

Statement of Accounts

**Newry, Mourne and Down District
Council**

**For the Year Ended 31st March
2021**



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

**Newry, Mourne
and Down**
District Council

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Narrative Report

Organisational overview and external environment

With an estimated population of 181,368, a coastline of approximately 150 kilometres, and encompassing an area of 1,634 square kilometres, we have three Areas of Outstanding Natural Beauty; Mourne, Ring of Gullion, and Strangford and Lecale.

With approximately 981 employees and an annual budget of circa £59M made up from rates 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 elected members from our seven district electoral areas serve a diverse population, 23% of which is aged 15 years and below, and 16% being 65 years and older.

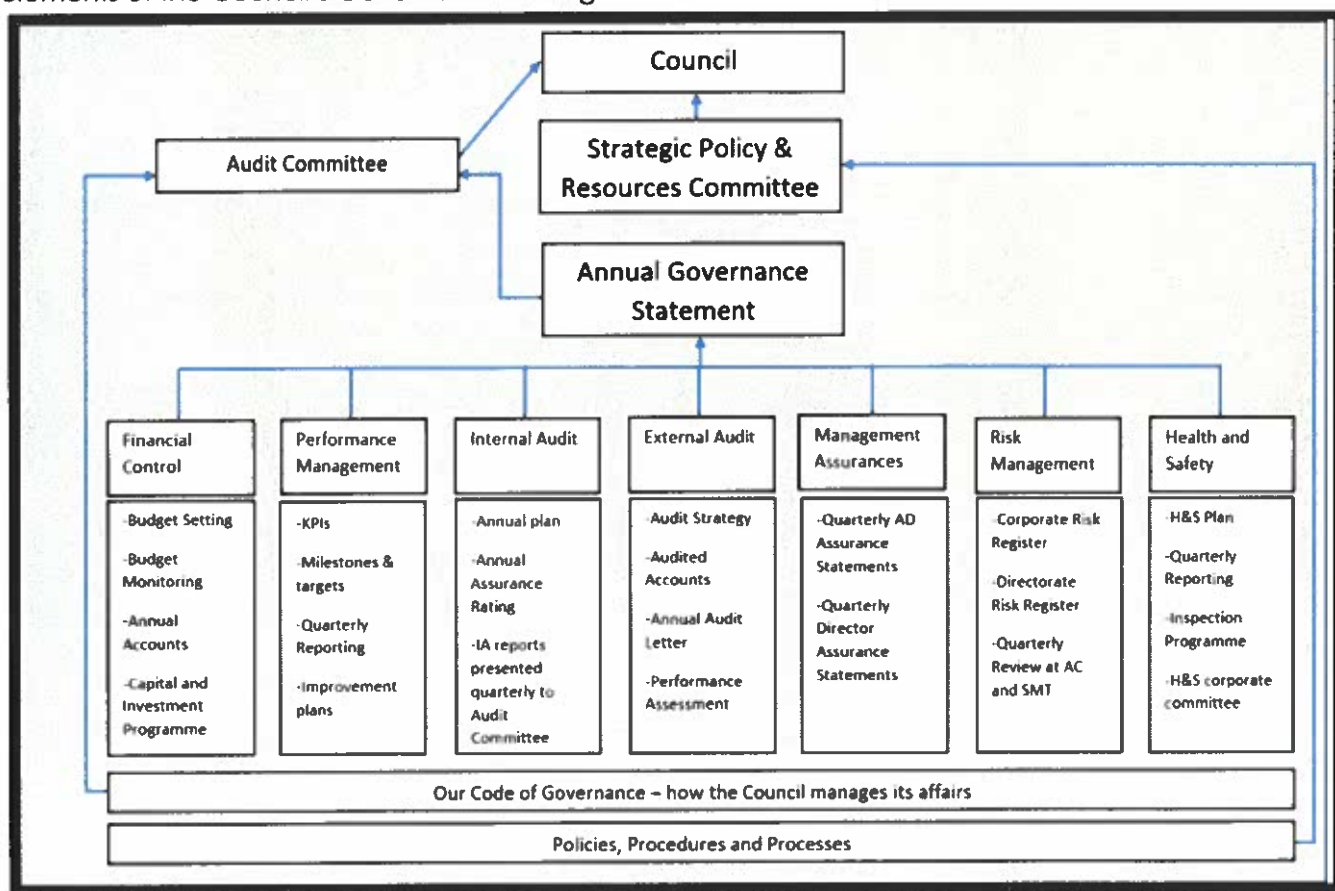


During our first five years we established a new governance and organisational structure, delivered major new facilities and projects for the benefit of residents and visitors, facilitated agreement with partners on the Community Plan, secured major City Deal investment for the future and began work on publishing a new Local Development Plan Preferred Options Paper to shape planning across the district for the years ahead.

While we acknowledge the COVID19 pandemic may be a continuing feature and have an impact upon Council services, our new [Corporate Plan \[2021-2023\]](#) will continue to guide Council's activities and how we allocate our resources over the next two years. In doing so we will work closely with all our partners in government and with the private, voluntary and community sectors and strive to provide our staff with the development support and resources needed to provide better outcomes and high-quality services for all.

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.



Council's Assurance Mapping and Code of Governance was revised and approved by the Audit Committee on 5 July 2021. 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. The Annual Governance Statement on page 21 details the Council's Code of Governance and significant Governance issues facing the Council. The Annual Governance Statement also details the special governance arrangements which were in place due to COVID19.

Operational model

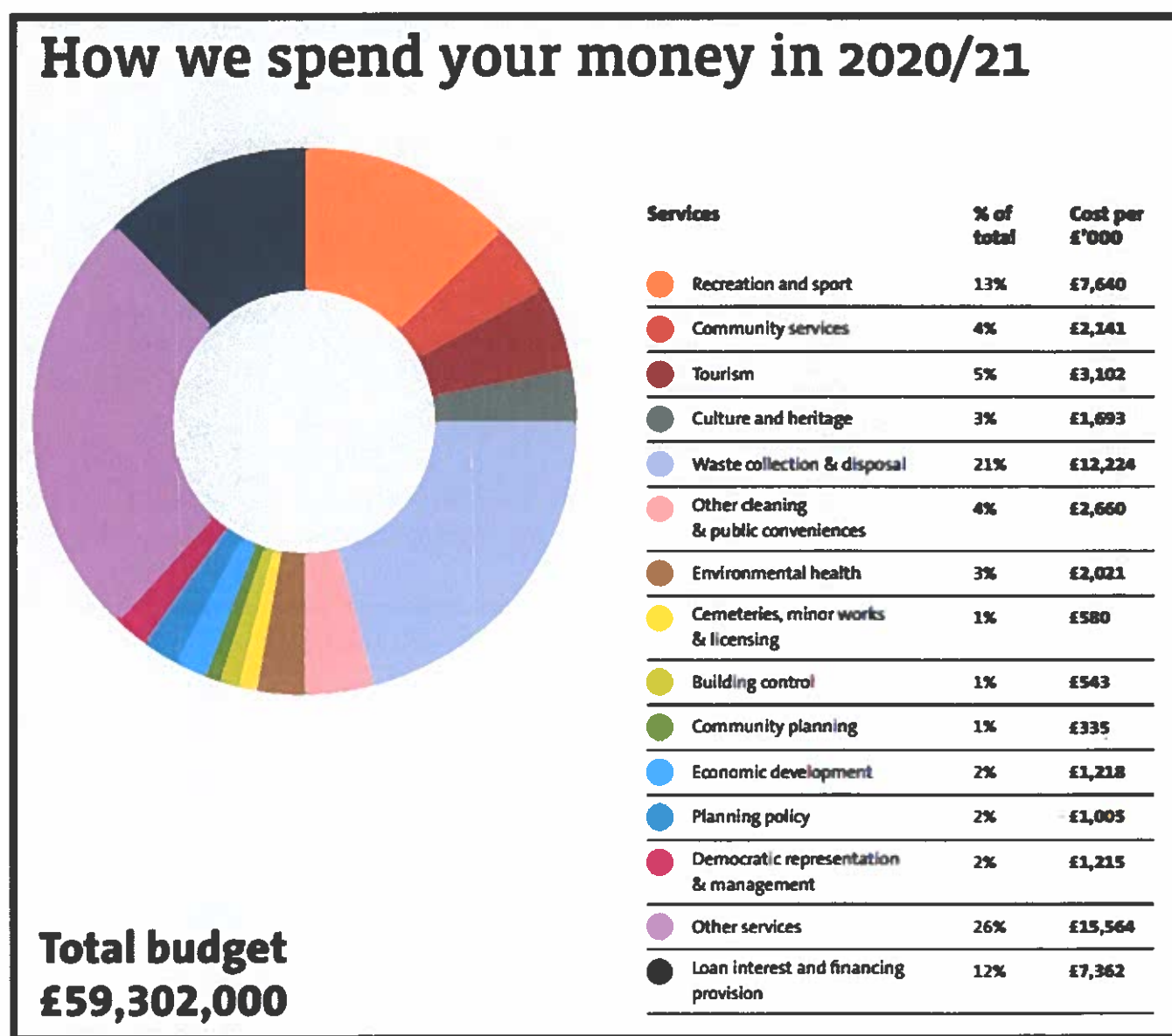
Each year, the Council must ensure it has the resources it needs to deliver services to the standard expected by its ratepayers. Budget plans are submitted to the relevant committees for approval regarding what the Council hopes to do and how much it will cost. This helps

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 sources of budgeted income for the year ended 31 March 2021 were as follows;

District Rate from Households and Businesses	£56,346,735
Grants from Central Government	£2,855,987
Other	£99,278
Total	£59,302,000

The budgeted income went towards the delivery of the following services, in the year ended 31 March 2021-

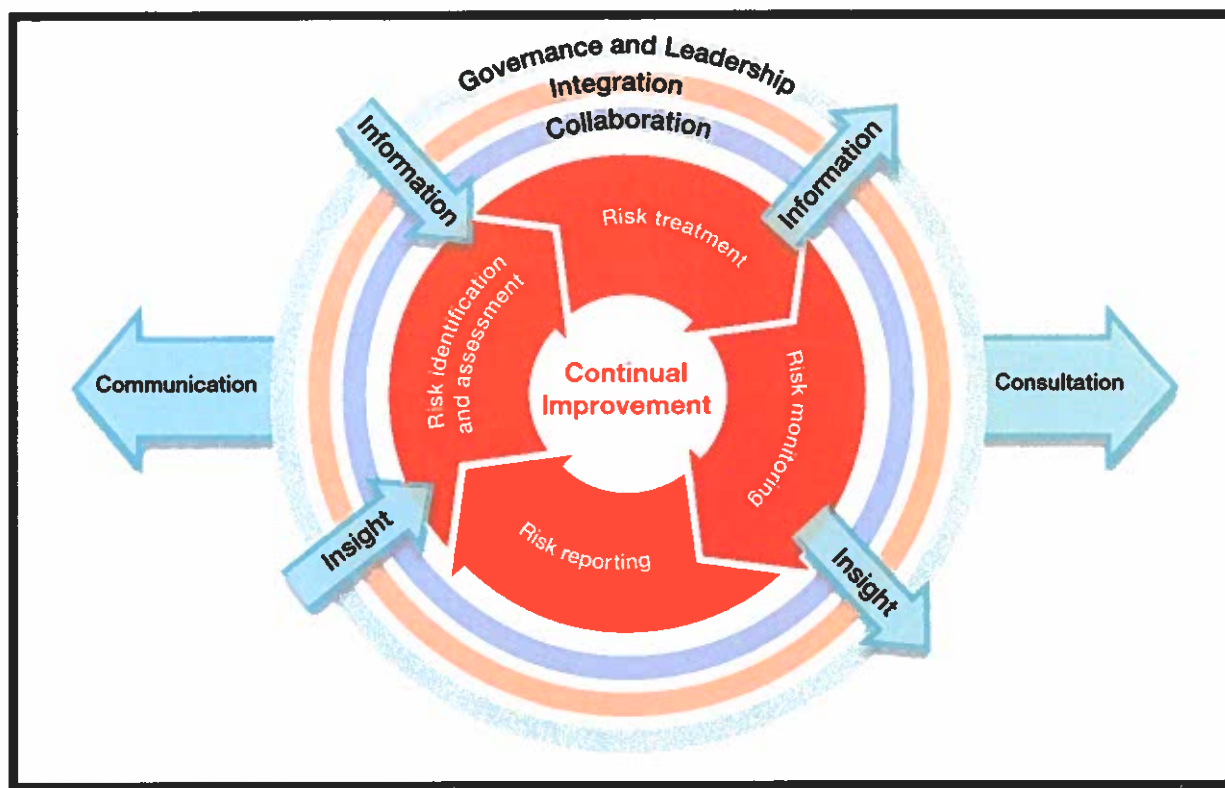


Risks and opportunities

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 key elements of the risk management process are highlighted below:



In order to assist the Chief Financial Officer in fulfilling her 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 her preparation of the Annual Governance Statement. Directors and Assistant Directors provide Assurance Statements to the Chief Executive and Audit Services Manager on a quarterly basis.

The Council had 12 Corporate Risks at 5 July 2021, which included:

1. Failure to deliver the capital investment programme for the District;
2. **Breach of legislation/legislative challenge in relation to the procurement of goods and services and works;**
3. Non-compliance with legislative requirements, including Health and Safety;
4. Failure to effectively manage waste;
5. Failure to provide timely planning decisions;
6. Failure to adequately plan for the future and deliver efficiencies and improvement
7. Failure to adequately react to a major incident which would minimise any negative consequences/impact;
8. 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, including the Northern Ireland Protocol;
9. Lack of standardised T&Cs of employment leading to the failure to transform services and could impact on current service delivery;
10. Failure to adequately manage sickness absence resulting in delays and an inability to deliver Council services;

11. Risk that Council does not assist the post COVID19 recovery of the district, therefore failing in its objectives to regenerate and build a prosperous district due to the inability of Council to be financially sustainable in the long term;
12. Failure to adequately manage the Cyber Security attack.

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 SMT and the Corporate Management Teams (CMT).

Council currently has one risk with a red residual score rating. These risks are highlighted above (***bold italics***).

Internal Audit completed a review of Risk Management in March 2021. The review received a satisfactory assurance rating. However, Council's Risk Strategy was revised to comply with HM Treasury's best Practice (Orange Book, Management of Risk; Principles & Concept). The revised Risk Strategy was approved by the Audit Committee in July 2021.

The key changes to the best practice and our policy include:

- The introduction of five main principles of risk management and a number of supporting principles;
- The introduction of the "three lines of defence" model which provides a simple and effective way to delegate risk management roles and responsibilities;
- The provision of clear roles and responsibilities for those involved in; and
- A risk appetite statement for Council.

Financial Statements

The Council's financial performance for the year ended 31st March 2021 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 2021 (the Code) and the Department for Communities Accounts Direction, Circular LG 08/2021. It is the purpose of this foreword to explain, in an easily understandable way, the financial facts in relation to the Council.

This Statement of Accounts explains Newry, Mourne and Down District Council's finances during the financial year 2020/21 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 authority, 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 52, shows the movement in the year on the different reserves held by Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Summary (CIES).

The Comprehensive Income and Expenditure Statement

This statement, as set out on page 51, shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rates income. Council's raise rates income to cover expenditure in accordance with regulations; this may be different from the accounting cost. The rates income position is shown in the Movement in Reserves Statement.

The Balance Sheet

The Balance Sheet, as set out on page 53, 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 rates income and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

Basis of Preparation

The Council's Statement of Accounts are prepared on an accruals basis and are intended to present to readers a true and fair view of financial activity during the 2020/21 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 as user friendly as possible within these limitations.

Revaluation of Assets

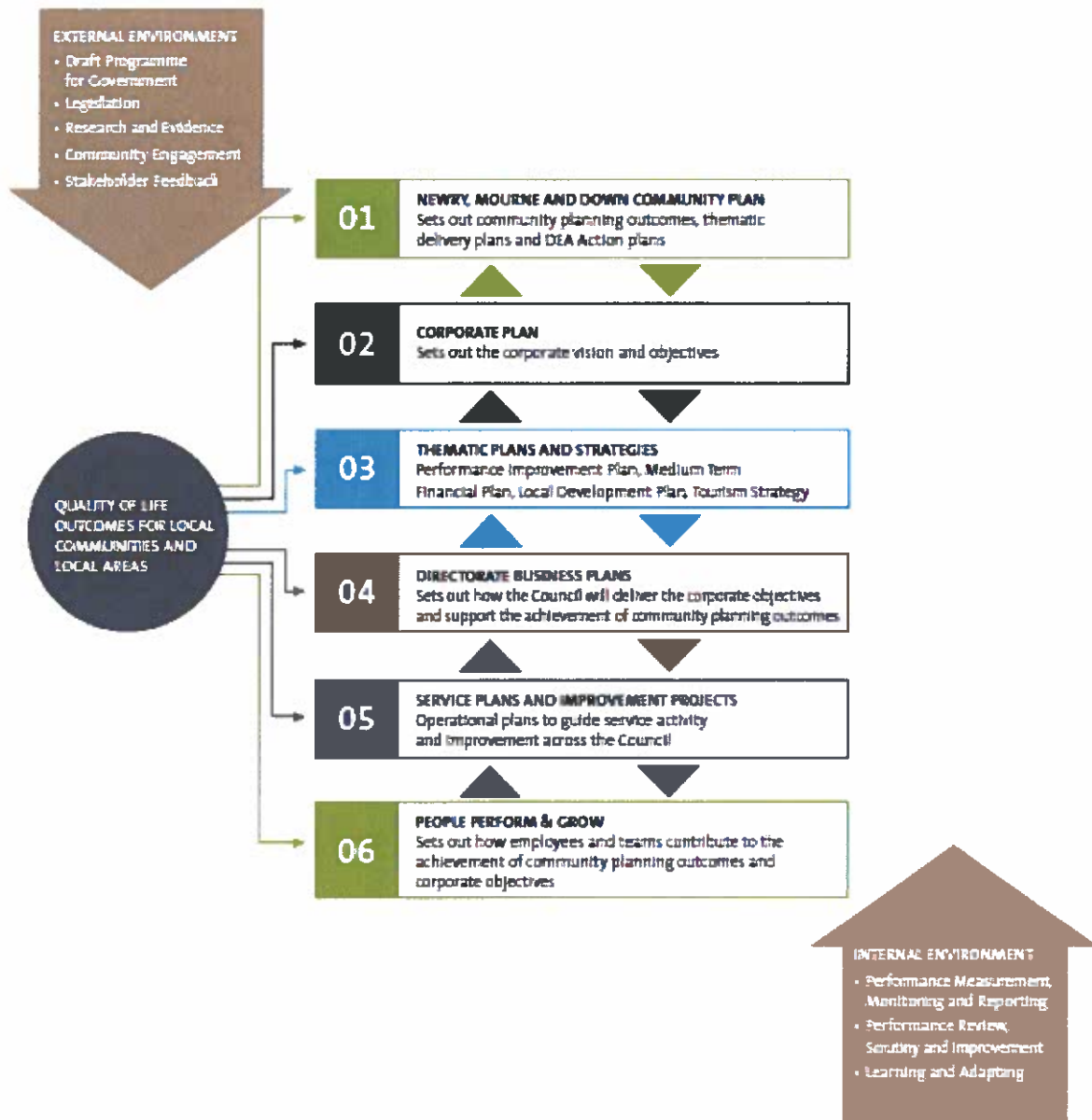
A valuation exercise was carried out by Land and Property Services (LPS) as at 31 March 2021 on the Council's land and buildings. As a result, the value of land and buildings have decreased from £177.7 million at 31 March 2020 to £174.3 million at 31 March 2021. In light of COVID19, LPS has included a disclaimer in their report. The following disclosure has been added to the accounts and we are satisfied that appropriate values have been applied to the revaluation of assets in accordance with the relevant guidance:

"Valuations of Land and Buildings are carried out externally by Land and Property Services (LPS), in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). As at the valuation date, LPS considers that due to the COVID19 pandemic, there is a shortage of reliable market evidence for comparison purposes, to inform opinions of value. Therefore, the valuations provided by LPS were reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Global Standards. Consequently, less certainty, and a higher degree of caution, should be attached to the valuations than would normally be the case. However, LPS advised that their material uncertainty clause serves as a precaution and does not invalidate the valuation."

