council is required to make against district rates is based on the cash payable in the year, and the real cost of retirement benefits is reversed out in the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement.

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	2018/19 £	2017/18 £
Net cost of services:			
Current service cost		8,022,000	7,027,000
Past service cost/(gain)		4,404,000	52,000
Gains and losses on settlements or curtailments		-	-
Net operating expenditure:			
Net Interest on net defined benefit Liability (asset)		914,000	828,000
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>		<b>13,340,000</b>	<b>7,907,000</b>
Movement in Reserves Statement:			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(13,340,000)	(7,907,000)
Actual amount charged against the general fund balance for pensions in the year:			
Employers' contributions payable to scheme		4,979,000	4,371,490
<b>Net adjustment to General Fund</b>		<b>(8,361,000)</b>	<b>(3,535,510)</b>

The service cost figures include an allowance for administration expenses of £95k (2017/18 £86k).

Remeasurements recognised in Other Comprehensive Income and Expenditure	Note	2018/19 £	2017/18 £
Liability gains/(losses) due to change in assumptions		(11,699,000)	(3,418,361)
Liability gains/(losses) due to demographic changes		8,503,000	-
Liability experience gains/(losses) arising in the year		(189,000)	(621,000)
Actuarial gains/(losses) on plan assets		7,215,000	3,946,871
Other		-	-
<b>Total gains/(losses) recognised in Other Comprehensive Income and Expenditure</b>		<b>3,830,000</b>	<b>(92,490)</b>

Assets and liabilities in relation to retirement benefits			
Reconciliation of present value of the scheme liabilities:	Note	2018/19 £	2017/18 £
Balance as at 1 April		196,285,000	183,143,000
Current service cost		8,022,000	7,027,000
Interest cost		5,068,000	4,728,000
Contributions by members		1,435,000	1,379,000
Remeasurement (gains) and losses:			
Actuarial gains/losses arising from changes in financial assumptions		11,699,000	3,418,361
Actuarial gains/losses arising from demographic changes		(8,503,000)	-
Actuarial gains/losses arising on liabilities from experience		189,000	621,000
Other (if applicable)		-	-
Past service costs/(gains)		4,404,000	52,000
Losses/(gains) on curtailments		-	-
Liabilities extinguished on settlements		-	-
Estimated unfunded benefits paid		(81,000)	(86,361)
Estimated benefits paid		(4,127,000)	(3,997,000)
<b>Balance as at 31 March</b>		<b>214,391,000</b>	<b>196,285,000</b>

Reconciliation of present value of the scheme assets:	Note	2018/19 £	2017/18 £
Balance as at 1 April		158,638,000	149,124,000
Interest income		4,154,000	3,900,000
Contributions by members		1,435,000	1,379,000
Contributions by employer		4,898,000	4,285,129
Contributions in respect of unfunded benefits		81,000	86,361
Remeasurement gain/(loss)		7,215,000	3,946,871
Assets distributed on settlements		-	-
Unfunded benefits paid		(81,000)	(86,361)
Benefits paid		(4,127,000)	(3,997,000)
<b>Balance as at 31 March</b>		<b>172,213,000</b>	<b>158,638,000</b>

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

The actual return on scheme assets in the year was a gain of £15.6m (2017/18 gain of £9.5m).

Fair Value of Plan Assets	2018/19 £	2017/18 £
Equity investments	102,466,735	118,185,310
Bonds	40,470,055	18,243,370
Property	19,287,856	16,656,990
Cash	4,649,751	4,124,588
Other	5,338,603	1,427,742
<b>Total</b>	<b>172,213,000</b>	<b>158,638,000</b>

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

The bid values were provided by NILGOSC, the administering authority.

The amounts included in the fair value of plan assets for property occupied by the Council was £Nil.