Performance Report

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



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

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

Community Plan	The Community Plan for Newry, Mourne and Down sets out the long-term vision for improving the economic, social and environmental wellbeing of the District. Developed in collaboration with partners across the statutory, business and voluntary sectors, the Community Plan is underpinned by Priority Actions Areas and seven DEA Action Plans, which seek to deliver the five community planning outcomes at a local level. Progress in implementing the Community Plan is reviewed on a biennial basis.
Corporate Plan	The Corporate Plan 2021-23 sets out the vision, values and strategic objectives for the Council. Each strategic objective is underpinned by 'supporting actions' and 'measures of success'. Progress in delivering the Corporate Plan is reported annually through the NMD Connect Newsletter and Assessment of Performance.
Thematic Plans and Strategies	The Council has put in place a number of Thematic Plans and Strategies to support the implementation of the Community Plan and Corporate Plan, including the Performance Improvement Plan, Medium Term Financial Plan and Regeneration and Economic Development Strategy. These plans provide the strategic context for multiple programmes of work across the organisation.
Directorate Business Plans	Business Plans are developed annually to demonstrate how Directorates contribute to the achievement of community planning outcomes, corporate objectives and performance improvement objectives. Directorate Business Plans include suites of key performance measures to measure progress and drive continuous improvement, with performance being monitored and reviewed bi-annually by the relevant Committee.
Service Plans and Improvement Projects	Service Plans and Improvement Projects are operational and set out the direction for service areas across the Council. They outline how each service contributes to the delivery of community planning outcomes, corporate objectives and performance improvement objectives, include key performance measures and provide a mechanism to manage performance consistently across the organisation.
People Perform Grow	The Council recognises the significant role employees play in contributing to the achievement of the Community Plan, Corporate Plan, Thematic Plans and Strategies, Directorate Business Plans and Service Plans. People Perform Grow will demonstrate the link between the work of employees and how they contribute to the achievement of key plans and strategies, as well as the outcomes experienced by local communities.

Community Plan

The 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 needs."* 'Living well together' is published on the Council's website and outlines the Council's ambitions for the District until 2030.

Since launching the Living Well Together Community Plan, community planning partners and local communities have come together to deliver high quality services and opportunities. This ensures that local people have a say in what programmes and policies are implemented and is built on the understanding that more can be achieved when we all work together in partnership.

Council are concentrating on what we can do together to achieve our goals. We have now more focused priorities including mental health, physical activity, tourism, access to quality housing, and implementing new initiatives such as Participatory Budgeting and the Community Support Partnership.

As part of our statutory responsibilities under the Local Government Act (NI) 2014, we are required to monitor progress against the objectives of the Community Plan. Every two years we are also required to publish a statement of the progress we have made. The summary document 'Our Journey' can be accessed on the Council website. This outlines what we have accomplished from 2015 to the present. A brochure outlining last year's initiatives can be accessed here <https://www.newrymournedown.org/communities-leading-change>. A further statement of progress will be published in November 2021, with a review of the Community Plan scheduled to be published during 2022.

Some of Council's main achievements are:

- Seven District Electoral Area (DEA) Forums have been established;
- The Communities Leading Change Participatory Budgeting initiative has been rolled out. A total of £30,000 has been allocated to community groups across the district, with 2000 people participating and 70 groups funded. Nine partners have contributed support or funding to this initiative;
- Development of a Housing Needs Action Plan to be implemented by the Housing Needs Subgroup;
- Undertaken an Asset Mapping Project to identify surplus land and buildings that can be used more effectively;
- Establishment of a Community Support Partnership which ensures that key public services work together to respond to the needs of vulnerable people;
- Development of a project to better coordinate the referral of individuals to Council leisure facilities;
- Successful completion of an online citizen engagements pilot project; and
- Creation of the Strategic Stakeholders Forum's post COVID19 Recovery and Renewal document.

Corporate Plan

Newry, Mourne and Down District Council's Corporate Plan 2021-23 was approved by the Strategy, Policy and Resources Committee on 17 December 2020 and sets out the following mission statement: 'To support and advocate for a welcoming District which is progressive, healthy and sustainable, providing better economic, environmental and social outcomes for all'. Progress in delivering the eight strategic objectives within the Corporate Plan will be monitored, reviewed and reported on an annual basis through NMD Connect and the Assessment of Performance.

Performance Improvement Plan

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



In response to the impact of the COVID19 pandemic, the Department for Communities (DfC) confirmed that Councils were not required to publish a Performance Improvement Plan for the 2020-21 financial year. The performance improvement objectives have been reviewed and updated within the context of the Corporate Plan 2021-23 and the 'proposals for




improvement' which were put forward by the NI Audit Office in 2019, taking into account the impact of COVID19 on our District, communities and services.

The [2021/22 Performance Improvement Plan](#) was approved by the Strategy, Policy and Resources Committee on 17 June 2021 and published on the Council's website ahead of the statutory deadline of 30 June 2021. The performance improvement objectives do not describe every improvement the Council plans to make during 2021-22. Alternatively, they provide an overview of how the Council will address the issues which matter most to local communities. The Performance Improvement Objectives for 2021-22 are:

1. We will encourage local people to lead healthy and active lives by improving the quality of our parks and open spaces;
2. We will grow the economy by supporting local businesses and creating new jobs;
3. We will improve the cleanliness of our District by addressing littering, fly tipping and dog fouling incidents;
4. We will build the capacity of local communities through the Financial Assistance Scheme; and
5. We will improve the processing times of planning applications and enforcement cases by implementing the Planning Service Improvement Programme.

In the absence of published performance improvement objectives 2020-21, the Council has continued to monitor performance by establishing a baseline to report progress against the 'measures of success' which underpin the performance improvement objectives 2021-22, including the statutory performance indicators and standards. The table below provides an overview of performance during 2020-21.

Performance Improvement Objective	Progress	Status Trend
 <p>We will encourage local people to lead healthy and active lives by improving the quality of our parks and open spaces</p>	95.9% reduction in recorded attendances at Council leisure centres	▼
	79% reduction in the number of participants on Everybody Active 2020	▼
	91% of users said they are likely to return to the Councils leisure centres	😊
	3 'blue flag' beaches and 4 'green flag' parks	😊
	84% of visitors are satisfied with Warrenpoint Park and 89% agree the park enhances their local quality of life	😊
	72.6% increase in recorded visits at four community trails	△
 <p>We will grow the economy by supporting local businesses and creating new jobs</p>	Between 2018-2019, 14.7% increase in overnight stays and 20.7% increase in visitor spend	△
	164 new jobs promoted through business start activity	😊
	40 social enterprise businesses supported and 13 new social enterprise jobs created	😊
	327 businesses supported and 47.5 jobs created through 'NMD Growth', 'Digital Growth' and 'Tender for Growth'	😊
	Up to 1,000 businesses engaged in the #re:Launch Leadership Summit and 400 participants took part in NMD Enterprise Week	😊
	Increase in the number of VAT and/or PAYE registered businesses, birth rate of new businesses and employee jobs	△

	103% increase in the number of job seekers and out of work universal credit claimants	▽
 <p>We will improve the cleanliness of our District by addressing littering, fly tipping and dog fouling incidents</p>	Decrease in the number of fixed penalty notices issued and paid	▽
	Decrease in the number of community clean ups supported	▽
	Slight decrease in the rate of recycling, to 52.6%	▷
	One of the lowest levels of waste sent to landfill across all NI Councils	😊
	LEAMS (street cleanliness) score of 64 retained and falls just below the regional average of 65	▷
	60 schools participated in the calendar poster competition	😊
	15 schools attended the virtual teachers Eco-Schools Information event	😊
 <p>We will build the capacity of local communities through the Financial Assistance Scheme</p>	£731k awarded to 377 projects across 18 thematic areas	😊
	Electronic Grant Management System launched and online training module developed	😊
	Newry, Down and Kilkeel Leisure Centres temporarily converted to food distribution hubs between March-August 2020	😊
	18,407 food parcels delivered to vulnerable households and 144 community organisations enlisted as volunteers	😊
	72% of residents agree that the local area is a place where people from different backgrounds get on well together	😊
 <p>We will improve the processing times of planning applications and enforcement cases by implementing the Planning Service Improvement Programme</p>	The Council received, decided on and approved the highest number of planning applications across the 11 Councils	😊
	The processing time for local planning applications improved from 20.6 weeks in 2019-20 to 19 weeks in 2020-21	△
	The processing time for major planning applications improved from 94 weeks in 2019-20 to 64.6 weeks in 2020-21	△
	The percentage of enforcement cases processed within 39 weeks increased from 36.2% in 2019-20 to 40.9% in 2020-21	△

*The 2020 tourism estimates have not yet been published by the NI Statistics and Research Agency (NISRA) and the 2019 Local Government District (LGD) tourism data is reported.

**The 2020-21 data in relation to the statutory performance indicators for waste management remains provisional, as the end of year data is currently being validated by DAERA and will be published in Q3 2021-22.

Directorate Business Plans

All Directorates continued to monitor and report progress in delivering the Emergency Business Plans during 2020-21. Below is a snapshot of some of the successes from each Department for the 2020/21 year:

Enterprise, Regeneration and Tourism Directorate

- 84% of visitors are satisfied with Warrenpoint Park and 89% agree the park enhances their local quality of life;
- Issued 807 letters of offer, with a combined value of approximately £1.1m to assist local businesses as they navigate the impact of COVID19;
- Regeneration and Economic Development Strategy 2020-25 launched;
- A total of 12 artisan markets took place in Downpatrick, Newcastle and Warrenpoint;
- Online Christmas and St Patrick's concerts reached 194,00 online viewers;
- Webinar series delivered to around 160 tourism and hospitality businesses and mentoring support provided to 13 tourism and hospitality businesses; and
- 25 tourism and hospitality businesses engaged in the development of new and existing tourism businesses.

Active and Healthy Communities Directorate

- 97,281 recorded visits at four community trails;
- 507 clients directly benefitted from the services provided through the Ethnic Minority Support Centre;
- Worked in partnership with DAERA to establish import controls at Warrenpoint Harbour ahead of the transition period for EU Exit;
- 2,279 attendances recorded on the Everybody Active programme; and
- Broad range of physical activity and wellbeing programmes delivered virtually.

Neighbourhood Service Directorate

- Refuse collection services continued, as normal, throughout the pandemic;
- 60 schools participated in the calendar poster competition and 6,000 copies of the calendar were printed;
- Phase 2 extension compete for Monkshill cemetery and Phase 2 extension of Warrenpoint Cemetery 50% complete.

Corporate Services and Chief Executives Department

- 86% of invoices paid within 30 calendar days;
- Decrease in the number of days lost due to sickness absence;
- 69 social media campaigns delivered with an overall reach of 2.4m;
- Arrangements for virtual Committee meetings in place;
- Chairperson supported in carrying out 66 virtual and in person engagements; and
- Continued delivery of Capital Programme – Derrymore House Regeneration Scheme complete, Newry Lower Hill Street complete, rural EI scheme complete.

Residents Survey

In September 2018, the Council commissioned a Residents Survey to establish a robust and reliable evidence base in relation to resident perceptions about their local area, the performance of the Council and key priorities for improvement in the future. A representative sample of 764 residents revealed that:

- 87% are satisfied with the Council overall and 73% trust the Council
- 75% agree that the Council makes Newry, Mourne and Down a good place to live
- 61% believe the Council provides good value for money, which is above the GB average of 51

The next Residents Survey will be carried out during 2022-23 to track and monitor resident perceptions, satisfaction with Council services and the local area as a place to live. Feedback from the Residents Survey will be used to inform the development of future plans and strategies, including the Corporate Plan and Performance Improvement Plan.

The Council also carried out Customer Satisfaction Surveys for Building Control in 2020 and Leisure Facilities in 2019. Plans are currently in place to conduct further Customer Satisfaction Surveys for Planning and Parks and Open Spaces during 2021-22.

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 2020/21. 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 and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Financial Performance

For the year ended 31 March 2021, the Council's General fund increased by £7,519k to £19,228k. The budget plans formed part of the annual estimates for 2020/21. The total gross income budget for the Council was set at £69,523k at June 2020. This was a revised budget which was reprofiled at the request of SMT due to COVID19.

The Council reported a £9,440k underspend on service delivery at year end. Performance against budget for each of the Committees is continuously monitored throughout the year. Management Accounts are presented and scrutinised quarterly at the Strategic Policy and Resources Committee (SP&R). The year-end Management Accounts position was presented to Committee on 17 June 2021. The overall favourable position for the year ended 31 March 2021 can be attributed to:

- COVID19 Funding Support from the Department of Communities of £3.15m has been included. A further payment of £2.4m was received in March 2021 relating to the 2021/22 Financial year and will be treated as a reserve in the accounts as at 31st March 2021. In addition, Department of Agriculture, Environment and Rural affairs (DEARA) grant aid of £1.35 has been included;
- Wages and salaries were £1.6m favourable against budget;
- The Department provided an additional Rates Support Grant of £515k during 2020/21;
- At year end there was a positive Rates Finalisation of £1.26m which is reflected within the management accounts;
- Income from the HMRC COVID19 Job Retention Scheme of £1.89k has been included;
- Overall income (excluding grants) is showing £741k favourable based on the revised figures, mainly due to positive variances in planning, Building Control, Trade Waste and Leisure income.

The Cost of Services on Continuing Operations of £64.1m (2019/20 - £69.6m), 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 £1.4m (2019/20 - £11.0m).

Borrowings

For the 2020/21 year the Council has an authorised borrowing limit of £128m. 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 £119.5m, this ensure the Council only borrows for capital purposes.

The Council currently holds £74.1m of loans, a decrease of £700k on the previous financial year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast shows that the Council expects to borrow up to £96.1m by the end of 2021/22. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £128m.

During the year the Council repaid external loans of £4.7m. The Council borrowed £4m to fund ongoing capital projects. At 31 March 2021, the total amount outstanding on external loans was £74.1m.

Capital Expenditure

The Council has an ambitious four-year capital programme of £58.8 million (February 2020). 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 capital plan is continually reviewed by the Strategic Finance Working Group.

The total net expenditure reported in the Comprehensive Income and Expenditure Statement includes allocations of £5.8m to fund capital expenditure.

The most significant capital projects which were completed during the year included;

- Bann Road Pavilion at a £295k due to COVID19 restrictions this has not yet opened.
- Newry Tennis Court bubble at a cost of £275k.
- Derrymore Playpark opened in March 2021 at a cost of £273k
- Car -park at Strangford Road Depot completed at a cost of £180k
- Ballykinlar Community Centre completed at a cost of £128k.

Strategy and resource allocation

The Medium Term Financial Plan was approved by the Council in February 2020. 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 2020/21 (3rd February 2020) consideration was given to the following key financial factors and uncertainties for the Council:

- Various uncertainties remained as to the impact of Brexit on the NI Economy and NMDDC rate base and funding streams, and no provision had been made in the estimates for any financial implications arising. Furthermore, included within our 2020-21 estimates were various areas of funding received from the European Union under programmes which we have been advised will continue during the 2020-21 year.
- There was no agreed budget by the NI Executive at February 2020. The absence of an agreed budget had the potential to impact on the ability of the 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 were yet to be advised of the total amount of Rates Support Grant being made available by the DfC for 2020-21.

Other factors leading to the 2020/21 rate increase included;

- A 2% pay increase for Local Government employees has been negotiated and agreed with the trade unions at a Northern Ireland level.
- The increased costs of waste and recycling contracts across the district.
- In Autumn 2018, a successful Judicial Review challenge to the Rates Support Grant allocation resulted in a significant reduction to the calculated proportion of RSG to be paid to NMDDC. DfC have advised that NMDDC will receive a considerable reduction to its RSG allocation in the 2020-21 year.
- A revaluation of non-domestic rateable values was undertaken by Land and Property Services during 2019 "Reval 2020", the impact of which has been included in NMDDC's medium term financial plan.

Council officers provided a budget for that 2020/21 financial year, based on best estimates of expenditure and income at that time. The COVID19 global pandemic could not have been foreseen and therefore was not factored into the budgets agreed by Council. COVID19 has impacted significantly on Council's finances.

As a result of the impact of COVID19, Senior Management commenced a review and revision of the 2020-21 budget. The objective of this review was to take account of the impacts of COVID19 in our budgets; to reflect the significant losses of income anticipated but also to review areas where expenditure can be reduced due to the impact of COVID19 on our working practices and locations. SMT anticipated that budgets will require continual monitoring and review as government changes to lockdown restrictions ease. Non-payroll budgets were reduced by £1.6m and payroll budgets by £1.1m in June 2020.

A detailed cashflow was prepared by management and reviewed with the Chief Executive to provide her with assurance as to Council's ability to continue as a going concern. This was reviewed and updated throughout the year. It is anticipated that easing of lockdowns and reopening of facilities with the increased health and safety measures required because of COVID19 will put considerable pressure on Council's cashflow and finances going forward.

Outlook

The Council is fully aware that it is operating in a continually challenging environment with the ongoing COVID19 pandemic. The impact of COVID19 has significantly impacted on Council's operations and finances in the current year. The future impact of COVID19 on operations, on our rate base and on our finances is uncertain, and many assumptions are included in our budgets for 2021-22.

Various uncertainties remain as to the impact of Brexit and the NI protocol will have on the NI Economy and the Council. It is too early to understand the full implications of NI Protocol on jobs and investment in the district until trade negotiations are finalised and grace periods come to an end.

The Council continues to face a range of significant budget pressures including general inflation, increases in demand for everyday services as the population grows, and increases in core costs such as wage increases, the national living wage and pension contributions. The Council will also face significant year on year increases in costs in several areas such as waste disposal costs.

However, the Council is committed to delivering business as usual where possible and will continue with our ambitions for the district included within our interim Corporate Plan 2021-23.

The Council strives to deliver the highest standards and these efforts have been highlighted below with some of Council's key achievements in the year ending 31 March 2021:

- NMDDC established the COVID19 Community Coordination hub in March 2020. During the 17 weeks of shielding a total of 18,407 food boxes were delivered with the assistance of 144 organisations and individuals throughout the District;
- A new Regeneration and Economic Development Strategy was launched in November 2020, the core of which is to support local businesses and attract investment and jobs to the district;
- Hilltown and Kilclief have both seen the installation of new play parks;
- 3 'blue flag' beaches and 4 'green flag' parks;
- 181 new business starts supported and 164 new jobs promoted through business start activity;
- To support the economic recovery of the District, the Council has issued approximately 807 letters of offer, with a combined value of approximately £1.1m to assist local businesses as they navigate the impact of COVID19;
- £731k awarded to 377 projects across 16 thematic areas via Council's financial system scheme; and
- Council received 1,177 planning applications and decided on 1,038, which is the highest across Northern Ireland.

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 Council optimises its resources to deliver on its eight key Corporate objectives. A few of the current significant initiatives Council are currently developing are outlined below;

1. City Deal – The Belfast City Deal is a 10-year investment, with a vision of creating 20,000 new and better paid jobs. This investment will ensure that as a Council we can take forward and implement strategic priorities, which will position our district as a key investment location and visitor attraction, while providing stimulus for new and better employment opportunities for all.

In total, £850m has been secured to deliver the investment. In May 2020 the NI Executive announced a £350m investment commitment to match fund the £350m already committed from the UK government. Together with an additional £150m from the Belfast Region City Deal partners, the total amount of £850m was achieved.

The City Deal investment in infrastructure, regeneration and tourism projects will also help the region's economic recovery from the effects of COVID19. During 2020-21, the Council has progressed comprehensive Outline Business Cases for both the Newry City Centre Regeneration and Gateway to the Mourne projects, while working with City Deal partners on progressing regional programmes that will deliver digital and innovation infrastructure and an employability and skills programme.

2. Full Fibre Northern Ireland (FFNI) – Fast, reliable digital connections have never been more important, and it is crucial that our district is keeping pace. The Council is a lead member of the FFNI Consortium, which is comprised of the 10 local authorities outside of Belfast and the Business Services Organisation.

The Consortium has been awarded £24m from the Department for Digital, Culture, Media and Sport (DCMS) to implement a new collaborative programme to drive greater investment in fibre and digital infrastructure across Northern Ireland. The Consortium's phased delivery programme will manage two DCMS funded programmes - Local Full Fibre Network (LFFN) and Rural Gigabit Connectivity (RGC). It

will also manage the delivery of further digital infrastructure initiatives and ensure a vital local link for future digital programmes at local authority level.

This funding of £24m aims to deliver full fibre to 957 sites, which includes council buildings, community centres, GP Surgeries, Ambulance stations and Fire Stations by December 2021, using the "Public Sector Anchor Tenancy" approach. This represents Phase 1 of a proposed longer-term programme of fibre related investment.

3. The Peace IV Programme – is a cross-border initiative designed to support peace and reconciliation in Northern Ireland and the Border region. Council has been awarded £ 4.7m of EU funding to deliver the PEACE IV Local Action Plan – Beyond Tolerance.

As the lead partner, we are responsible for delivering those elements of the PEACE IV Action Plan that will promote peace and reconciliation in three key areas:

- Children and Young People;
- Shared Spaces and Services; and
- Building Positive Relations.

COVID19 restrictions on gatherings and the ability to bring people together from across the community have been a challenge since March 2020. The Councils PEACE IV programme has responded by leading the way with online project delivery across a diverse range of projects.

As part of these themes, we have been involved in a number of exciting projects including the Cross Border Civic Leadership programme for young people, Women and Civic leadership programme and the Growing Relations programme.

The COVID19 pandemic has had a profound impact on all aspects of life in the NMDDC area. Throughout the 2021/22 year, Council will adopt a pro-active approach to ensure that it responds to the emerging needs of the residents and businesses.

For the year ended 31st March 2021, Council received the following funding from Central Government in relation to COVID19;

1. £5,606k from DfC in relation to COVID19 funding support;
2. £2,803k from DfC in relation to the COVID19 Recovery Revitalisation programme and Community Support funding;
3. £1,347k from DEARA; and
4. £1,891k from HMRC in relation to the furlough scheme.

Any funding which has not been spent in year has been included in the reserves at year end. This funding is detailed at note 26c in the financial statements. Further detail on how the COVID19 funding was spent in year is detailed in note 2c.

In line with all other Councils in Northern Ireland and the wider public sector, NMDDC is facing several challenges. Public finances are under increasing as a result of the pandemic, ongoing tightening of Government spending agendas, amongst other challenges. Key risks and planned mitigations are included in our Annual Governance Statement on Pages 21 to 37.

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

The Council's Responsibilities

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

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

These accounts were approved by the Chief Executive on 23rd September 2021.

The Chief Financial Officer's Responsibilities

Under Regulation 8 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015, the Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in the form directed by the Department for Communities. The accounts must give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year. In preparing this Statement of Accounts, the Chief Financial officer is required to:

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

The Chief Financial Officer is also required to:

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

NORTHERN IRELAND LOCAL GOVERNMENT BODIES'

ANNUAL GOVERNANCE STATEMENT

The Council's Annual Governance Statement follows the Code of Practice on Local Authority Accounting in the UK 2020/21 and DfC accounts directions. The Annual Governance Statement comprises the following sections:

- Scope of responsibility;
- The purpose of the governance framework;
- The governance framework;
- Review of effectiveness;
- Update on significant governance issues that were declared at the year-end 2019/20; and
- Significant governance issues for the year end 2020/21.

Scope of Responsibility

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

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

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

The Council has prepared an Annual Governance Statement, which is consistent with the principles of the new CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016 edition). This statement explains how the Council has complied with the code and meets the requirements of the Local Government (Accounts and Audit) Regulations (Northern Ireland 2015) in relation to the publication of an Annual Governance Statement.

The Purpose of the Governance Framework

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

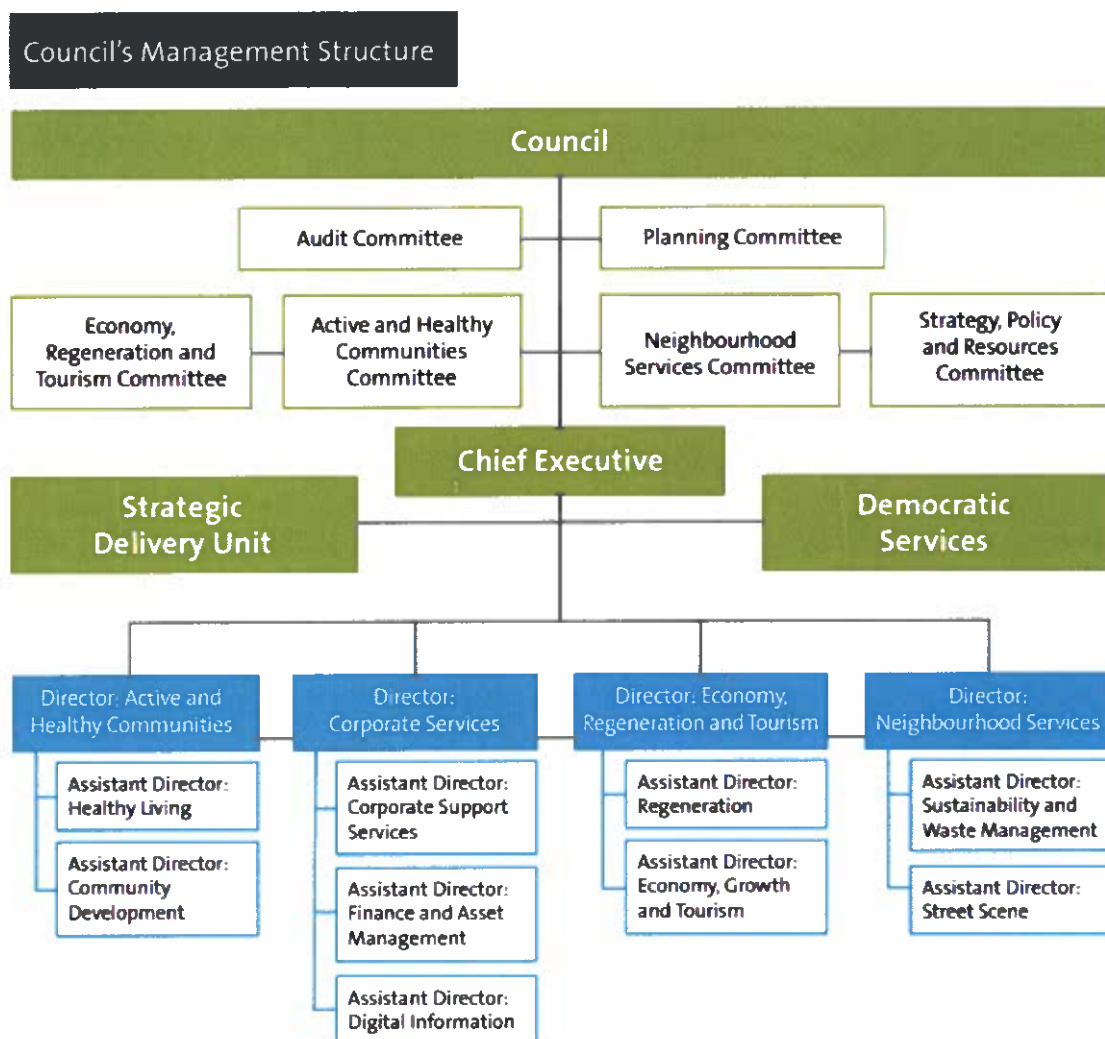
The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system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

and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Newry, Mourne and Down District Council for the year ended 31 March 2021 and up to the date of approval of the financial statements.

The governance framework

The Council's 41 elected members and its committee and management structure ensures sound governance, ownership and scrutiny in the decision-making process across the entire organisation. The committee and management structure demonstrate how the decision-making process is implemented in Council as follows:



**Proposed Directorate Structure included within the Corporate Plan 2021-23 – not yet operational.*

Decision making process from the period 16th March 2020 to 6th July 2020

In response to COVID19, the Council altered our normal decision-making processes to ensure that we followed Public Health Agency guidance on social distancing and essential travel while maintaining continuity of critical services.

At a special Council Meeting on the 16th March 2020, Members agreed to amend the Standing Orders as follows:

'In the event of any civil emergency or any situation which urgent actions are required and it is either not reasonably practical to convene a meeting of Committee or Council or of any such meetings called is in court the Chief Executive or Chief Officer nominated by her or him may exercise all or any of the functions of the Council excepting those which are reserved to the Council, pursuing section 7 of the local Government Act NI 2014. Any decisions taken pursuant to this Standing Order will be reported to the relevant Committee or Council at the next available meeting. The Standing Order is to be read in conjunction with paragraph 2.3 of Scheme of delegation and would happen following consultation with political parties.'

On 28th April 2020, Members agreed to amend the Standing Orders again to allow for remote meetings, this amendment had been made to the regulations by the Executive. Members agreed to *'amend Council's Standing Orders by the inclusion of the wording as set out in the Appendix to the officer's report to facilitate the continued holding of 'remote' Committee and Council meetings until the necessary legislation is in force.'*

On 6th July 2020 Members then approved to stand down delegated authority due to remote Committee meeting now being operational. The record of decisions taken under delegated authority at Party Reps Meetings from March 2020 – July 2020 were agreed and adopted at this Council meeting. From 6th July 2020 onwards, the normal governance arrangements were back in place.

The process for committee decision making under delegated authority was reintroduced on 4th May 2021 following the expiry of the legislation permitting the hosting of remote meetings from 6th May 2021. This process involves continuing to hold remote committee meeting, with the committee making recommendations to the Chief Executive or appropriate Chief Officer to exercise delegated authority to implement the recommendations.

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

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

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

The Neighbourhood Services (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 Strategic Policy & Resources (SP&R) Committee is responsible for setting the strategic direction of the Council through the development of its corporate plan and other key corporate and cross cutting strategies and policies. It will also ensure effective use of

resources and value for money for ratepayers and oversee the Council's relationship with several key agencies and partners.

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

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

In addition to the committees listed above, there are also 20 Project Boards and Forums which have been established to support the work of Committees.

The Council has an Assurance Framework in place that provides sufficient, continuous and reliable assurance on organisational stewardship and the management of major risk to organisational success and the delivery of improved, cost effective services. The Assurance Framework is reviewed and approved by the Audit Committee annually. The framework is structured and provides reliable evidence to underpin the assessment of risk and control environment for the Annual Governance Statement.

The Council's Code of Governance is based on the seven core principles set out in the CIPFA/SOLACE Framework (2016 edition). How we meet these seven core principles is reviewed and updated annually, and in particular for this year, ensuring that our update reflects COVID19 related changes to our governance arrangements. A summary of the key elements of our governance framework are set out in the following table:

A. Behaving with integrity

- Shared values communicated via community plan, corporate plan and key strategies
- Mandatory Code of Conduct for Councillors
- NI charter for Elected Member Development
- Staff Code of conduct
- Council Constitution including Standing Orders, Financial Regulations and Scheme of Delegation
- Council Anti-Fraud Policies and Fraud Response Plan
- National Fraud Initiative
- Council 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
- Prompt Payment Statistics published on the website quarterly
- 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
- People, Perform, Grow introduced
- Learning and Development Policy in place
- Harmonisation of policies
- Development of a joint Employee Relations consultation and negotiating policy
- Elected Members Development Charter/ Member Leadership Programme

F. Finance, Performance and Risk Management

- Financial Regulations
- Risk Management Policy
- Audit Committee
- National Fraud Initiative
- 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

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

The Chief Executive is the Council's designated Chief Financial Officer under the Local Government Finance Act (Northern Ireland) 2011, responsible for the proper administration of the Council's financial affairs. Local Regulations in Northern Ireland do not require the Chief Financial Officer to be a professionally qualified accountant nor the role to be separated from that of the Chief Executive as per the CIPFA principles. The Council is satisfied that the Chief Executive is supported by a number of fully qualified and experience staff who are members of various bodies within the Consultative Committee of Accountancy Bodies (CCAB).

Having considered all the principles of the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014), the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud. The Council is committed to the highest possible standards of openness, probity and accountability. The Council has a Whistleblowing Policy where concerns can be raised. The policy is due to be updated in the 2021/22 financial year. Fraud and Raising Concerns is a standing agenda item at Audit Committee.

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

Directors, Assistant Directors and Heads of Service are responsible for ensuring compliance with relevant laws, regulations, internal policies and procedures. The Quarterly Assurance Statement Process provided to the Chief Executive provide an opportunity to reflect on this point. Council has a Head of Legal Services, who is a practicing Solicitor, there is also plans to expand the internal legal function during 2021/22.

Council utilises various media streams to deliver internal and external communications, such as the Council websites, publications, brochures, leaflets, social media and media advertisements and broadcasts. The Council continues to explore ways to digitise services and use online technology and social media to enhance communication with residents, customers, businesses and potential visitors to the District. This has been particularly important due to COVID19 and many services are now online due restrictions in place during the pandemic (i.e. payments for building control / licences).

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

As a result of the new GDPR law in 2018, Council established new structures and processes so that at any point in time the Council could provide assurance on the various Compliance related tasks the new law prescribed whilst implementing best practice guidance from the ICO & PRONI.

Mindful Article 5(1)(d) of the UK GDPR prescribes for personal data to be accurate, a corporate wide Compliance programme of work commenced to ensure 'data quality' was preserved for all Council information. That included:

- Creating a new Compliance Team with specific roles & responsibilities;
- Implementing new Corporate policies and procedures (Access to Information & Record Management);
- Developing and delivering in house training including a suite of training materials to build staff capacity;
- Creating and providing annual performance measurement statistics (p48);
- Creating an Information Strategy vision "To provide accurate, accessible information efficiently" and associated action plan;
- Conducting an audit of information including a Corporate wide data cleanse and review of the current Retention & Disposal Schedule; and
- Identification of Information Asset Owners

There were no breaches of personal data reported to the Information Commissioner's Office (ICO) during 2020/21.

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 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. Assistant Directors must update quarterly progress on implementing recommendations as part of the Assurance Statement process. Follow up reviews are also reported to the Audit Committee.

The Chief Executive has responsibility for preparing this Annual Governance Statement. In preparing this statement, she has considered the governance framework and system of internal controls in place. The Chief Executive leads the Council's Senior Management Team to collectively contribute and have oversight of the processes involved in maintaining and reviewing the effectiveness of the governance framework. In producing this statement, full regard has been made to the register of interests for both Members and 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 2021.

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 makeup of the Council as elected.

The main decision-making body is full Council of elected Members who are ultimately responsible for ensuring effective governance arrangements are in place for Council to achieve its goals and objectives. Council 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 weekly to monitor strategic direction and good governance across the District. During 2020/21 a meeting of the Corporate Management team occurred on a more regular basis due to COVID19, however the meeting is normally 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 four occasions during 2020/21. The Audit Committee Terms of Reference were revised in April 2021 and sets out the purpose and the roles and responsibilities of Committee.

The effectiveness of Audit Committee was reviewed at the Committee on 22nd April 2021. This review was completed 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 2020/21 was presented to the July 2021 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 services to assist Council achieve its objectives and improve the effectiveness of internal control, risk management and governance processes.

Eight internal audit assignments were carried out in 2020/21 as per the agreed Internal audit plan for 2020/21. Internal Audit also carried out a follow up review of the 2019/20 recommendations.

In addition, during the pre-meeting of the July 2020 Audit Committee, the Chief Executive Informed Elected Members that given the high values of cost involved in the use of single tender action arrangements in Council, that she had commissioned the Council's Internal Auditors to undertake an investigation into the Council's approach to, and explanations for, the use of single tender actions. The final report was issued on 1 December 2020 and 21 recommendations were agreed by management.

The overall internal audit opinion for 2020/21 was satisfactory, withstanding the significant issues identified in fleet management procedures, fuel management procedures and the use if single tender actions within Council.

- **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 2019/20 is also used by the Council as an additional assurance

mechanism. The Council's Performance Improvement Plan has also been externally audited by the NIAO and received a satisfactory Assurance rating in 2018/19.

- o National Fraud Initiative (NFI) – Data Matching Exercise: The Council continues to conform to the requirements of the NIAO NFI exercise. This matches electronic data within and between public and private sector bodies to prevent and detect fraud. Data matching compares sets of data, such as payroll, pensions and trade creditors' records of a body against other records held by the same or another body. The latest batches of data matches were released by the NIAO in February 2021 and work relating to the review and investigation of high risk matches is now complete. The outcome of the matches testing was reported to the September 2021 Audit Committee.