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

	2018/19 £	2017/18 £
Fair Value of Employer Assets	172,213,000	158,638,000
Present value of funded defined benefit obligation	(214,391,000)	(196,285,000)
Pension asset/(liability) of Funded Scheme	(42,178,000)	(37,647,000)
Present Value of unfunded defined benefit obligation	-	-
Other movement in the liability (asset) (if applicable)	-	-
<b>Net asset/(liability) arising from the defined benefit obligation</b>	<b>(42,178,000)</b>	<b>(37,647,000)</b>
Amount in the Balance sheet:		
Liabilities	(214,391,000)	(196,285,000)
Assets	172,213,000	158,638,000
<b>Net Asset/(Liability)</b>	<b>(42,178,000)</b>	<b>(37,647,000)</b>

**d Scheme History**

Analysis of scheme assets and liabilities	2018/19 £	2017/18 £
Fair Value of Assets in pension scheme	172,213,000	158,638,000
Present Value of Defined Benefit Obligation	(214,391,000)	(196,285,000)

<b>Surplus/(deficit) in the Scheme</b>	<b>(42,178,000)</b>	<b>(37,647,000)</b>
----------------------------------------	---------------------	---------------------

Amount recognised in Other Comprehensive Income and Expenditure:	2018/19 £	2017/18 £
Actuarial gains/(losses)	(3,385,000)	(4,039,361)
Expected Return on Plan Assets	(7,215,000)	(3,946,871)
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	3,385,000	4,039,361
Remeasurements recognised in Other Comprehensive Income and Expenditure	(3,830,000)	92,490
Cumulative actuarial gains and losses	(825,483)	3,004,517
<b>History of experience gains and losses:</b>		
Experience gains and (losses) on assets	(7,215,000)	(3,946,871)
Experience gains and (losses) on liabilities	11,699,000	3,418,361

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £210,024,000 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a net liability of £37,811,000.

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

**Analysis of projected amount to be charged to the Comprehensive Income and Expenditure Statement for the year to 31 March 2019**

	31/03/2019 £	31/03/2019
Projected current cost	8,022,000	22.9%
Net interest on the net defined benefit liability (asset)	881,000	2.5%
Past service cost	37,000	0.1%
Gains and losses on settlements or curtailments	-	0.0%
	<b>8,940,000</b>	<b>25.5%</b>

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the council in the year to 31 March 2020 is £5,050,000.

**History of experience gains and losses**

The actuarial gains/losses identified as movements on the Pensions Reserve 2018/19 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2019.

	2018/19 %	2017/18 %
Experience (gains and (losses) on Assets	-4.19%	-2.49%
Experience gains and (losses) on Liabilities	-5.46%	-1.74%



#### • 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 2019.

Pension scheme assumptions:	2018/19	2017/18
	%	%
Equity investments	59.5%	71.4%
Bonds	23.5%	12.4%
Property	11.2%	10.0%
Cash	2.7%	4.5%
Other	3.1%	1.7%
<b>Mortality assumptions:</b>		
Longevity at 65 current pensioners:	Years	Years
Men	22.6	23.3
Women	24.3	25.5
Longevity at 65 for future pensioners:		
Men	24.9	25.9
Women	26.7	28.2
Inflation/Pension Increase Rate	2.20%	2.10%
Salary Increase Rate	3.70%	3.60%
Expected Return on Assets	0.00%	0.00%
Discount Rate	2.40%	2.60%
Pension accounts revaluation rate	2.20%	2.10%
<b>Take-up of option to convert annual pension into retirement lump sum:</b>		
Service to April 2009	0%	0%
Service post April 2009	0%	0%

#### Pension Assumptions Sensitivity Analysis

The pension figures disclosed in these financial statements are sensitive to the assumptions used.