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 2019/20

Eight issues were declared in last year's Governance Statement and seven of these continue to be declared as issues in this year's statement (Procurement and Contract Management, IT Transformation Project (incorporating cyber risk), Economic and Political climate (incorporating NI Protocol), Belfast City Region deal, Planning backlog, absenteeism and COVID19).

An update on the remaining governance issues from 2019/20 is provided below:

1. Newry Rainbow Community Grant Funding

Council awarded £125,000 to Newry Rainbow Community to fund the UK and Ireland Pride Event, which was hosted in Newry in August 2019.

Significant governance issues arose while verifying the first tranche of £60,000 against the Letter of Offer. Council's Fraud Response Group convened and brought a report to the SP&R Committee highlighting the concerns Officers uncovered. Council reversed the decision to award any further funding to Newry Rainbow Community.

When assessing all information available, an apparent overclaim for the previous year's event by Newry Rainbow Community was discovered. Officers have sought to reclaim this money on behalf of the ratepayer. This case is with PSNI and they are taking forward the investigation, however this was delayed due to COVID19. PSNI contacted Council in April 2021 to confirm that the investigation was to recommence following relaxations in COVID19 restrictions.

2. Internal Audit – Contract Management

In 2019/20 the 'Contract Management' internal audit review received a limited assurance. Internal Audit concluded that there are number of key controls missing from the Council's systems for Contract management. Specifically, there is a need to:

- o focus management's priorities on the completeness and accuracy of the contract register;

- o ensure that market tested contracts/procurements are in place to support relevant spend in the Council;
- o establish a separate contract management policy;
- o review the approval mechanism for STAs to consider whether spend is likely to be repeated and in these instances whether a contract should be put in place instead; and
- o to ensure performance reviews and post project evaluations are in place. Our review also noted a need for dedicated contract management training for all relevant Officers.

Significant progress has been made and out of the 14 recommendations made, 4 have been fully implemented, 7 partially implemented and 3 have not yet been implemented. Further detail provided within the significant governance issues for 2020/21.

Significant Governance Issues in 2020/21

The significant governance issues for 2020/21 were identified through the review of significant risks within the Corporate Risk Register for the year ending 31 March 2021, consideration of significant events / issues, internal / external audit reports and a review of the Directorate Assurance Statements at year end.

Internal Audit conducted eight reviews during 2020/21. Six Internal Audit Reviews received a satisfactory assurance rating and two reports received a limited assurance rating. In agreement with the Audit Committee, Internal Audit also undertook an additional advisory review on Single Tender Actions and the Council's contract mapping exercise. The final report was issued on 1st December 2020 and 21 recommendations were agreed by management.

The two reports which received a limited Assurance Rating were as follows;

1. Fleet Management – Internal Audit concluded that there remain several key controls absent from the Council's internal control system for fleet management. Specifically, that procedures relating to driver defect reports, safety inspections, routine maintenance checks and the Council's grey fleet are not being followed and there is a need to provide clarity on a number of the current practices. Internal audit also noted that there has been limited progress on the implementation of recommendations in a previously agreed internal audit report and limited evidence that the implementation status of these recommendations is being monitored by Council. An update on progress was brought to the Audit Committee in July 2021.
2. Fuel Management – Internal audit concluded that there are a number of key controls absent from the Council's systems for fuel management. Specifically, that there is a need to: clarify roles and responsibilities in respect of fuel management and agree the draft Fuel Management Policy and Procedure; establish a clear process for fuel stock counting and reconciliations of fuel receipts and issues; document the physical security arrangements in place for fuel held at the Greenbank and Strangford Road Depots; and consider whether there should be additional fuel cards issued to replace the use of the forecourt sign off sheets. An update is due to be brought to Audit Committee in September 2021.

Internal Audit also concluded that the Council need to review the costs and benefits of the system-based controls and reporting functionality of the Jigsaw software being used as

intended (without manual workarounds) to provide a more accurate management tool. They also noted insufficient progress on the implementation of key recommendations made in the Audit Services Manager's fuel audit report, dated November 2018.

Internal Audit also undertook the follow up review of recommendations made in the 2019/20 internal audit reviews including the advisory review of Health and Safety. The review identified that, out of the 84 accepted recommendations, 24 recommendations were fully implemented, 24 recommendations were partially implemented, and 20 recommendations were not implemented. Of the remaining 16 recommendations, 2 recommendations were no longer accepted and there were 14 recommendations which were it was not possible to test implementation, due mainly to restrictions arising from the Council's management of the COVID19 pandemic.

Internal Audit's Annual Opinion during the period from 1 April 2020 to 31 March 2021, 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 withstanding the limited reports identified above within the Neighbourhood Services Directorate.

It should also be highlighted that over the last number of years, there has been a period of significant change in senior management positions within the Neighbourhood Services Directorate. Council have recently recruited a temporary Assistant Director of Waste Management (June 2021) and the publicly advertised Director recruitment concluded in May 2021. There will be an acting Director of Neighbourhood Services for one year.

The Audit Services Manager will continue to follow up on the legacy internal audit recommendations which have not yet been implemented. The progress on the implementation on internal audit recommendations will be reported quarterly at the Audit Committee along with an update on outstanding external audit recommendations.

The following governance issues have been identified for the year ended 31st March 2021:

1. Procurement and Contract Management

Procurement has remained a significant risk within the Council's Corporate Risk Register over the past number of years. The control environment within Council has improved significantly over the last number of years;

- The Newry, Mourne and Down District Council Procurement Policy and Procedures was approved by the SP&R committee on 14 December 2017 and subsequently ratified by Council on 8 January 2018. Business Case templates and procedures were approved in February 2018 by SMT. The suite of documents was updated again on 23 June 2020.
- 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 procurement training schedule was delivered to all staff. This commenced in February 2019 and was completed in May 2019. The five separate sessions targeted officers, proportionate to the value of procurement exercises they regularly undertake.
- Internal Audit completed an audit of the Procurement policy and procedures in 2017/18, with a further audit of compliance with the new policy and procedures in 2018/19. Both reviews received a satisfactory level of assurance.

- Significant work has been undertaken to review all significant contract spend by Council and to ensure appropriate contracts are in place and formulate a fully operational contract register for future use by Council.

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 contract management.

The Contract Management Internal Audit in May 2020 had a limited assurance rating. The report stated that there are number of key controls missing from the Council's systems for Contract management. SMT were concerned with the high level of spend during the first quarter of 2020/21 requiring Single Tender Action Approval. SMT directed CMT to ensure competitive procurement processes are put in place immediately for all spend where legacy contracts have lapsed for each of their service areas.

In July 2020, the Chief Executive informed Elected Members that given the high values of cost involved in the use of STA arrangements in Council that she had commissioned the Council's Internal Auditors to undertake an investigation into the Council's approach to, and explanations for, the use of single tender actions. The scope of the review also extended to considering the contract mapping exercise being completed by the Council's Procurement Team. The final report was issued on 1st December 2020 and 21 recommendations were agreed by management.

Following the STA review, all Directorates have prepared Procurement Action Plans to provide an overview of all STAs and why they are necessary and when a procurement competition/contract will be put in place. These Procurement Action Plans went to each of the Home Committees in January and February 2021. These Directorate Action Plans will form the basis of an overarching Procurement Plan for the organisation, which will be monitored by the Audit Committee going forward.

A new Procurement to Pay System is currently being implemented within Council. It is expected the 'go live date' will be November 2021. The new system will facilitate three-way matching and will offer greater functionality with monitoring contract spend.

2. IT Transformation Project

Council is currently undertaking an IT transformation project and considerable progress has been made to date. 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.

A key focus for Council going forward is the IT Security/Cyber risk. A new risk was included within the Corporate Risk Register in April 2021; 'Risk of a cyber security event causing significant operational, financial and reputational damage to the Council'. Due to COVID19, the majority of Council Officers are remote users and are relying on their home internet services for remote working, consequently the IT security risks are enhanced.

Council are currently progressing several actions to mitigate the IT Security/Cyber risk as best we can;

- Development of Service Area Business Continuity Plans with a focus on cyber security/disaster recovery;

- Implementation of additional security tools including multifactor authentication, conditional access and modern authentication where possible and appropriate; and
- Increase User resilience by continuing to engage with and follow guidance from the National Cyber Security Centre (NCSC). Council will also continue to use Active Cyber Defence tools from NCSC and supplement with vulnerability scans, actioning recommendations resulting therefrom where possible and appropriate.

3. Economic and Political Climate including the NI Protocol

The financial landscape for the council is likely to remain challenging for the foreseeable future. The added uncertainty brought about by the exit from the European Union and the implementation of the NI Protocol will only serve to compound these issues. There is a risk that funding reductions may continue beyond this point.

The COVID19 outbreak will also have a significant financial impact on the council in 2021/22 with the impact then likely to be felt in future years. The council began to experience the impact of the outbreak in March 2020 when several front-line service facilities were closed. Consequently, the council will suffer significant reductions in income in 2021/22 and beyond due to Government restrictions and guidelines. For further details see Significant Governance issue number 8.

The Council continues to face a range of significant budget pressures including general inflation, cost pressures in waste and recycling, increases in demand for everyday services as the population grows, and increases in core costs such as wage increases, the national living wage and pension contributions.

The major external influence on the Council's future financial security will be the implementation of the NI Protocol following the end of the current 'grace periods'. Whilst still unclear what the local implications will be, the impact of leaving the European Union (EU) may lead to increased instability and uncertainty in respect of the financial context for councils and regions.

Warrenpoint Port is one of the three main points of entry for goods entering NI from GB. On the 1st January 2021 GB will become a Third Country and in future high-risk foods imported into NI from GB will be subject to Agri-Food import checks at point of entry. Required checks are being completed at Warrenpoint Port on an on-going basis by trained and authorised staff, working flexible shifts aligned with changeable sailing arrival times.

The EU are conducting a planned audit of the ports in NI, including Warrenpoint, from 21-30 June 2021. Threat assessments continue to be carried out by the PSNI on a fortnightly basis. Regular meetings with relevant partners, DAERA, FSA, Border force, Seatruck, Warrenpoint Port, to continue to share learning and work through operational issues as they arise. Officers continue to contribute to the Project Steering group, led by DAERA, to deliver the required expanded checking capability at NI POE's; including People, Process, IT and infrastructure to facilitate the free flow of existing trade post transition as the NI Protocol is implemented on a phased basis.

The Special EU Programmes Body (SEUPB) have confirmed that arrangements are in place, supported by the EU, UK and Irish Governments, providing for the continuation of the current PEACE IV and INTERREG V Programmes. As regards a future PEACE PLUS Programme which will include both PEACE and INTERREG activities, a considerable amount of preparatory work, research and stakeholder engagement has taken place and SEUPB are committed to delivering PEACE PLUS by 2021.

Officers have been working closely with our businesses and stakeholders to prepare, as far as possible for Brexit. Officers have been using social media and other business networks to raise awareness among local businesses of the importance of acting now in Brexit preparation. A Brexit information page has been established on NMD Business website sign posting businesses to the main sources of information, the availability of the trader support service and financial assistance available via i.e. Intertrade Ireland for Brexit preparedness.

It is too early to understand the full implications of Brexit on jobs and investment in the District. 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. The outcomes of the Forum meetings are reported to the ERT Committee. Officers are also continuing to work across Council practitioner groups in areas of procurement, waste, finance and legal to ascertain the impact of Brexit and will plan for any impacts once known.

4. Belfast Region City Deal (BRCD)

The Belfast City Deal is a 10-year investment, with a vision of creating 20,000 new and better paid jobs. This investment will ensure that as a Council we can take forward and implement strategic priorities, which will position our district as a key investment location and visitor attraction, while providing stimulus for new and better employment opportunities for all.

In total, £850m has been secured to deliver the investment. The City Deal investment in infrastructure, regeneration and tourism projects will also help the region's economic recovery from the effects of COVID19.

However, there is still some uncertainty around funding for specific projects until the individual business cases are fully approved by the necessary partners. There is a risk to Council that there could be a shortfall in funding for a specific project. Although Belfast City Council are taking the lead in administering the programme, there are substantial running costs which are shared between participating Councils which could also have an impact on the overall funding available for key projects.

To help mitigate this funding risk, 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 have been established under each of the City Deal pillars, and NMDDC officials sit on the Executive Board, relevant pillar boards, Finance Directors Group and other groups as relevant to NMDDC's projects.

As the BRCD project progresses it is essential that governance structures are kept under review to ensure they reflect the changing demands as projects move from planning to implementation.

A Governance Review of the NCCR Programme was carried out by Council's internal auditors during August 2021, following a number of concerns raised by Members. The review concluded that the internal auditors do not believe the concerns raised by Members should impact on the Council progressing the Regeneration Programme.

5. Planning Backlog

The failure to deliver timely planning decisions is highlighted as a risk within the Corporate Risk Register. Internal Audit completed an audit of the planning function during 2017/18 and this received a limited assurance rating. At the 15th June 2021 all 8 recommendations had been fully implemented.

Senior Management formally commenced a Service Improvement Programme with the appointment of an experienced planning project consultant in January 2020. The aim of the Improvement Programme is to review and refine processes and procedures where necessary, to review team arrangements and to improve the responsiveness of the Development Management Service, including the time taken to determine planning applications and to bring enforcement matters to a satisfactory conclusion.

Before COVID-19, significant progress was being made in terms of service and performance improvement. The pandemic has introduced several additional layers of challenge to the Development Management Service which did not exist 12 months ago.

The number of planning applications received by the Council did not subside during the pandemic and the total number is greater than 2019/20. During 2020-21, the Council received 1,645 planning applications which is the highest across Northern Ireland. Given the high number of planning applications submitted, combined with the challenges posed by the pandemic, it was not possible to reduce the overall number planning applications within the system during 2020-21. Through the Performance Improvement Plan, the Council has agreed and published targets for improvement in 2021-22. It should however be noted that, despite the challenges the Planning Department faced during 2020-21, the average processing times for local and major planning applications improved when compared to 2019-20.

The number of applications in the system for 12 months or more increased from 183 in 2019-20 to 195 in 2020-21 and the Council has set a target of 150 in 2021-22. The number of enforcement cases in the system for 12 months or more reduced from 620 in 2019-20 to 546 in 2020-21 and the Council has set a target of 450 in 2021-22. Annual figures provided by the Department for Infrastructure in relation to the statutory performance indicators and standards indicate a reduction in the average processing times of local applications, from 20.6 weeks in 2019-20 to 19 weeks in 2020-21 (regional average is 17.8 weeks), and major planning applications, from 94 weeks in 2019-20 to 64.6 weeks in 2020-21 (regional average is 61.4 weeks). Whilst the percentage of enforcement cases processed within 39 weeks also improved from 36.2% in 2019-20 to 40.9% in 2020-21, it remains well below the current regional average of 69.9%.

Reducing the number of live planning applications within the system and the caseloads of Officers is the key challenge for the next phase of the Improvement Programme. The changes implemented will set the foundations for a more modern, efficient, resilient and responsive Development Management Service in the longer term. They will be subject to ongoing review and they will be complemented by further changes in line with the Improvement Strategy when conditions allow.

6. Absenteeism

In July 2019, The SMT decided to include a new Corporate Risk in relation to absence management. Corporate Risk 10 is currently an amber risk; 'Failure to adequately manage sickness absence resulting in delays and an inability to deliver Council services'.

The Council's level of sickness absence is currently the greater than the Local Government average of 13.9 days, this was highlighted in the Local Government Audit Report 2020. 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.

For the twelve-month period ending 31 March 2021, days lost due to sickness decreased by 2,476 to 12,107.5; compared to 14,583.5 for the year ended 31 March 2020; representing an overall decrease of 16.98%. Absence Management statistics are now provided to the SP&R Committee on a quarterly basis.

As well as reminding Line Managers of their duties in relation to absence management, Council introduced a Managing Attendance Procedure. On 12 March 2020 the SP&R Committee agreed to approve the recommended policy be adopted by Council for implementation. The policy replaced six legacy absence management policies which were previously in operation and became effective on 1 April 2020.

Internal Audit completed an assurance-based review on 'HR Policies – Managing Attendance at Work' in April 2021. Internal concluded that that the Council has in place a documented Managing Attendance Policy and a Managing Attendance Procedure, both dated February 2020. This Policy and Procedure supersedes all previous attendance management procedures in operation within the Council with effect from 1 April 2020 and is applicable to all employees. Internal Audit were content that the Policy and Procedure documents provide an adequate set of control mechanisms for employees and line managers to manage attendance at work.

7. COVID19

The current year has been unprecedented. The impact of COVID19 has significantly impacted on Council's operations and finances in the current year. The future impact of COVID19 on operations, on our rate base and on our finances is uncertain, and many assumptions are included in our budgets for 2021-22.

Council is continuing to follow government and public health advice. Council response to the COVID19 situation aims to ensure we will continue to maintain a high level of corporate governance and compliance with existing policies and procedures.

The financial impact of COVID19 is reported regularly to Members via the SP&R Committee by the Director of Corporate Services. There were significant income losses following the enforced closures of leisure and tourism facilities, trade waste and car parking, as well as the ongoing fixed costs of Council (payroll, utilities etc) were highlighted as putting pressure onto the budgets agreed when the rate was set for the 2020-21 year, as well as noting additional costs incurred by Council as a direct result of COVID19.

However, it was also noted that there was opportunity for Council to achieve costs savings in certain areas, as well as to avail of a number of Government schemes to assist financial pressures.

The longer-term impact of the COVID19 pandemic on Council's financial position cannot be advised until the various financial assistance income streams are confirmed, until we have more clarity as to when we will be able to open up our facilities, and until the local and global impact of the pandemic is understood. It is reasonable to anticipate at this stage that Council will not be as financially stable, with the same level of usable reserves and the same access to external borrowings while the pandemic is still evolving.

The full financial implications of the COVID19 pandemic will significantly impact the future of Council. The impact of COVID19 on Council's risk register has been assessed by SMT and will remain a key focus for the organisation as we work to recover from the pandemic as a District. The assurance reporting templates were also updated to ensure the effects of the pandemic were captured for each Directorate.

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 24 September 2021
CHAIR

Signed 
Date 24 September 2021
CHIEF EXECUTIVE

on behalf of Newry, Mourne and Down District Council

REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2021

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 2020 were issued by the Department for Communities on 3 April 2020 (Circular LG 08/2020). Details of the allowances paid to individual councillors are published on council websites.

Following local elections on 2 May 2019, 462 councillors were elected to the 11 new councils for a four year term. Newry, Mourne and Down District Council had 41 councillors in 2020/2021.

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

Brona Slevin is an Independent Member and Chairperson of the Audit Committee. The role is to help promote the highest standards in the financial management of the Council and thereby ensure the accountability of public funds. This is a 4 year temporary appointment from 15 April 2019 until 31 March 2023. A payment of £500 is paid per meeting (this includes preparation time of £250 and £250 for the meeting) plus travel and expenses. In 2020/2021 she was paid £2,142.86 meeting allowance plus £461.50 travel costs.