The approximate impact of changing key assumptions on the present value of the funded defined benefit obligation as at 31 March 2019 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

<b>Discount Rate Assumption</b>		
Adjustment to discount rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation	204,811,000	212,824,000
% change in the present value of the total obligation	-1.90%	1.90%
Projected service cost	8,274,000	8,736,000
Approximate % change in projected service cost	-2.70%	2.70%
<b>Rate of General Increase in Salaries</b>		
Adjustment to salary increase rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation	209,963,000	207,606,000
% change in the present value of the total obligation	0.60%	-0.60%
Projected service cost	8,502,000	8,502,000
Approximate % change in projected service cost	0.00%	0.00%
<b>Rate of Increase to Pensions in Payment and Deferred Pension Assumption</b>		
Adjustment to pension increase rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation	211,627,000	205,972,000
% change in the present value of the total obligation	1.40%	-1.30%
Projected service cost	8,736,000	8,274,000
Approximate % change in projected service cost	2.70%	-2.70%
<b>Post Retirement Mortality Assumption</b>		
Adjustment to mortality age rating assumption*	-1 Year	+1 Year
Present value of the total obligation	215,433,000	202,182,000
% change in the present value of the total obligation	3.20%	-3.20%
Projected service cost	8,822,000	8,185,000
Approximate % change in projected service cost	3.80%	-3.70%

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

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

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

	31/03/2019	31/03/2018
	%	%
Equity investments	59.50%	71.40%
Government Bonds	16.50%	5.20%
Corporate Bonds	7.00%	7.20%
Property	11.20%	10.00%
Cash	2.70%	4.50%
Other	3.10%	1.70%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

### Allowance for the McCloud Judgement and GMP Indexation / Equalisation

Retirement Benefits Note 21 includes an estimated allowance for additional liabilities that are now probable arising from the McCloud Judgement and GMP Indexation and Equalisation cases outlined below. The additional liability is shown as a Past Service Cost over the accounting period based on an effective date of 31 March 2019.

#### McCloud Judgement

In December 2018 the Court of Appeal ruled in the 'McCloud/Sargeant' judgement that the transitional protection arrangements put in place when the Firefighters' and Judges' pension schemes were reformed were age discriminatory. The Government applied to the Supreme Court for permission to appeal this judgement however the Supreme Court rejected the request on 27/06/19. The next stage is for the case to be referred to the Employment Tribunal to agree the remedy, following appropriate consultation. While the judgement was not in relation to members with Local Government Pension Scheme (NI) benefits it would be reasonable to assume that the Government will now seek remedy for all public sector schemes, including Local Government Pension Scheme (NI).

The additional liability was calculated to be 3.2% of the Council's active liabilities using a salary increase assumption of 1.5% above CPI inflation.

#### GMP Indexation and Equalisation

Guaranteed Minimum Pension (GMP) is a portion of pension that is payable to members who were contracted out of the State Second Pension and accrued benefits in the scheme between 6 April 1978 and 5 April 1997. The LGPS (NI) was contracted out.

The GMP was intended to approximately replace the State Pension which members were giving up, however the payment terms of GMP are different between men and women, which was a consequence of the state pension itself being unequal at that time.

On 26/10/18 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs is required.

The estimated liability has been based on a typical Local Government pension fund to quantify the value of fully indexing GMPs in line with CPI inflation for those reaching Second State Pension age after 5 December 2018. This was calculated to be 0.3% of the liabilities / defined benefit obligation.

## 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 31/03/2019. 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 2019.

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

## 22 Donated Assets Account

### Analysis of Donated Assets Account

The balance of the Donated Assets Account represents donations received that have yet to be recognised as income, as they have conditions attached to them, which will require the donated assets to be returned, if conditions are not met. During the year three assets were donated to the Council with a value of £33,650.

## 23 Capital Grants Received In Advance

### Analysis of Capital Grants Receipts in Advance Balance

The Council has no capital grants received in Advance

## 24 Contingencies

The Arc 21 Joint Committee has with the approval of their participant Councils, entered into a Contingent Liability undertaking with the bidding consortium in the procurement for the Residual Waste Treatment Project 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 participating Councils. No further information on this agreement can be disclosed due to the commercial sensitivity of the procurement process.

25 Other cash flow disclosures

a Analysis of Adjustments to Surplus/Deficit on the Provision of Services

Adjustment to surplus or deficit on the provision of services for noncash movements	Notes	2018/19	2017/18
		£	£
Depreciation	11	7,303,117	6,289,873
Impairment & downward revaluations (& non-sale derecognitions)	11	4,537,798	4,783,539
Amortisation (included with depreciation above)		-	-
(Increase)/Decrease in inventories		(30,595)	28,570
(Increase)/Decrease in Debtors		60,059	(322,986)
Increase/(decrease) in impairment provision for bad debts		(92,213)	(5,737)
Increase/(Decrease) in Creditors		1,183,988	375,608
Increase/(Decrease) in Interest Creditors		-	-
Payments to NILGOSC	20	8,361,000	3,535,510
Carrying amount of non-current assets sold	8	312,234	587,645
AIC/WIP written off to Net Cost of Services	11	524,739	(76,199)
Contributions to Other Reserves/Provisions		(1,194,699)	782,396
Movement in value of investment properties-included above in Impairment & downward revaluations (& non-sale derecognitions)		-	(182,758)
Amounts posted to CIES from Donated Assets Account	21	-	-
Contract Costs		-	-
Contract Assets		-	-
Contract Liabilities		-	-
Deferred revenue		-	-
		20,965,428	15,795,461

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing	Notes	2018/19	2017/18
		£	£
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		(85,694)	(696,122)
Capital grants included in "Taxation & non-specific grant income"		(2,729,299)	(1,094,005)
		(2,814,993)	(1,790,127)

**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:

	2018/19	2017/18	2016/17
	£	£	£
Cash and Bank balances	1,091,386	645,630	5,271,112
Short Term Deposits (considered to be Cash Equivalents)	12,187	2,003,605	2,535,577
Short Term Investments (considered to be Cash Equivalents)	-	-	-
Bank Overdraft	(917,976)	(213,628)	(986,177)
	185,597	2,435,607	6,820,512

**c Cash Flow Statement: Operating Activities**

	2018/19	2017/18
	£	£
The cash flows from operating activities include:		
Interest received	16,679	5,403
Interest paid	2,176,448	2,158,786

**d Cash flows from Investing Activities**

	2018/19	2017/18
	£	£
Purchase of PP&E, investment property and intangible	(15,472,204)	(18,264,993)
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	85,694	696,122
Proceeds from Short Term Investments (not considered to be cash equivalents)	-	-
Proceeds from Long Term Investments	-	-
Capital Grants and Contributions Received	2,529,493	446,820
Other Receipts from Investing Activities	-	-
<b>Net Cash flows from Investing Activities</b>	<b>(12,857,017)</b>	<b>(17,122,051)</b>

e Cash flows from Financing Activities		2018/19	2017/18
		£	£
Cash Receipts from Short and Long Term Borrowing		11,000,000	10,000,000
Other Receipts from Financing Activities		-	-
Cash payments for the reduction of the outstanding liability relating to a finance lease and on-Balance Sheet PFI contracts		(23,730)	(43,326)
Repayment of Short and Long Term Borrowing		(5,409,381)	(5,307,145)
Other payments for Financing Activities		-	-
<b>Net Cash flows from Financing Activities</b>		<b>5,566,889</b>	<b>4,649,529</b>

## 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	31/03/2019	31/03/2018
		£	£
<b>At 1 April</b>		-	-
<b>Movement</b>			
Disposal of Non Current Assets/Capital Sales		85,694	696,122
Capital Receipts used to finance capital expenditure	3, 11	(85,694)	(696,122)
<b>At 31 March</b>		-	-

### b Capital Fund

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

Capital Fund	Notes	31/03/2019	31/03/2018
		£	£
<b>At 1 April</b>		1,255,113	1,255,113
<b>At 31 March</b>		1,255,113	1,255,113



### c Other Balances & Reserves

Other Balances & Reserves (Election Reserve)	Notes	31/03/2019	31/03/2018
		£	£
At 1 April		240,000	-
Transfers between statutory & other reserves & the General Fund	4	120,000	240,000
<b>At 31 March</b>		<b>360,000</b>	<b>240,000</b>

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.