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	2020/2021		2019/2020	
	Total Allowances £	Number of Councillors receiving the Allowance	Total Allowances £	Number of Councillors receiving the Allowance
Basic Allowance	634,926	42	614,592	55
Special Responsibility Allowance	76,334	29	73,169	29
Chairperson Allowance	20,165	2	20,165	2
Vice Chairperson Allowance	6,293	2	6,293	2
Mileage Allowance	7,096	18	60,303	45
Public Transport and Other Travel Incidentals	508	2	6,072	10
Subsistence	150	4	4,414	10
Courses/ Conferences Visits (registration & joining fees)	8,175	6	4,533	8
Dependents' Carers Allowance	2,283	1	449	1
TOTAL ALLOWANCES	755,930	-	789,990	-

Details of the allowances paid to individual councillors in 2020/2021 are published on the council website at www.newrymournedown.org/councillors-allowances-and-expenses

REMUNERATION OF SENIOR EMPLOYEES

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

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

Officers	2020/2021				2019/2020			
	Salary (Full year equivalent in brackets where applicable) £'000	Bonus Payments £'000	Benefits in kind (to nearest £100) £	Total £'000	Salary (Full year equivalent in brackets where applicable) £'000	Bonus Payments £'000	Benefits in kind (to nearest £100) £	Total £'000
Marie Ward Clerk & Chief Executive	115 - 120	-	100	120 - 125	95 - 100 (110 - 115 full year equivalent)	-	100	95 - 100 (110 - 115 full year equivalent)
Michael Lipsett Director of Active & Healthy Communities	85 - 90	-	100	85 - 90	85 - 90	-	100	85 - 90
Dorinnia Carville Director of Corporate Services	85 - 90	-	100	85 - 90	85 - 90	-	100	85 - 90
Roland Moore Director of Neighbourhood Services (Until 02/11/2020)	45 - 50 (85 - 90 full year equivalent)	-	100	50 - 55 (85 - 90 full year equivalent)	80 - 85	-	400	80 - 85
Conor Mallon Director of Enterprise, Regeneration & Tourism	85 - 90	-	100	85 - 90	70 - 75 (80 - 85 full year equivalent)	-	100	70 - 75 (80 - 85 full year equivalent)
Jonathon McBride Director of Neighbourhood Services (From 02/11/2020)	70 - 75 (80 - 85 full year equivalent)	-	200	70 - 75 (80 - 85 full year equivalent)				

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

The banded remuneration of the highest paid member of the Executive Management Team/Senior Management Team in the financial year 2020/2021 was £115k - £120k. This was 5.2 times the median remuneration of the workforce, which was £23,080.

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)

	2020/2021	2019/2020
Salary Band of Highest Paid member of the Executive Management Team/ Senior Management Team	£115k - £120k	£110k - £115k
Median Total Remuneration	£23,080	£22,292
Ratio	5.20	5.00

In 2020/2021, 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. There were no bonuses due in 2020/2021.

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

There were no exit packages 2020/2021.

Table 4: Exit Packages in 2020/2021 (audited information)

Severance Package Cost Band	2020/2021				2019/2020			
	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						2	2	71,419
£40,001 - £60,000								
£60,001 - £80,000						1	1	71,168
£80,001 - £100,000								
£100,001 - £150,000						1	1	146,340
£150,001 - £200,000								
Total	0	0	0	0	0	4	4	288,927

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 2020, were as follows:

Table 5: Employee Contribution Rates

Band	Range	Employee Contribution Rate	
		Main Section	50/50 Section
1	£0 - £15,000	5.5%	2.75%
2	£15,001 - £22,900	5.8%	2.90%
3	£22,901 - £38,300	6.5%	3.25%
4	£38,301 - £46,400	6.8%	3.40%
5	£46,401 - £91,900	8.5%	4.25%
6	More than £91,900	10.5%	5.25%

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 2019 was carried out in 2019/2020 and set the employer contribution rates for the 3 years commencing 1 April 2020 as follows:

Table 6: Employer Contribution Rates

Year	Employer Contribution Rate
1 April 2020 - 31 March 2021	19.50%
1 April 2021 - 31 March 2022	19.50%
1 April 2022 - 31 March 2023	19.50%

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 2020/2021 was £137,217.25.

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 2020/2021 (audited information)

Officers	Accrued Pension at pension age as at 31/3/21 £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/03/2021 £'000	CETV at 31/03/2020 £'000	Real increase in CETV £'000
Marie Ward Clerk & Chief Executive	20 - 25 no lump sum	4.5 - 5.0 no lump sum	263	207	43
Michael Lipsett Director of Active & Healthy Communities	40 - 45 plus lump sum of 75 - 80	2.5 - 3.0 plus lump sum of 1.5 - 2.0	831	769	51
Dorinnia Carville Director of Corporate Services	20 - 25 no lump sum	2.0 - 2.5 no lump sum	235	207	20
Roland Moore Director of Neighbourhood Services (Until 02/11/2020)	20 - 25 plus lump sum of 10 - 15	1.0 - 1.5 plus lump sum of 0.0 - 0.5	269	253	10
Conor Mallon Director of Enterprise, Regeneration & Tourism	5 - 10 no lump sum	1.5 - 2.0 no lump sum	60	39	14
Jonathon McBride Director of Neighbourhood Services (From 02/11/2020)	20 - 25 plus lump sum of 15 - 20	2.0 - 2.5 plus lump sum of 2.0 - 2.5	271	238	30

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
24 September 2021

Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31 March 2021 on pages 51 to 54 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 55 to 72.
- (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 31 March 2021.



Chief Financial Officer

Date 24 September 2021

Council Approval of Statement of Accounts

These accounts were approved by resolution of the Council on 23 September 2021.



Chairperson

Date 24 September 2021

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 2021 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. The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting on the United Kingdom supported by International Financial Reporting Standards (IFRS) as adopted by the European Union.

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 2020-21, of the financial position of Newry, Mourne and Down District Council as at 31 March 2021 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 for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK). 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 2019, 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.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that Newry, Mourne and Down District Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Newry, Mourne and Down District Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for Newry, Mourne and Down District Council is adopted in consideration of the requirements set out in the CIPFA Code of Practice on Local Authority Accounting, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the Chief Financial Officer with respect to going concern are described in the relevant sections of this report.

Other Information

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 that report as having been audited, and my audit certificate and report. The Chief Financial Officer is responsible for the other information included in the Statement of Accounts. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:

- 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 2021 is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Newry, Mourne and Down District Council and its environment obtained in the course of the audit, I have not identified material misstatements in the Statement of Accounts.

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 2020-21;
 - 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.

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 in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the Newry, Mourne and Down District Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Financial Officer anticipates that the services provided by Newry, Mourne and Down Council will not continue to be provided in the future

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 reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Newry, Mourne and Down District Council through discussion with management and

application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Local Government Code of Audit Practice.

- making enquires of management and those charged with governance on Newry, Mourne and Down District Council's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Newry, Mourne and Down District Council's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition, posting of unusual journals and (amend and add as appropriate to the audit);
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate, and (outline other audit procedures responsive to the risk of fraud, non-compliance with laws and regulation or irregularity as appropriate);
- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
 - investigating significant or unusual transactions made outside of the normal course of business; and

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. This description forms part of my certificate.

This report is made solely to the Members of Newry, Mourne and Down 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.

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.



Colette Kane
Local Government Auditor
Northern Ireland Audit Office
1 Bradford Court
Galwally
BELFAST
BT8 6RB

30th September 2021

Newry, Moume and Down District Council
Comprehensive Income and Expenditure Statement for the year ended 31 March 2021

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.

		2020/21			2019/20		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
Service Expenditure	Notes	£	£	£	£	£	£
Chief Executive	2	2,611,850	(1,890,495)	721,355	2,778,139	(36,816)	2,741,323
Corporate Services	2	12,919,546	(346,482)	12,573,064	14,869,015	(358,735)	14,510,280
Enterprise, Regeneration & Tourism	2	15,746,937	(6,463,797)	9,283,140	15,908,782	(5,248,593)	10,660,189
Neighbourhood Services	2	31,031,515	(2,449,044)	28,582,471	28,787,326	(1,156,282)	27,631,044
Active & Healthy Communities	2	17,269,860	(4,280,518)	12,989,342	20,385,133	(6,359,288)	14,025,845
Cost of Services on Continuing Operations		79,579,708	(15,430,336)	64,149,372	82,728,395	(13,159,714)	69,568,681
Other Operating Expenditure/ Income	8	2,790,271	(1,267,360)	1,522,911	-	(18,960)	(18,960)
Financing and Investment Income and Expenditure	9	3,443,066	(95,537)	3,347,529	3,198,791	(139,679)	3,059,112
(Surplus) or Deficit on Discontinued Operations		-	-	-	-	-	-
Share of Operating Results of associates and joint ventures		-	-	-	-	-	-
Net Operating Expenditure		85,813,045	(16,793,233)	69,019,812	85,927,186	(13,318,353)	72,608,833
Taxation and Non-Specific Grant Income	10	-	(74,915,733)	(74,915,733)	-	(61,647,041)	(61,647,041)
(Surplus)/Deficit on the Provision of Services		85,813,045	(91,708,966)	(5,895,921)	85,927,186	(74,965,394)	10,961,792
(Surplus)/Deficit on revaluation of non-current assets	11	-	-	(2,509,372)	-	-	(5,579,369)
Impairment losses on non-current assets charged to the Revaluation Reserve	11	-	-	-	-	-	-
Surplus/(Deficit) arising on revaluation of available-for-sale financial assets	27	-	-	-	-	-	-
Remeasurements of the Net Defined Benefit Liability (Asset)	21	-	-	9,810,000	-	-	5,595,000
Share of Other Comprehensive Expenditure & Income of associates and joint ventures	30	-	-	-	-	-	-
Other Comprehensive Income and Expenditure				7,300,628			15,631
Total Comprehensive Income and Expenditure				1,404,707			10,977,423

Newry, Mourne and Down District Council
Movement in Reserves Statement for the year ended 31 March 2021

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

	General Fund Summary	Other Fund Balances and Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£
Balance as at 1 April 2019	11,869,501	1,615,113	-	13,484,614	51,871,995	65,356,609
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	(10,961,792)	-	-	(10,961,792)	-	(10,961,792)
Other Comprehensive Income and Expenditure	-	-	-	-	(15,631)	(15,631)
Total Comprehensive Income and Expenditure	(10,961,792)	-	-	(10,961,792)	(15,631)	(10,977,423)
Adjustments between accounting basis & funding under regulations	9,933,656	-	-	9,933,656	(9,933,656)	-
Net increase before transfers to Statutory and Other Reserves	(1,028,136)	-	-	(1,028,136)	(9,949,287)	(10,977,423)
Transfers to / from Statutory and Other Reserves	867,500	(867,500)	-	-	-	-
Increase/ Decrease in year	(160,636)	(867,500)	-	(1,028,136)	(9,949,287)	(10,977,423)
Balance as at 31 March 2020	11,708,865	747,613	-	12,456,478	41,922,709	54,379,187
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	5,895,921	-	-	5,895,921	-	5,895,921
Other Comprehensive Income and Expenditure	-	-	-	-	(7,300,628)	(7,300,628)
Total Comprehensive Income and Expenditure	5,895,921	-	-	5,895,921	(7,300,628)	(1,404,707)
Adjustments between accounting basis & funding under regulations	9,778,230	-	-	9,778,230	(9,804,870)	(26,640)
Net increase before transfers to Statutory and Other Reserves	15,674,151	-	-	15,674,151	(17,105,498)	(1,431,347)
Transfers to / from Statutory and Other Reserves	(8,154,749)	8,154,749	-	-	-	-
Increase/ Decrease in year	7,519,402	8,154,749	-	15,674,151	(17,105,498)	(1,431,347)
Balance as at 31 March 2021	19,228,267	8,902,362	-	28,130,629	24,817,211	52,947,840

Newry, Mourne and Down District Council
Balance Sheet as at 31 March 2021

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

	Note	31 Mar 21	31 Mar 20
		£	£
Fixed Assets	11	186,642,457	189,433,018
Long Term Investments	16	-	-
Long Term Debtors	15	115,864	101,420
LONG TERM ASSETS		186,758,321	189,534,438
Short Term Investments	16	-	-
Inventories	14	507,890	548,789
Short Term Debtors	15	9,825,600	7,358,147
Cash and Cash Equivalents	25	16,224,381	867,196
Assets Held for Sale	11	-	-
CURRENT ASSETS		26,557,871	8,774,132
Bank Overdraft	25	-	766,961
Short Term Borrowing	17	10,416,318	15,589,508
Short Term Creditors	18	13,204,270	11,000,367
Provisions	19	500,000	575,000
CURRENT LIABILITIES		24,120,588	27,931,836
Long Term Creditors	18	-	-
Provisions	19	3,178,207	2,935,488
Long Term Borrowing	17	63,707,557	59,255,059
Other Long Term Liabilities	21	69,362,000	53,807,000
Donated Assets Account	22	-	-
Capital Grants Receipts in Advance	23	-	-
LONG TERM LIABILITIES		136,247,764	115,997,547
NET ASSETS		52,947,840	54,379,187
USABLE RESERVES			
Capital Receipts Reserve	26	-	-
Capital Fund	26	-	627,613
Other Balances and Reserves	26	8,902,362	120,000
General Fund	26	19,228,267	11,708,865
		28,130,629	12,456,478
UNUSABLE RESERVES			
Capital Adjustment Account	27	41,797,916	44,870,973
Revaluation Reserve	27	53,993,812	52,242,326
Pensions Reserve	27	(69,362,000)	(53,807,000)
Accumulated Absences Account	27	(479,663)	(353,643)
Provisions Discount Rate Reserve	27	(1,132,854)	(1,029,947)
		24,817,211	41,922,709
NET WORTH		52,947,840	54,379,187

Newry, Mourne and Down District Council
Cash Flow Statement at 31 March 2021

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

	Note	2020/21	2019/20
		£	£
Net Deficit on the provision of services		(5,895,921)	10,961,792
Adjustment for non-cash movements	25	16,505,093	14,282,294
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	25	(7,972,859)	(2,112,870)
Net cash flows from operating activities	25	14,428,155	1,207,632
Cash flows from Investing Activities	25	2,416,686	(6,386,788)
Net Cash flows from Financing Activities	25	(720,692)	5,093,791
Net increase or decrease in cash and cash equivalents		16,124,149	(85,365)
Cash and cash equivalents at the beginning of the reporting period		100,235	185,597
Cash and cash equivalents at the end of the reporting period		16,224,384	100,232

Newry, Mourne and Down District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting Policies

a General Principles

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end of 31 March 21. 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 2020/21, 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 2020/21 also requires disclosure in respect of:

Summary of Significant Accounting Policies

i) Accruals of Income and Expenditure

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

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

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

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

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

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

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 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 within the agreed time frame 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 for current employees, and are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits

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

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

Post Employment Benefits

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

The Northern Ireland Local Government Officers' Pension Fund

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

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

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

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

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

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

Service cost comprising:

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

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

Within Financing and Investment Income and Expenditure

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

Within Other Comprehensive Income and Expenditure (Remeasurements)

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

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

Within the Movement in Reserves Statement Appropriations

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

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

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

Discretionary Benefits

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

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 scheme provides defined benefits to members (retirement lump sums and pensions). However, the arrangements for the NICS Pension Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

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

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

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

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

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

ix) Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

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

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

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

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

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 2020/21 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 (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

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

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.

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 not allocated to service segments.

xxi) **Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- a. the purchase price
- b. any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- c. the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

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

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

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

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

- community assets and assets under construction – depreciated historical cost
- surplus assets - Revalued
- Infrastructure - revalued by LPS
- Vehicles are not revalued.
- 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:

- Land: Land is not depreciated as it has an infinite useful life.
- Buildings: Straight -line depreciation over useful life which depends on the type of property and use- it normally ranges from 10 to 50 years.
- Community: No determinable useful life and not depreciated held at nominal value.
- Investment: Held at market/fair value - Not depreciated
- Infrastructure: depreciation is based on a straight line basis using the remaining useful life of the asset.
- Landfill Site: End of Useful Life
- Heritage Assets: These are not normally subject to depreciation and are held at either Historic cost or insurance valuation.
- Plant and Machinery: Straight -line depreciation over useful life which depends on the type of asset and ranges from 3 to 7 years.
- Vehicles: Straight-line depreciation over 7 years.
- Information Technology: Straight-line depreciation 3 to 10 years.
- Assets Under Construction: Held at Historic Cost and are not depreciated.
- Intangibles: Software licenses and systems are depreciated over estimated useful life.

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.

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

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

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

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.

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

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 at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

The implementation of IFRS 16 Leases has been deferred until 1 April 2022.

c 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 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Valuations of Land and Buildings are carried out externally by Land and Property Services (LPS), in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). As at the valuation date, LPS considers that due to the COVID-19 pandemic, there is a shortage of reliable market evidence for comparison purposes, to inform opinions of value. Therefore, the valuations provided by LPS were reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Global Standards. Consequently, less certainty, and a higher degree of caution, should be attached to the valuations than would normally be the case. However, LPS advised that their material uncertainty clause serves as a precaution and does not invalidate the valuation.

d Critical Judgements in Applying Accounting Policies

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

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

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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.

	2020/21			2019/20		
	Net Expenditure Chargable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£	£	£
Chief Executive	718,922	(2,433)	721,355	2,742,011	688	2,741,323
Corporate Services	13,347,335	774,271	12,573,064	14,838,292	328,012	14,510,280
Enterprise, Regeneration & Tourism	4,112,555	(5,170,585)	9,283,140	7,254,273	(3,405,916)	10,660,189
Neighbourhood Services	23,969,472	(4,612,999)	28,582,471	24,685,182	(2,945,862)	27,631,044
Active & Healthy Communities	8,191,269	(4,798,073)	12,989,342	8,919,398	(5,106,447)	14,025,845
Net Cost of Services	50,339,553	(13,809,819)	64,149,372	58,439,156	(11,129,525)	69,568,681
Other Income and Expenditure	(66,013,704)	4,031,589	(70,045,293)	(57,411,019)	1,195,870	(58,606,889)
Surplus or Deficit	(15,674,151)	(9,778,230)	(5,895,921)	1,028,137	(9,933,655)	10,961,792
Opening General Fund			11,708,865			11,869,501
Surplus/ (Deficit) on General Fund Balance In Year			7,519,402			(160,636)
Closing General Fund			19,228,267			11,708,865

2

b Note to the Expenditure and Funding Analysis

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

Adjustments between Funding and Accounting Basis

2020/21					
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Other non-statutory Adjustments	Total adjustments
	£	£	£	£	£
Chief Executive	-	-	(2,433)	-	(2,433)
Corporate Services	5,352,621	(4,564,000)	(14,350)	-	774,271
Enterprise, Regeneration & Tourism	(5,124,654)	-	(45,931)	-	(5,170,585)
Neighbourhood Services	(4,466,731)	-	(146,268)	-	(4,612,999)
Active & Healthy Communities	(4,778,128)	-	(19,945)	-	(4,798,073)
Net Cost of Services	(9,016,892)	(4,564,000)	(228,927)	-	(13,809,819)
Other Income and Expenditure from the Expenditure and Funding Analysis	5,212,589	(1,181,000)	-	-	4,031,589
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(3,804,303)	(5,745,000)	(228,927)	-	(9,778,230)

Adjustments between Funding and Accounting Basis

2019/20					
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Other non-statutory Adjustments	Total adjustments
	£	£	£	£	£
Chief Executive	-	-	688	-	688
Corporate Services	5,413,747	(5,087,000)	1,265	-	328,012
Enterprise, Regeneration & Tourism	(3,394,546)	-	(11,370)	-	(3,405,916)
Neighbourhood Services	(3,102,371)	-	156,509	-	(2,945,862)
Active & Healthy Communities	(5,073,463)	-	(32,984)	-	(5,106,447)
Net Cost of Services	(6,156,633)	(5,087,000)	114,108	-	(11,129,525)
Other Income and Expenditure from the Expenditure and Funding Analysis	2,142,870	(947,000)	-	-	1,195,870
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(4,013,763)	(6,034,000)	114,108	-	(9,933,655)

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:

- a) Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- b) Financing and investment income and expenditure - the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from financing and investment income and expenditure as these are not chargeable under generally accepted accounting practices.
- c) 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.