### d 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	31/03/2019	31/03/2018
		£	£
At 1 April		11,287,313	8,909,091
Applied Capital Grants	10, 12	(2,729,299)	(1,094,005)
Unapplied Capital Grants received in year		-	-
Direct Revenue Financing	4, 12	-	-
Depreciation and Impairment adjustment	4	11,840,915	10,890,654
Statutory Provision for financing Capital Investment	4	(6,046,000)	(5,361,000)
Net Revenue expenditure funded from capital under statute	4, 12	1,871,141	(81,945)
Surplus/(Deficit) on the Provision of Services	CIES	(13,110,315)	(5,917,713)
Transfers between Statutory and Other Reserves and the General Fund	4	(120,000)	(240,000)
Net movements on Pension Reserve	4, 20	8,361,000	3,535,510
Disposal of Fixed Assets/Capital Sales	3, 4, 11, 23	226,540	(108,477)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		33,618	(96,986)
Other Movements		254,588	852,184
<b>At 31 March</b>		<b>11,869,501</b>	<b>11,287,313</b>

## 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	31/03/2019	31/03/2018
		£	£
At 1 April		50,010,076	52,120,218
Applied Capital Grants	10, 12	2,729,299	1,094,005
Unapplied Capital Grants transferred to CAA in year		-	-
Direct Revenue Financing	4, 12	-	-
Depreciation & Impairment adjustment	11	(11,840,915)	(10,890,654)
Statutory Provision for financing Capital Investment	4, 12	6,046,000	5,361,000
Net Revenue expenditure funded from Capital under	4, 12	(1,871,141)	81,945
Disposal of Fixed Assets/ Capital Sales	4, 11	(312,234)	(587,645)
Capital Receipts used to finance capital expenditure	4, 12	85,694	696,122
Other Movements		1,963,887	2,135,085
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure	12	-	-
<b>At 31 March</b>		<b>46,810,666</b>	<b>50,010,076</b>

### b Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The reserve is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2008, the date the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

The purpose of this account is to build up a balance based on the revaluation (upwards or downwards) of individual assets. All such revaluations (excluding impairment losses that have been debited to Surplus/(Deficit) on the Provision of Services are mirrored in Other Comprehensive Income and Expenditure. It is a fundamental principle of this account that it never becomes negative. If an asset was held at current value when derecognised, the balance held on the Revaluation Reserve is written off to the Capital Adjustment Account.

Revaluation Reserve	Notes	31/03/2019	31/03/2018
		£	£
At 1 April		45,046,424	35,064,168
Revaluation & Impairment	11	5,602,151	12,117,341
Movements from associates & joint ventures		-	-
Other Movements		(1,911,548)	(2,135,085)
<b>At 31 March</b>		<b>48,737,027</b>	<b>45,046,424</b>

#### c Pension Reserve

Pension Reserve	Notes	31/03/2019	31/03/2018
		£	£
At 1 April		(37,647,000)	(34,019,000)
Net Movements on Pension Reserve	4, 20	(8,361,000)	(3,535,510)
Revaluation & Impairment	20	3,830,000	(92,490)
<b>At 31 March</b>		<b>(42,178,000)</b>	<b>(37,647,000)</b>

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	31/03/2019	31/03/2018
		£	£
At 1 April		(357,308)	(454,294)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		(33,618)	96,986
<b>At 31 March</b>		<b>(390,926)</b>	<b>(357,308)</b>

#### e Provisions Discount Rate Reserve

The Provisions Discount Rate Reserve covers the arrangement, put in place by the Department under its amendment to the 2017/18 accounts direction (see DIC circular 17/18), to allow for mitigation of the costs not allowed for by Councils who had adopted the HM Treasury Central Government discount rate for long-term provisions such as Landfill costs.

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

Provisions Discount Rate Reserve	Notes	31/03/2019	31/03/2018
		£	£
At 1 April		(852,184)	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		(254,588)	(852,184)
Other Movements		-	-
<b>At 31 March</b>		<b>(1,106,772)</b>	<b>(852,184)</b>



## 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 £723,797 and costs of £616,901.

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

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

## 29 Agency Services

1. Newry BID Company Ltd - Business Improvement Districts (BIDs) were an initiative established through the Department for Communities which allow town centres to establish action plans to bring forward additional initiatives, services and projects under a BID plan. Rate paying businesses within the defined BID area then vote whether to accept the plan or not. If the BID is approved by a majority of the ballot received an additional BID levy is then invoiced to all businesses within the BID area to implement the agreed plan. The Council provides invoicing and debt collection services to Newry BID Company Ltd. During the year the Council raised invoices on behalf of the company amounting to £336,224. Payments were made to the company of £302,500. The company also reimburses the Council's reasonable charges and expenses which amounted to £24,469 for the financial year under review. The balance outstanding from the BID company's debtors amounted to £188,677 at 31st March 2019. This resulted in a net amount of debt held by the Council on behalf of the company at 31st March 2019 of £81,090, this balance is included in Short Term Creditors. No transactions other than the charges noted previously have been reflected in the Comprehensive Income and Expenditure Statement.

2. C.A.N.N. is the abbreviation for Collaborative Action for the Natura Network. The Group consists of eleven project partners. Agri-Food and Biosciences Institute, Argyll and the Isles Coast and Countryside Trust, Armagh City, Banbridge and Craigavon Borough Council, East Border Region Ltd, Golden Eagle Trust, Institute of Technology Sligo, Monaghan County Council, Newry, Mourne and Down District Council, Scottish Natural Heritage, Ulster University and the Ulster Wildlife Trust. The project is funded by the Special EU Programmes Body (SEUPB). Newry Mourne and Down District Council (NMDDC) are the lead partners where they pay the salaries of employees and invoices. Claims for the project partners are made by the individual organisations to SEUPB. The funding for all partners is paid into NMDDC's bank account. The Council subsequently pays this funding to the project partners. During this current year NMDDC received €1,707,450 of grants from SEUPB on behalf of the ten project partners and paid €1,548,450 to the project partners. These transactions are not reflected in the Council's Revenue accounts. There was a balance of €159,000 (£136,416 stg) owing to the other project partners at 31st March 2019.

A Related Party Transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related Party Transaction exclude transactions with any other entity that is a related party solely because of its economic dependence on the Council or the Government of which it forms part. A related party is one that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes cases where the related party entity and another entity are subject to common control but excludes providers of finance in the course of their normal business with the Council and Trade Unions in the course of their normal dealings with the Council.

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

Councillors have direct control over the Council's financial and operating policies. During the year, the Council paid for works and services amounting to £612,634 from organisations in which individual Councillors have an interest. The main recipient within this total is £448,879 to Mourne Heritage Trust.

The Council paid grants of £218,203 to a number of organisations in which Councillors represented the Council's interests. All payments were made with proper consideration of declaration of interests.

The Council incurred expenditure of £555,791 to other councils of which £44,061 was outstanding as at 31st March 2019.

The Council has recorded income of £251,321 from other Councils of which £70,789 was outstanding as at 31st March 2019.

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 £188,821. The Council paid an additional £1,556,956 to Arc 21 for various services provided during the year including the use of the Material Recycling Facility and received income of £72,363.

### 31 Date of authorisation for issue

The Chief Financial Officer authorised these financial statements for issue on 30 September 2019.