Other statutory differences

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

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

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

Other non-statutory adjustments

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

2

c Segmental Income and Expenditure (Current Year)

Income and expenditure on a segmental basis are analysed below:

	2020/21								
	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	5,600	-	-	-	-	(794,063)	-	-	-
Corporate Services	(264,779)	-	(3,867)	2,243,888	473,379	4,663,203	-	-	5,796,000
Enterprise, Regeneration & Tourism	(3,217,546)	-	-	-	1,775,802	3,754,773	-	-	3,348,852
Neighbourhood Services	(1,081,034)	-	-	-	2,631,329	16,061,952	-	-	1,835,402
Active & Healthy Communities	(364,048)	-	-	-	2,269,486	4,641,232	-	-	2,508,641
Total Income Analysed on a segmental basis	(4,921,807)	-	(3,867)	2,243,888	7,149,996	28,327,097	-	-	13,488,895

Covid Funding

The following amounts of Covid Funding received have been included in 'Material Items of Income and Expense' above:

	2020/21	
	£	
Chief Executive	(1,890,790)	HMRC Furlough Income
Corporate Services	-	
Enterprise, Regeneration & Tourism	(1,906,000)	DfC Covid-19 Recovery Revitalisation programme
Neighbourhood Services	(1,347,184)	DAERA Covid Funding
Active & Healthy Communities	(896,970)	DfC Covid-19 Community Support Funding *

In addition, Department for Communities (DfC) Covid Funding Support of £5,606,427 (2019/20 £220,101) has been included in Taxation and Non-Specific Grant Incc detailed at Note 10a.

The amount of Covid funding received but not expended during 2020/21 has been transferred to Usable Reserves as outlined at Note 26c (ii) and (iii).

* DfC Community Support Fund (Tranche 1 - 3), Access to Food Partnership Fund, Financial Inclusion Partnership Fund, Food & Essential Supplies Fund, Warm, Well and Connected Fund, Volunteering Support Fund.

Segmental Income and Expenditure (Comparative Year)

	2019/20								
	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	(16,875)	-	-	-	-	905,853	-	-	-
Corporate Services	(343,748)	-	(18,875)	2,226,616	417,495	4,789,586	-	-	6,236,759
Enterprise, Regeneration & Tourism	(4,007,421)	-	-	-	1,789,648	6,256,658	-	-	1,604,897
Neighbourhood Services	(1,151,862)	-	-	-	2,597,045	16,718,371	-	-	505,326
Active & Healthy Communities	(3,037,851)	-	-	-	2,836,350	6,879,831	-	-	2,237,113
Total Income Analysed on a segmental basis	(8,557,757)	-	(18,875)	2,226,616	7,640,538	35,550,299	-	-	10,584,095

3 a Expenditure and Income Analysed by Nature

Expenditure		2020/21	2019/20
	Notes	£	£
Employee Benefits Expenses	7	(34,027,666)	(35,900,300)
Other Services Expenditure		(39,970,990)	(37,486,886)
Support Service Recharges		-	-
Depreciation, Amortisation, Impairment	11	(6,848,412)	(9,341,209)
Interest Payments	9	(3,424,888)	(3,173,616)
Loss on the Disposal of Assets	8	(1,522,911)	-
Other Expenditure		(18,178)	(25,175)
Total Expenditure		(85,813,045)	(85,927,186)

Income		2020/21	2019/20
	Notes	£	£
Fees, Charges and other service Income		16,697,696	13,159,714
Interest and Investment Income	9	5,276	20,760
District rate income	10	57,609,682	54,781,864
Government grants and Contributions	10	17,306,051	6,865,177
Support Service Income		-	-
Gain on the Disposal of Assets	8	-	18,960
Other Income		90,261	118,919
Total Income		91,708,966	74,965,394
(Surplus) or Deficit on the Provision of Services		5,895,921	(10,961,792)

b Revenue from contracts with service recipients

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

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

a1		2020/21		2019/20	
	Notes	£	£	£	£
Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:					
Impairments (losses & reversals) of non-current assets	11	-		(10,904)	
Derecognition (other than disposal) of non-current assets	11	-		-	
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	11	(301,583)		1,711,575	
Depreciation charged in the year on non-current assets	11	7,149,995	6,848,412	7,640,538	9,341,209
Net Revenue expenditure funded from capital under statute	12		7,964,479		2,834,425
Carrying amount of non current assets sold	8	2,790,271		-	
Proceeds from the sale of PP&E, investment property and intangible assets	8	(1,267,360)	1,522,911	(18,960)	(18,960)
Difference between finance costs calculated on an accounting basis and finance costs calculated in accordance with statutory requirements			-		-
Net charges made for retirement benefits in accordance with IAS 19	21		10,721,000		11,569,000
Direct revenue financing of Capital Expenditure	12		-		-
Capital Grants and Donated Assets Receivable and Applied in year	10		(6,705,499)		(2,093,910)
Capital Grants Receivable and Unapplied in year	10C		-		-
Rates Claw-Back Reserve	27		-		-
Adjustments in relation to Short-term compensated absences	27d		126,020		(37,283)
Adjustments in relation to Lessor Arrangements			-		-
Landfill Regulations Reserve Adjustment	27		-		-
Provisions Discount Rate Reserve Adjustment	27		102,907		(76,825)
Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the General Fund Balance for the year					
Statutory Provision for the financing of Capital Investment	12		(5,826,000)		(6,049,000)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	21		(4,976,000)		(5,535,000)
			9,778,230		9,933,656

Net transfers (to)/from statutory and other earmarked reserves:		2020/21	2020/21	2019/20	2019/20
	Notes	£	£	£	£
Capital Fund					
Interest		-	-	-	-
From Capital		-	-	-	-
Other	26	627,613	627,613	627,500	627,500
Renewal and Repairs Fund					
Interest		-	-	-	-
Other	26	-	-	-	-
Capital Receipts Reserve					
Interest		-	-	-	-
Other	26	-	-	-	-
Other Funds and earmarked reserves					
Interest		-	-	-	-
From Other funds		-	-	240,000	-
Other	26	(8,782,362)	(8,782,362)	-	240,000
Unusable reserves					
Capital Adjustment Account		-	-	-	-
			(8,154,749)		867,500

5 Cost of Services on Continuing Operations

a General power of competence

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

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

The actual expenditure under the power of competence amounted to £0 during 2020/21 (£0 in 2019/20).

b External Audit Fees

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

	2020/21	2019/20
	£	£
External Audit Fees	68,000	67,000
National Fraud Initiative Fees	1,244	-
Other Fees	5,250	22,000
	74,494	89,000

The other fees of £5,250 (2019/20 £22,000) were incurred in respect of performance audit services provided by the appointed auditor.

6 Operating and Finance Leases

Council as Lessor

a Finance Leases (Council as lessor)

The Council has no finance leases as lessor.

b Operating Leases (Council as lessor)

Rental income recognised in the Comprehensive Income and Expenditure Statement in the current year amounts to £284,611.

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

	31 Mar 21	31 Mar 20
	£	£
Not later than 1 year	233,446	255,017
Later than 1 year and no later than 5 years	467,685	436,234
Later than 5 years	268,786	288,187
	969,917	979,438

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 2021	31st March 2020
	£	£
Investment Properties	3,290,002	2,240,002
	3,290,002	2,240,002

Council as Lessee

c 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:

	31 Mar 21	31 Mar 20
	£	£
Other Land and Buildings	-	-
Vehicles, Plant, Furniture and Equipment	-	8,820
	-	8,820

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:

	31 Mar 21	31 Mar 20
	£	£
Finance leases liabilities (net present value of minimum lease payments):		
Current	-	4,172
Non- Current	-	-
Finance costs payable in future years	5,297	9,042
Minimum Lease Payments	5,297	13,214

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 Mar 21	31 Mar 20	31 Mar 21	31 Mar 20
	£	£	£	£
Not later than one year	-	4,172	-	4,172
Later than one year and not later than five years	5,297	9,042	-	-
Later than five years	-	-	-	-
	5,297	13,214	-	4,172

d Operating Leases (Council as lessee)

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

	31 Mar 21	31 Mar 20
	£	£
Not later than 1 year	155,892	137,610
Later than 1 year and no later than 5 years	346,846	361,640
Later than 5 years	1,317,902	1,207,481
	1,820,640	1,706,731

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

	2020/21	2019/20
	£	£
Minimum lease payments	124,002	149,935
Contingent rentals	-	-
Less: Sublease payments receivable	-	-
Total	124,002	149,935

7 Employee Costs and Member Allowances			
a Staff Costs			
	2020/21	2019/20	
	£	£	
Salaries and Wages	25,503,530	26,287,249	
Employers NIC	2,211,755	2,318,874	
Employers Superannuation	5,058,963	5,668,381	
Total staff costs	32,774,248	34,274,504	

In addition, agency costs during the year amounted to £1,253,418 (2019/20 £1,625,796).

The Council's current contribution rate to NILGOSC scheme is 19.5%.

At last actuarial valuation dated 31st March 2019 the funds assets meet 112% of liabilities at that date (31/3/16-96%).

Average Number of Employees - where FTE represents fulltime equivalent employees

b Average Number of Employees			
	2020/21	2019/20	
	FTE	FTE	
Chief Executive	14	19	
Corporate Services	110	113	
Enterprise, Regeneration & Tourism	169	177	
Neighbourhood Services	333	349	
Active & Healthy Communities	245	250	
Total Number	871	908	

	2020/21	2019/20	
	Actual Numbers	Actual Numbers	
Full-time numbers employed	769	806	
Part-time numbers employed	212	224	
Total Number	981	1,030	

c Senior Employees' Remuneration			
	2020/21	2019/20	
	£	£	
£50,001 to £60,000	4	6	
£60,001 to £70,000	11	10	
£70,001 to £80,000	1	2	
£80,001 to £90,000	3	3	
£90,001 to £100,000	-	1	
£100,001 to £110,000	-	-	
£110,001 to £120,000	1	-	
Total Number	20	22	

d Members' Allowances			
	2020/21	2019/20	
	£	£	
Salaries	-	-	
Basic allowance	634,926	614,592	
Mayor's & Deputy Mayor's Allowance	26,458	26,458	
Special Responsibility Allowances	76,334	73,169	
Dependents' carers allowance	2,283	449	
Employer costs	190,119	187,315	
Mileage	7,096	60,303	
Conferences and Courses	8,175	4,533	
Travel & Subsistence Costs	658	10,486	
Miscellaneous Costs	17,083	65,323	
Severance Payments	-	-	
Total	963,132	1,042,628	

8 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 2021.

For 2020/21, employers' contributions of £408,308 were payable to the NICS pension arrangements at one of four rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2016 was completed by the Actuary during 2018/19. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2019. The contribution rates are set to meet the cost of the benefits accruing during 2020/21 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

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

8 Other Operating Income & Expenditure

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

	2020/21	2019/20
	£	£
Proceeds from sale	(1,267,360)	(18,960)
Carrying amount of non-current assets sold (excl Investment Properties)	2,790,271	-
	1,522,911	(18,960)

b Other Operating Income/ Expenditure

	2020/21	2019/20
	£	£
Income	-	-
Expenditure	-	-
	-	-

Other Operating Expenditure	2020/21	2019/20
	£	£
(Surplus) / Deficit on Non Current Assets	1,522,911	(18,960)
Other Operating (Income) / Expenditure	-	-
	1,522,911	(18,960)

9 Financing and Investment Income and Expenditure

a Interest Payable and Similar Charges

	2020/21	2019/20
	£	£
Lease/hire purchase interest	-	-
Bank interest	-	-
Government Loan Interest	2,243,888	2,226,616
Commercial Loan Interest	-	-
Other interest (please specify)	-	-
	2,243,888	2,226,616

b Interest and Investment Income

	2020/21	2019/20
	£	£
Bank Interest	3,867	18,875
Employee car loan interest	1,409	1,885
NIHE Loan interest receivable	-	-
Investment income on Fund Balances	-	-
Capital Fund	-	-
Repairs & Renewals Fund	-	-
Other Funds	-	-
Other investment income	-	-
	5,276	20,760

c Pensions interest costs and expected return on pensions assets

	2020/21	2019/20
	£	£
Net interest on the net defined benefit liability (asset)	1,181,000	947,000
	1,181,000	947,000

d Surplus/ (Deficit) on trading operations

	2020/21	2019/20
	£	£
Income from trading	-	-
Expenditure	-	-
(Surplus)/Deficit for the year	-	-

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

	2020/21	2019/20
	£	£
Income/Expenditure from Investment Properties:		
Income including rental income	(60,261)	(88,919)
Expenditure	18,178	25,175
Net income from investment properties	(42,083)	(63,744)
Surplus/deficit on sale of Investment Properties		
Proceeds from sale	-	-
Carrying amount of investment properties sold	-	-
(Surplus)/deficit on sale of Investment Properties:	-	-
Changes in Fair Value of Investment Properties	(30,000)	(30,000)
	(72,083)	(93,744)

Financing and Investment Income and Expenditure	2020/21			2019/20		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Interest Payable and Similar Charges	2,243,888	-	2,243,888	2,226,616	-	2,226,616
Interest and Investment Income	-	(5,276)	(5,276)	-	(20,760)	(20,760)
Pensions interest cost	1,181,000	-	1,181,000	947,000	-	947,000
Surplus/(Deficit) on trading operations	-	-	-	-	-	-
Other investment income	18,178	(60,261)	(42,083)	25,175	(88,919)	(63,744)
Changes in Fair Value of Investment Properties	-	(30,000)	(30,000)	-	(30,000)	(30,000)
	3,443,066	(95,537)	3,347,529	3,198,791	(139,679)	3,059,112

10 Taxation and Non Specific Grant Income

a Revenue Grants

	2020/21	2019/20
	£	£
General	(4,994,125)	(4,551,166)
Other	(5,606,427)	(220,101)
	(10,600,552)	(4,771,267)

Other Revenue Grants relate to Covid-19 Funding Support from the Department for Communities.

b Revenue Grants - Unapplied

The Council has no Revenue Grants Unapplied.

c Capital Grants and Donated Assets - Applied

	2020/21	2019/20
	£	£
Government & Other Grants - Conditions met and applied in year	(6,705,499)	(2,093,910)
Government & Other Grants - Transfer from receipts in advance	-	-
Donated Assets - Conditions met	-	-
Donated Assets - Transfer from donated assets creditor	-	-
	(6,705,499)	(2,093,910)

d Capital Grants - Unapplied

	2020/21	2019/20
	£	£
Government & Other Grants - Conditions met and not applied in year	-	-
Other	-	-
	-	-

e District Rates

	2020/21	2019/20
	£	£
Current year	(56,346,735)	(54,126,950)
Finalisation - previous year	(1,262,947)	(654,914)
Transitional Relief	-	-
Finalisation - other years	-	-
	(57,609,682)	(54,781,864)

Taxation and Non Specific Grant Income	2020/21	2019/20
	£	£
District Rate Income	(57,609,682)	(54,781,864)
Revenue Grants	(10,600,552)	(4,771,267)
Capital Grants and Contributions	(6,705,499)	(2,093,910)
	(74,915,733)	(61,647,041)

Newry, Mourne and Down District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2021

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 Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2020	31,264,212	140,505,905	970,060	100,001	19,158,780	26	2,108,349	3,402,701	197,510,034	1,546,916	2,240,002	5,066,074	7,821	206,370,847
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2020	31,264,212	140,505,905	970,060	100,001	19,158,780	26	2,108,349	3,402,701	197,510,034	1,546,916	2,240,002	5,066,074	7,821	206,370,847
Additions	100,000	1,422,525	20,799	-	669,271	-	1,983,434	-	4,196,029	2,840	-	225,671	-	4,424,540
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) to Revaluation Reserve	356,116	(2,679,786)	(22,385)	-	-	-	(59,153)	897,244	(1,507,964)	-	-	-	-	(1,507,964)
Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services	392,500	(1,481,684)	(12,114)	-	-	-	85,791	(104,744)	(1,120,251)	-	30,000	-	-	(1,090,251)
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	(480,961)	(2,301,489)	-	-	(264)	-	-	-	(2,782,714)	-	-	-	(7,821)	(2,790,535)
Derecognition - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications & Transfers	77,700	-	-	-	-	-	(85,791)	(77,700)	(85,791)	-	1,020,000	-	666,460	1,600,669
Reclassified to (-) / from (+) Held for Sale	(853,655)	426,143	-	-	-	-	(426,143)	(832,805)	(1,686,460)	-	-	-	-	(1,686,460)
Balance as at 31 March 2021	30,855,912	135,891,614	956,340	100,001	19,827,787	26	3,606,487	3,284,696	194,522,863	1,549,756	3,290,002	5,291,745	666,460	205,320,846

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
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2020	-	4,871	742,410	(1)	14,624,358	1	-	-	15,371,639	-	-	1,566,190	-	16,937,829
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2020	-	4,871	742,410	(1)	14,624,358	1	-	-	15,371,639	-	-	1,566,190	-	16,937,829
Depreciation Charge	-	5,388,291	32,365	-	1,292,948	-	-	-	6,713,604	-	-	436,391	-	7,149,995
Depreciation written out on Revaluation Reserve	-	(4,003,178)	(14,158)	-	-	-	-	-	(4,017,336)	-	-	-	-	(4,017,336)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	(1,399,981)	(1,853)	-	-	-	-	-	(1,391,834)	-	-	-	-	(1,391,834)
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(264)	-	-	-	(264)	-	-	-	-	(264)
Derecognition - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications & Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	-	3	758,764	(1)	15,917,042	1	-	-	16,675,809	-	-	2,002,581	-	18,678,390
Balance as at 31 March 2021	30,855,912	135,891,611	197,596	100,002	3,910,745	25	3,606,487	3,284,696	177,847,074	1,549,756	3,290,002	3,289,164	666,460	186,642,456

Long - Term Assets - Comparative Year														
Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2019	31,246,212	132,789,626	988,907	100,001	18,482,678	72,017	6,215,806	3,335,401	193,230,648	1,537,436	2,210,002	3,749,689	-	200,727,775
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2019	31,246,212	132,789,626	988,907	100,001	18,482,678	72,017	6,215,806	3,335,401	193,230,648	1,537,436	2,210,002	3,749,689	-	200,727,775
Additions	7,000	3,509,093	-	-	1,384,364	-	1,560,222	-	6,460,679	4,480	-	1,316,385	-	7,781,544
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/decreases to Revaluation Reserve	556,721	945,116	(18,647)	-	-	-	-	67,300	1,550,490	5,000	-	-	-	1,555,490
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(537,900)	(2,610,000)	(200)	-	-	-	-	-	(3,148,100)	-	30,000	-	-	(3,118,100)
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(708,262)	-	-	-	(708,262)	-	-	-	-	(708,262)
Derecognition - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications & Transfers	-	5,872,070	-	-	-	(71,991)	(5,667,679)	-	132,400	-	-	-	-	132,400
Reclassified to(-) / from(+) Held for Sale	(7,821)	-	-	-	-	-	-	-	(7,821)	-	-	-	7,821	-
Balance as at 31 March 2020	31,264,212	140,505,905	970,060	100,001	19,158,780	26	2,108,349	3,402,701	197,510,034	1,546,916	2,240,002	5,066,074	7,821	206,370,847

Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£			£	£
Balance as at 1 April 2019	-	2,437	212,734	(1)	14,053,771	1	-	-	14,268,942	-	-	1,177,920	-	15,446,862
cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	14,268,942	-	-	-	-	-
Balance as at 1 April 2019	-	2,437	212,734	(1)	14,053,771	1	-	-	14,268,942	-	-	1,177,920	-	15,446,862
Depreciation Charge	-	5,430,357	543,062	-	1,278,849	-	-	-	7,252,268	-	-	388,270	-	7,640,538
Depreciation written out on Revaluation Reserve	-	(4,010,493)	(13,386)	-	-	-	-	-	(4,023,879)	-	-	-	-	(4,023,879)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	(1,406,525)	-	-	-	-	-	-	(1,406,525)	-	-	-	-	(1,406,525)
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	(10,904)	-	-	-	-	-	-	(10,904)	-	-	-	-	(10,904)
Derecognition - Disposals	-	-	-	-	(708,262)	-	-	-	(708,262)	-	-	-	-	(708,262)
Derecognition - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications & Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2020	-	4,872	742,410	(1)	14,624,358	1	-	-	15,371,640	-	-	1,566,190	-	16,937,830

Net Book Values

Balance as at 31 March 2020	31,264,212	140,501,033	227,650	100,002	4,534,422	25	2,108,349	3,402,701	182,138,394	1,546,916	2,240,002	3,499,884	7,821	189,433,017
Balance as at 31 March 2021	30,855,912	135,891,611	197,596	100,002	3,910,745	25	3,606,487	3,284,696	177,847,074	1,549,756	3,290,002	3,289,164	666,460	186,642,456

11 c Property, plant and equipment

Depreciation

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

- Buildings - 1 to 64 years straight line
- Vehicles, plant, furniture and equipment - 5 to 7 years straight line
- Infrastructure - 1 to 14 years straight line depreciation

Effects of Changes in Estimates

In 2019/20, the Council made two material changes to its accounting estimates for property, plant and equipment:

Revaluations

The Council carries out a rolling programme that ensures that all property, plant and equipments required to be measured

The significant assumptions applied in estimating the current values of property, plant and equipment are:

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

The Council does not have material surplus assets.

d Intangible Assets

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

Intangible Assets	2020/21	2019/20
	£	£
Balance at start of year:		
Gross carrying amounts	5,066,074	3,749,689
Accumulated amortisation	1,566,190	1,177,920
Net carrying amount at start of year	3,499,884	2,571,769
Additions	225,671	1,316,385
Amortisation for the period	(436,391)	(388,270)
Other Changes	-	-
Net carrying amount at end of year	3,289,164	3,499,884
Comprising:		
Gross carrying amounts	5,291,745	5,066,074
Accumulated amortisation	2,002,581	1,566,190
Net carrying amount at end of year	3,289,164	3,499,884

11 e Investment Properties

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

Investment Properties	31/03/2021	31/03/2020
	£	£
Rental Income from Investment Activities	60,261	88,919
Direct Operating expenses arising from investment properties	(18,178)	(25,175)
Net gain/(loss)	42,083	63,744

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

Investment Properties	2020/21	2019/20
	£	£
Balance at start of the year	2,240,002	2,210,002
Additions	-	-
Disposals	-	-
Net gains/losses from fair value adjustments	30,000	30,000
Transfers to/ from inventories	-	-
Transfers to/ from property, plant and equipment	1,020,000	-
Other changes	-	-
Balance at end of the year	3,290,002	2,240,002

f Heritage Assets

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

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

Heritage Assets	2020/21	2019/20
	£	£
Artefacts	531,452	529,614
Historical Furniture	81,935	81,935
Civic Items	65,600	65,600
Ross' Monument	413,911	413,911
Paintings and Drawings	456,858	455,856
Balance at end of the year	1,549,756	1,546,916

g Assets Held for Sale

Assets Held for Sale have been recorded in Note 11 at a value of £666,460.

h Long-Term Assets - Leased Assets

	Vehicles	Equipment	TOTAL
	£	£	£
Cost or Valuation			
At 1 April 2020	364,473	36,626	401,099
Additions	-	-	-
Disposals	-	-	-
At 31 March 2021	364,473	36,626	401,099
Depreciation			
At 1 April 2020	355,652	36,626	392,278
Disposals	-	-	-
Provided for year	8,821	-	8,821
At 31 March 2021	364,473	36,626	401,099
Net Book Value	-	-	-

	Vehicles	Equipment	TOTAL
	£	£	£
Cost or Valuation			
At 1 April 2019	364,473	36,626	401,099
Additions	-	-	-
Disposals	-	-	-
At 31 March 2020	364,473	36,626	401,099
Depreciation			
At 1 April 2019	346,832	36,626	383,458
Disposals	-	-	-
Provided for year	8,820	-	8,820
At 31 March 2020	355,652	36,626	392,278
Net Book Value	8,821	-	8,821

i Revaluation

Valuations of Land and buildings are carried out externally by Land and Property Services (LPS). As at the valuation date, the LPS have advised that the outbreak of the novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11th March 2020, has impacted global financial markets. As a consequence LPS have reported that as at the valuation date, they consider that it is prudent to advise that market evidence gathered, for comparison purposes, has attached to an increased level of uncertainty. The valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Global Standards. Consequently, less certainty - and a higher degree of caution - should be attached to them than would normally be the case. However, LPS advised that their material uncertainty clause serves as a precaution and does not invalidate the valuation.

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		2020/21	2019/20
		£	£
Opening Capital Financing Requirement		92,319,720	89,733,221
Capital Investment			
Property, Plant and Equipment	11	4,198,869	6,465,159
Investment Properties		-	-
Intangible Assets		225,671	1,316,385
Revenue Expenditure Funded from Capital under Statute		7,964,479	2,834,425
Investments		-	-
Other		(59,153)	132,400
Sources of Finance			
Capital Receipts		(1,267,360)	(18,960)
Government Grants and Other Contributions	10	(6,705,499)	(2,093,910)
Transfers from Earmarked Reserves		-	-
Sums set aside from Revenue:			
Direct Revenue Contributions		-	-
Minimum Revenue Provision		(5,826,000)	(6,049,000)
Closing Capital Financing Requirement		90,850,727	92,319,720

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	14,457,098	1,480,605	12,976,493
Other Commitments	30,993,500	8,096,250	22,897,250
Total	45,450,598	9,576,855	35,873,743

Inventories		2020/21	2019/20
		£	£
Central Stores		313,694	358,240
Other		194,196	190,549
Total		507,890	548,789

15	Debtors		
a	Long Term Debtors	2020/21 £	2019/20 £
	Government Departments	-	-
	Other Councils	-	-
	Public corporations and trading funds	-	-
	Bodies external to general government	-	-
	Employee car loans	14,195	11,279
	Revenue Grants	-	-
	Capital Grants	-	-
	Interest Receivable	-	-
	Capital Debtors	-	-
	Loans and advances	43,541	47,141
	Finance lease debtors	-	-
	Trade debtors	-	-
	NIHE Loans	-	-
	Other	58,128	43,000
	Impairment of loans and receivables	-	-
	Contract Receivables	-	-
	Total Long-Term Debtors	115,864	101,420
b	Short Term Debtors	2020/21 £	2019/20 £
	Government Departments	1,556,137	1,550,050
	Other Councils	130,199	356,980
	Public corporations and trading funds	-	-
	Bodies external to general government	-	-
	NIHE loans	-	-
	Employee car loans	13,529	17,287
	Revenue Grants	1,885,744	2,247,680
	Capital Grants	3,721,119	1,320,872
	Interest Receivable	-	-
	Capital Debtors	-	-
	Value Added Tax	1,366,032	1,102,968
	Prepayments	252,162	301,956
	Finance lease debtors	-	-
	Other	324,580	255,538
	Trade receivables	898,299	607,347
	Impairment loss - Trade receivables	(322,201)	(402,531)
	Contract Receivables	-	-
	Total Short-Term Debtors	9,825,600	7,358,147
	Total Debtors	9,941,464	7,459,567
16	Investments		
	The Council has no investments.		
17	Borrowings		
a	Short Term Borrowing	2020/21 £	2019/20 £
	Loans re-payable within one year	10,416,318	15,585,336
	Finance Lease Principal	-	4,172
	Total Short Term Borrowing	10,416,318	15,589,508
b	Long Term Borrowing	2020/21 £	2019/20 £
	Between 1 and 2 years	4,342,321	4,149,071
	Between 2 and 5 years	11,811,049	11,519,559
	Between 5 and 10 years	18,597,126	17,367,197
	In more than 10 years	28,957,061	26,219,232
	Government Loans Fund	63,707,557	59,255,059
	Total Borrowing	74,123,875	74,844,567

18	Creditors		
a	Short Term Creditors	2020/21	2019/20
		£	£
	Government Departments	1,292,517	1,040,989
	Other Councils	366,327	403,975
	Public corporations and trading funds	222,380	17,555
	Bodies external to general government	-	-
	Rates clawback	-	-
	VAT	-	-
	Remuneration due to employees	1,951,493	1,733,278
	Accumulated Absences	479,663	353,643
	Loan Interest Payable	-	-
	Capital Creditors	4,133,682	3,324,666
	Receipts in advance	555,768	623,326
	Trade creditors	4,180,494	3,434,200
	Other	21,946	68,735
	Total Short Term Creditors	13,204,270	11,000,367
	Total Long Term Creditors	-	-
	Total Creditors	13,204,270	11,000,367

The creditor balance for 'Other Councils' relates mainly to legal and waste costs.

b Payment of Invoices

The council has a target, where no other terms are agreed, of paying supplier invoices within 30 calendar days. During the year the Council paid 15207 invoices totalling £62,093,851.

The number of disputed invoices were 118.

The Council paid:

13,083 (86%) invoices within 30 calendar days target;

1,707 (11%) invoices within 10 working days target; and

2,124 invoices outside of the 30 day target.

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

19	Provisions						
		Balance as at 1 April 2020	Increase in provision during year	Utilised during year	Unused amounts reversed	Interest cost and/or discount rate changes	Balance as at 31 March 2021
		£	£	£	£	£	£
	Landfill Closure	2,935,488	314,116	(71,397)	-	-	3,178,207
	Staff Costs	75,000	-	(57,312)	(17,688)	-	-
	Restructuring Costs	500,000	-	-	-	-	500,000
	Total	3,510,488	314,116	(128,709)	(17,688)	-	3,678,207
	Current Provisions	575,000	-	(57,312)	(17,688)	-	500,000
	Long Term Provisions	2,935,488	314,116	(71,397)	-	-	3,178,207
	Total	3,510,488	314,116	(128,709)	(17,688)	-	3,678,207
	Comparative Year						
		Balance as at 1 April 2019	Increase in provision during year	Utilised during year	Unused amounts reversed	Interest cost and/or discount rate changes	Restated Balance as at 31 March 2020
		£	£	£	£	£	£
	Landfill Closure	3,140,993	-	(71,397)	-	(134,108)	2,935,488
	Staff Costs	70,500	65,623	(61,123)	-	-	75,000
	Restructuring Costs	-	500,000	-	-	-	500,000
	Total	3,211,493	565,623	(132,520)	-	(134,108)	3,510,488
	Current Provisions	70,500	565,623	(61,123)	-	-	575,000
	Long Term Provisions	3,140,993	-	(71,397)	-	(134,108)	2,935,488
	Total	3,211,493	565,623	(132,520)	-	(134,108)	3,510,488

Landfill Closure

The expected cost of landfill closure and aftercare costs of £3,178,207 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. Now that the sites have closed it will take a period of time before there will be a reliable trend for closure and aftercare costs and gas generation income.

Restructuring Costs

The provision is for 'Planning for the Future' - a review of the directorate and management structures.

Categories of Financial Instruments

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

Financial Assets as at 31 March 2021

	Non-Current		Current		Total
	Investments & Cash and Cash Equivalents	Debtors	Cash and Cash Equivalents	Debtors	
	£	£	£	£	£
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	-	115,864	10,222,828	1,187,173	11,525,865
Fair Value through other comprehensive income - designated equity instruments	-	-	-	-	-
Fair Value through other comprehensive income - Money Market Funds	-	-	6,001,558	-	6,001,558
Total Financial Assets	-	115,864	16,224,386	1,187,173	17,527,423
Non-Financial Assets	-	-	-	8,638,427	8,638,427
Total	-	115,864	16,224,386	9,825,600	26,165,850

Debtors at amortised cost as at 31 March 2021

	Non-Current	Current
	£	£
Trade Receivables	-	898,299
Trade Receivables - Impairment Loss	-	(322,201)
Government Departments	-	276,383
Soft Loans	43,541	3,281
Employee Car Loans	14,195	13,529
Gas Income Debtor	58,128	294,497
Other	-	23,385
Total	115,864	1,187,173

Financial Assets as at 31 March 2020

	Non-Current		Current		Total
	Investments & Cash and Cash Equivalents	Debtors	Cash and Cash Equivalents	Debtors	
	£	£	£	£	£
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	-	101,420	867,196	825,237	1,793,853
Fair Value through other comprehensive income - designated equity instruments	-	-	-	-	-
Fair Value through other comprehensive income - other	-	-	-	-	-
Total Financial Assets	-	101,420	867,196	825,237	1,793,853
Non-Financial Assets	-	-	-	6,532,910	6,532,910
Total	-	101,420	867,196	7,358,147	8,326,763

Debtors at amortised cost as at 31 March 2020

	Non-Current	Current
	£	£
Trade Receivables	-	607,347
Trade Receivables - Impairment Loss	-	(402,531)
Government Departments	-	347,596
Soft Loans	47,141	3,281
Employee Car Loans	11,279	17,287
Gas Income Debtor	43,000	233,775
Other	-	18,482
Total	101,420	825,237

Financial Liabilities as at 31 March 2021

	Non-Current		Current		Total
	Borrowings	Creditors	Borrowings	Creditors	
	£	£	£	£	£
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	63,707,557	-	10,416,318	9,635,989	83,759,864
Total financial liabilities	63,707,557	-	10,416,318	9,635,989	83,759,864
Non-financial liabilities	-	-	-	3,568,264	3,568,264
Total	63,707,557	-	10,416,318	13,204,253	87,328,128

Financial Liabilities as at 31 March 2020

	Non-Current		Current		Total
	Borrowings	Creditors	Borrowings	Creditors	
	£	£	£	£	£
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	59,255,059	-	15,589,508	8,021,286	82,865,853
Total financial liabilities	59,255,059	-	15,589,508	8,021,286	82,865,853
Non-financial liabilities	-	-	-	2,979,081	2,979,081
Total	59,255,059	-	15,589,508	11,000,367	85,844,934

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 made loans for car purchases at 31/3/2021 to 8 employees, including 2 members of the Senior Management Team, 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%.

	2020/21	2019/20
	£	£
Balance at start of year:		
Opening balance	28,566	50,915
Nominal value of new loans granted in the year	16,812	-
Fair value adjustment on initial recognition	-	-
Fair value of new Loans repaid	45,378	50,915
Impairment losses	(17,655)	(22,349)
Increase in discounted amount	-	-
Other changes	-	-
Closing balance at end of year	27,723	28,566
Nominal value at end of year	27,723	28,566

Valuation assumptions

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

Income, Expense, Gains and Losses

	2020/21
Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
£	£

Interest revenue		
Financial assets measured at amortised cost		
	3,867	-
Total interest revenue	3,867	-
Interest expense	2,243,888	-

	2019/20
Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
£	£

Interest revenue		
Financial assets measured at amortised cost		
	18,875	-
Total interest revenue	18,875	-
Interest expense	2,226,616	-

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	Carrying amount	31 Mar 21 Fair value	Carrying amount	31 Mar 20 Fair value
	£	£	£	£
Financial liabilities held at amortised cost (Loans)	74,123,875	82,144,382	74,840,395	81,843,543
Long-term creditors	-	-	-	-
PFI and finance lease	-	-	4,172	4,172
Total	74,123,875	82,144,382	74,844,567	81,847,715

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

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

31 Mar 21				
	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:	£	£	£	£
Financial liabilities				
Financial liabilities held at amortised cost:				
Loans/borrowings	-	82,144,382	-	82,144,382
Total	-	82,144,382	-	82,144,382
Financial assets				
Financial assets held at amortised cost				
Soft loans to third parties	-	74,545	-	74,545
Other financial assets	-	-	-	-
Total	-	74,545	-	74,545

31 Mar 20				
	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:	£	£	£	£
Financial liabilities				
Financial liabilities held at amortised cost:				
Loans/borrowings	-	81,847,715	-	81,847,715
Total	-	81,847,715	-	81,847,715
Financial assets				
Financial assets held at amortised cost				
Soft loans to third parties	-	78,988	-	78,988
Other financial assets	-	-	-	-
Total	-	78,988	-	78,988

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 arises from deposits with banks and financial institutions as well as credit exposures to the Council's customers. Customers are assessed taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with 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	£
Less than three months	482,399
three to six months	34,998
six months to one year	127,115
More than one year	548,320
Total	1,192,832

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 2020	402,531
Decrease	(80,330)
Closing Balance as at 31 March 2021	322,201

The Expected Credit Losses default rate for Council trade debt has been increased by a factor of 1.31 (2019/20 3.65) due to the changing economic conditions as a result of the Corona Virus. The factor takes account of predictions by three leading credit rating agencies.

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.

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

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

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

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

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

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

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

	Note	2020/21 £	2019/20 £
Net cost of services:			
Current service cost		9,484,000	10,527,000
Past service cost/(gain)		56,000	95,000
Gains and losses on settlements or curtailments		-	-
Net operating expenditure:			
Net interest on net defined benefit liability (asset)		1,181,000	947,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services		10,721,000	11,569,000
Movement in Reserves Statement:			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(10,721,000)	(11,569,000)
Actual amount charged against the general fund balance for pensions in the year:			
Employers' contributions payable to scheme		4,976,000	5,535,000
Net adjustment to General Fund		(5,745,000)	(6,034,000)

The service cost figures include an allowance for administration expenses of £124k.

Remeasurements recognised in Other Comprehensive Income and Expenditure	Note	2020/21 £	2019/20 £
Liability gains/(losses) due to change in assumptions		(48,043,000)	4,567,000
Liability gains/(losses) due to demographic changes		-	7,503,000
Liability experience gains/(losses) arising in the year		1,987,000	(2,289,000)
Actuarial gains/(losses) on plan assets		36,246,000	(15,376,000)
Other		-	-
Total gains/(losses) recognised in Other Comprehensive Income and Expenditure		(9,810,000)	(5,595,000)

Assets and liabilities in relation to retirement benefits Reconciliation of present value of the scheme liabilities:	Note	2020/21 £	2019/20 £
Balance as at 1 April		216,947,000	214,391,000
Current service cost		9,484,000	10,527,000
Interest cost		4,952,000	5,107,000
Contributions by members		1,601,000	1,633,000
Remeasurement (gains) and losses:			
Actuarial gains/losses arising from changes in financial assumption		48,043,000	(4,567,000)
Actuarial gains/losses arising from demographic changes		-	(7,503,000)
Actuarial gains/losses arising on liabilities from experience		(1,987,000)	2,289,000
Other (if applicable)		-	-
Past service costs/(gains)		56,000	95,000
Losses/(gains) on curtailments		-	-
Liabilities extinguished on settlements		-	-
Estimated unfunded benefits paid		(78,000)	(80,000)
Estimated benefits paid		(5,022,000)	(4,945,000)
Balance as at 31 March		273,996,000	216,947,000

Reconciliation of present value of the scheme assets:	Note	2020/21 £	2019/20 £
Balance as at 1 April		163,140,000	172,213,000
Interest Income		3,771,000	4,160,000
Contributions by members		1,601,000	1,633,000
Contributions by employer		4,898,000	5,455,000
Contributions in respect of unfunded benefits		78,000	80,000
Remeasurement gain/(loss)		36,246,000	(15,376,000)
Assets distributed on settlements		-	-
Unfunded benefits paid		(78,000)	(80,000)
Benefits paid		(5,022,000)	(4,945,000)
Balance as at 31 March		204,634,000	163,140,000

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

The actual return on scheme assets in the year was a gain of £40m (2019/20 loss of £11.2m).

Fair Value of Plan Assets	2020/21 £	2019/20 £
Equity investments	94,745,542	69,497,640
Bonds	73,054,338	63,135,180
Property	18,212,426	16,314,000
Cash	10,845,602	7,667,580
Other	7,776,092	6,525,600
Total	204,634,000	163,140,000

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

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

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

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

	2020/21 £	2019/20 £
Fair Value of Employer Assets	204,634,000	163,140,000
Present value of funded defined benefit obligation	(272,911,000)	(215,793,000)
Pension asset/(liability) of Funded Scheme	(68,277,000)	(52,653,000)
Present Value of unfunded defined benefit obligation	(1,085,000)	(1,154,000)
Other movement in the liability (asset) (if applicable)	-	-
Net asset/(liability) arising from the defined benefit obligation	(69,362,000)	(53,807,000)
Amount in the Balance sheet:		
Liabilities	(273,996,000)	(216,947,000)
Assets	204,634,000	163,140,000
Net Asset/(Liability)	(69,362,000)	(53,807,000)

c Scheme History

Analysis of scheme assets and liabilities	2020/21 £	2019/20 £
Fair Value of Assets in pension scheme	204,634,000	163,140,000
Present Value of Defined Benefit Obligation	(273,996,000)	(216,947,000)

Surplus/(deficit) in the Scheme	(69,362,000)	(53,807,000)
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Amount recognised in Other Comprehensive Income and Expenditure:	2020/21 £	2018/19 Restated £
Actuarial gains/(losses)	(46,056,000)	9,781,000
Expected Return on Plan Assets	36,246,000	(15,376,000)
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	-	-
Remeasurements recognised in Other Comprehensive Income and Expenditure	(9,810,000)	(5,595,000)
Cumulative actuarial gains and losses	(15,405,000)	(2,590,483)
History of experience gains and losses:		
Experience gains and (losses) on assets	-	-
Experience gains and (losses) on liabilities	(1,987,000)	2,289,000

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £274m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet resulting in a net liability of £69.4m.

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 2022

	31/03/2022 £	31/03/2022 %
Projected current cost	13,456,000	90.6%
Net interest on the net defined benefit liability (asset)	1,403,000	9.4%
Past service cost	-	0.0%
Gains and losses on settlements or curtailments	-	0.0%
	14,859,000	100.0%

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the council in the year to 31 March 2022 is £5,376,000.

History of experience gains and losses

The actuarial gains/losses identified as movements on the Pensions Reserve 2020/21 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2021.

	2020/21 %	2019/20 %
Experience (gains and (losses) on Assets	0.00%	0.00%
Experience gains and (losses) on Liabilities	0.73%	-1.06%

• 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 2021.

Pension scheme assumptions:	2020/21	2019/20
	%	%
Equity investments	46.3%	42.6%
Bonds	35.7%	38.7%
Property	8.9%	10.0%
Cash	5.3%	4.7%
Other	3.8%	4.0%
Mortality assumptions:		
Longevity at 65 current pensioners:	Years	Years
Men	21.9	21.8
Women	25.1	25.0
Longevity at 45 for future pensioners:		
Men	23.3	23.2
Women	26.5	26.4
Inflation/Pension Increase Rate	2.70%	2.00%
Salary Increase Rate	4.20%	3.50%
Discount Rate	2.10%	2.30%
Pension accounts revaluation rate	2.70%	2.00%

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 2021 is set out below.

In each case, only the assumption noted below is altered; all other assumptions remain the same and are summarised in the disclosure above.

Funded Pension Scheme Benefits

Discount Rate Assumption		
Adjustment to discount rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation	267,726,000	278,096,000
% change in the present value of the total obligation	-1.90%	1.90%
Projected service cost	13,012,000	13,914,000
Approximate % change in projected service cost	-3.30%	3.40%
Rate of General Increase in Salaries		
Adjustment to salary increase rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation	274,003,000	271,819,000
% change in the present value of the total obligation	0.40%	-0.40%
Projected service cost	13,456,000	13,456,000
Approximate % change in projected service cost	0.00%	0.00%
Rate of Increase to Pensions in Payment and Deferred Pension Assumption		
Adjustment to pension increase rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation	277,005,000	268,817,000
% change in the present value of the total obligation	1.50%	-1.50%
Projected service cost	13,914,000	13,012,000
Approximate % change in projected service cost	3.40%	-3.30%
Post Retirement Mortality Assumption		
Adjustment to mortality age rating assumption*	- 1 Year	+1 Year
Present value of the total obligation	282,736,000	263,086,000
% change in the present value of the total obligation	3.60%	-3.60%
Projected service cost	14,008,000	12,918,000
Approximate % change in projected service cost	4.10%	-4.00%

* 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:

	31/03/2021	31/03/2020
	%	%
Equity investments	46.30%	42.60%
Government Bonds	23.60%	26.10%
Corporate Bonds	12.10%	12.60%
Property	8.90%	10.00%
Cash	5.30%	4.70%
Other	3.80%	4.00%
Total	100.00%	100.00%

g Northern Ireland Civil Service Pension Arrangements

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Council is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31/03/19. 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 2021.

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 the Council had no Donated Assets and the balance on the Donated Assets Account was £Nil at 31st March 2021.

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. In addition to the above, The Council is one of the parties to the successful legal action (October 2020), taken against HMRC, that charges paid since 2006 by members of the public for access to sports, recreation and leisure facilities provided by NI Councils were outside the scope of the VAT regime and that the VAT should be repaid. The Council understands that HMRC has appealed the judgement, the outcome of which will be reported to the Council in due course.

Newry, Mourne and Down District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2021

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	2020/21	2019/20
		£	£
Depreciation	11	7,149,995	7,640,538
Impairment & downward revaluations (& non-sale derecognitions)	11	(271,583)	1,730,671
Amortisation (included with depreciation above)		-	-
(Increase)/Decrease in Inventories	14	40,899	(136,976)
(Increase)/Decrease in Debtors	15	(1,554,945)	(1,552,192)
Increase/(decrease) in impairment provision for bad debts	15	(80,330)	183,128
Increase/(Decrease) in Creditors	18	2,488,914	246,530
Increase/(Decrease) in Interest Creditors		-	-
Payments to NILGOSC	21	5,745,000	6,034,000
Carrying amount of non-current assets sold	8	2,790,271	-
AUC/WIP written off to Net Cost of Services	11	59,153	(132,400)
Contributions to Other Reserves/Provisions	26/27	167,719	298,995
Movement in value of investment properties-included above in Impairment & downward revaluations (& non-sale derecognitions)		(30,000)	(30,000)
Amounts posted to CIES from Donated Assets Account	22	-	-
		16,505,093	14,282,294

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing	Notes	2020/21	2019/20
		£	£
Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		-	-
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		-	-
Proceeds from the sale of PP&E, investment property and intangible assets	8	(1,267,360)	(18,960)
Capital grants included in "Taxation & non-specific grant income"	10	(6,705,499)	(2,093,910)
		(7,972,859)	(2,112,870)

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:

	2020/21	2019/20	2018/19
	£	£	£
Cash and Bank balances	2,918,093	87,305	1,091,386
Short Term Deposits (considered to be Cash Equivalents)	13,306,288	779,891	12,187
Short Term Investments (considered to be Cash Equivalents)	-	-	-
Bank Overdraft	-	(766,961)	(917,976)
	16,224,381	100,235	185,597

c Cash Flow Statement: Operating Activities

	2020/21	2019/20
	£	£
The cash flows from operating activities include:		
Interest received	5,276	20,760
Interest paid	2,243,888	2,226,616

d Cash flows from Investing Activities

	2020/21	2019/20
	£	£
Purchase of PP&E, investment property and intangible assets	11 (4,709,551)	(9,590,516)
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	8 1,267,360	18,960
Proceeds from Short Term Investments (not considered to be cash equivalents)	-	-
Proceeds from Long Term Investments	-	-
Capital Grants and Contributions Received	5,858,877	3,184,768
Other Receipts from Investing Activities	-	-
Net Cash flows from Investing Activities	2,416,686	(6,386,788)

e Cash flows from Financing Activities

	2020/21	2019/20
	£	£
Cash Receipts from Short and Long Term Borrowing	4,000,000	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	(4,172)	-
Repayment of Short and Long Term Borrowing	(4,716,520)	(4,906,209)
Other payments for Financing Activities	-	-
Net Cash flows from Financing Activities	(720,692)	5,093,791

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	31/03/2021	31/03/2020
		£	£
At 1 April		-	-
Movement			
Disposal of Non Current Assets/Capital Sales		1,267,360	18,960
Capital Receipts used to finance capital expenditure	3, 11	(1,267,360)	(18,960)
At 31 March		-	-

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	31/03/2021	31/03/2020
		£	£
At 1 April		627,613	1,255,113
Transfers between statutory & other reserves & the General Fund		(627,613)	(627,500)
At 31 March		-	627,613

c Other Balances & Reserves

Other Balances & Reserves	Notes	31/03/2021	31/03/2020
		£	£
At 1 April		120,000	360,000
Transfers between statutory & other reserves & the General Fund	4	8,782,362	(240,000)
At 31 March		8,902,362	120,000

(i). Election Reserve - this reserve is used to equalise (smooth) the cost of elections by building up a fund to cover the costs of future elections by making contributions, as and when required, to the reserve. The balance at 31/3/21 is £209,500 (31/3/20 £120,000).

(ii). Covid Funding Reserve - the Department for Communities allocated funding to Councils to alleviate the impact of exceptional losses and costs incurred or estimated to be incurred as a consequence of Covid-19. This reserve was created to ring-fence the unspent funding. The balance at 31/3/21 is £2,459,033.

(iii). Covid Support Grants Reserve - the Department for Communities issued a range of Covid support grants during the year ended 31st March 2021 for Revitalisation and Community Support. This reserve was created to ring-fence the unspent funding. The balance at 31/3/21 is £2,233,829.

(iv). Covid Revitalisation Reserve - this reserve has been created to assist with the revitalisation of the District post-Covid. The balance at 31/3/21 is £1,750,000.

(v). Economic Recovery Reserve - this reserve has been created to assist with the economic recovery of the District post-Covid. The balance at 31/3/21 is £2,250,000.

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	31/03/2021	31/03/2020
		£	£
At 1 April		11,708,865	11,869,501
Applied Capital Grants	10, 12	(6,705,499)	(2,093,910)
Unapplied Capital Grants received in year		-	-
Direct Revenue Financing	4, 12	-	-
Depreciation and Impairment adjustment	4	6,848,412	9,341,209
Statutory Provision for financing Capital Investment	4	(5,826,000)	(6,049,000)
Net Revenue expenditure funded from capital under statute	4, 12	7,964,479	2,834,425
Surplus/(Deficit) on the Provision of Services	CIES	5,895,921	(10,961,792)
Transfers between Statutory and Other Reserves and the General Fund	4	(8,154,749)	867,500
Net movements on Pension Reserve	4, 21	5,745,000	6,034,000
Disposal of Fixed Assets/Capital Sales	3, 4, 11, 23	1,522,911	(18,960)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		126,020	(37,283)
Other Movements		102,907	(76,825)
At 31 March		19,228,267	11,708,865

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	31/03/2021	31/03/2020
		£	£
At 1 April		44,870,973	46,810,666
Applied Capital Grants	10, 12	6,705,499	2,093,910
Unapplied Capital Grants transferred to CAA in year		-	-
Direct Revenue Financing	4, 12	-	-
Depreciation & Impairment adjustment	11	(6,848,412)	(9,341,209)
Statutory Provision for financing Capital Investment	4, 12	5,826,000	6,049,000
Net Revenue expenditure funded from Capital under statute	4, 12	(7,964,479)	(2,834,425)
Disposal of Fixed Assets/ Capital Sales	4, 11	(2,790,271)	-
Capital Receipts used to finance capital expenditure	4, 12	1,267,360	18,960
Other Movements		731,246	2,074,071
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure	12	-	-
At 31 March		41,797,916	44,870,973

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	31/03/2021	31/03/2020
		£	£
At 1 April		52,242,326	48,737,027
Revaluation & Impairment	11	2,509,372	5,579,369
Other Movements		(757,886)	(2,074,070)
At 31 March		53,993,812	52,242,326

c Pension Reserve

Pension Reserve	Notes	31/03/2021	31/03/2020
		£	£
At 1 April		(53,807,000)	(42,178,000)
Net Movements on Pension Reserve	4, 21	(5,745,000)	(6,034,000)
Revaluation & Impairment	21	(9,810,000)	(5,595,000)
At 31 March		(69,362,000)	(53,807,000)

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

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

d Accumulated Absences Account

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

Accumulated Absences Account	Notes	31/03/2021	31/03/2020
		£	£
At 1 April		(353,643)	(390,926)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		(126,020)	37,283
At 31 March		(479,663)	(353,643)

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 DfC 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	31/03/2021	31/03/2020
		£	£
At 1 April		(1,029,947)	(1,106,772)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		(102,907)	76,825
Other Movements		-	-
At 31 March		(1,132,854)	(1,029,947)

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 £222,570 and costs of £310,989. Income was adversely impacted this year due to Covid.

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

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

- the magnitude of each individual trading operation's turnover.

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 £245,184. Payments were made to the company of £135,000. The company also reimburses the Councils reasonable charges and expenses which amounted to £6,067 for the financial year under review. The balance outstanding from the BID company's debtors amounted to £343,657 at 31st March 2021. This resulted in a net amount of debt held by the Council on behalf of the company at 31st March 2021 of £21,946, 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 €867,096 of grants from SEUPB on behalf of the ten project partners and paid €867,096 to the project partners. These transactions are not reflected in the Council's Revenue accounts. There were no balances owing to the other project partners at 31st March 2021.

3. Full Fibre Northern Ireland (FFNI) is a consortium of all ten Councils in NI outside of Belfast and the Business Services Organisation. The Consortium has been awarded £24m from the Department for Digital, Culture, Media and Sports (DCMS) to implement a new collaborative programme to drive greater investment in fibre and digital infrastructure across Northern Ireland. The Consortium's phased delivery programme will initially manage two DCMS funded programmes - Local Full Fibre Network (LFFN) and Rural Gigabit Connectivity (RGC). It will also manage the delivery of further digital infrastructure initiatives and ensure a vital local link for future digital programmes at local authority level. The funding of £24m aims to deliver full fibre to over 900 sites, which includes Council buildings, Community Centres, GP Surgeries, Ambulance Stations and Fire Stations by December 2021, using the 'Public Sector Anchor Tenancy' approach. This represents Phase 1 of a proposed longer-term programme of fibre related investment.

The FFNI Operations Team has been faced with a series of extremely complex and technical issues associated with the procurement process and risks in relation to the FFNI infrastructure. The impact of this has been that additional funding for the centralised operations team required is higher than the value originally anticipated. In December 2020 an additional request of £10,900 was made to fund operational team staff costs upfront for 8 Councils, six of these have paid the contribution by 31 March 2021 and two after that date. It was agreed from January 2021 that consultancy services would be charged on an ad hoc basis if required. Business Services Organisation, a new partner, will be invoiced £70,000 to match the Councils' contribution. Armagh City, Banbridge and Craigavon District Council left the project mid-2020.

During the year ended 31st March 2021 Newry, Mourne and Down District Council received £210,403 from the other consortium members. Expenditure of £270,814 has been incurred and £210,403 has been received. In addition £27,577 receipts in advance has been recorded in Creditors at 31/3/2021.

30 Related Party Transactions

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

Members of the council have direct control over the council's financing and operating policies. The total of members' allowances paid in 2020/21 is shown in Note 7. During 2020/21, works and services to the value of £3,256,087 were commissioned from companies in which individual members and senior officers had an interest. The main recipients within this total were ARC 21 (see separate note below) and Mourne Heritage Trust £307,172.

The Council paid grants of £78,299 to a number of organisations in which Councillors and senior officers had an interest. All payments were made with proper consideration of declaration of interests.

The Council incurred expenditure of £362,596 to other councils of which £54,771 was outstanding as at 31st March 2021.

The Council has recorded income of £495,575 from other councils of which £130,199 was outstanding as at 31st March 2021.

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 £182,842. The Council paid an additional £2,523,436 to Arc 21 for various services provided during the year including the use of the Material Recycling Facility and received income of £47,119.

31 Date of authorisation for issue

The Chief Financial Officer authorised these financial statements for issue on 30 September 2021.