

# ***Statement of Accounts***

**Newry, Mourne and Down District  
Council**

**For the Year Ended 31<sup>st</sup> March  
2023**



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

**Newry, Mourne  
and Down  
District Council**

## **Contents Page**

	Page Number
Narrative Report	2
Statement of the Council's and Chief Financial Officer's Responsibilities for the Statement of Accounts	19
Annual Governance Statement	20
Remuneration Report	33
Certificate of the Chief Financial Officer	40
Council Approval of Statement of Accounts	40
Independent Auditor's Report to the Members	41
Comprehensive Income and Expenditure Statement	46
Movement in Reserves Statement	47
Balance Sheet	48
Cash Flow Statement	49
Notes to the Accounts	50

## **Narrative Report**

### **Financial Statements**

The Narrative Report provides an overview for Newry, Mourne and Down District Council and is accompanied by the 2022/23 Annual Accounts. It sets the context for Council, outlining corporate governance, performance requirements and financial performance.

The Council's financial performance for the year ended 31st March 2023 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 2023 (the Code) and the Department for Communities Accounts Direction, Circular LG 07/2023. 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 2022/23 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

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

### **Group Accounts**

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

### **The Movement in Reserves Statement**

This Statement, as set out on page 47, shows the movement in the year on the different reserves held by Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Summary (CIES).

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

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

This statement, as set out on page 46, 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 48, shows the value as at the Balance Sheet date of the Council's assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

## **The Cash Flow Statement**

The Cash Flow Statement, as set out on page 49, 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 2022/23 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.

With an estimated population of 182,074 and 68,397 households, the Council area has a coastline of approximately 150 kilometres, and encompassing an area of 1,634 square kilometres, we have three Areas of Outstanding Natural Beauty; Mourne, Ring of Gullion, and Strangford and Lecale.



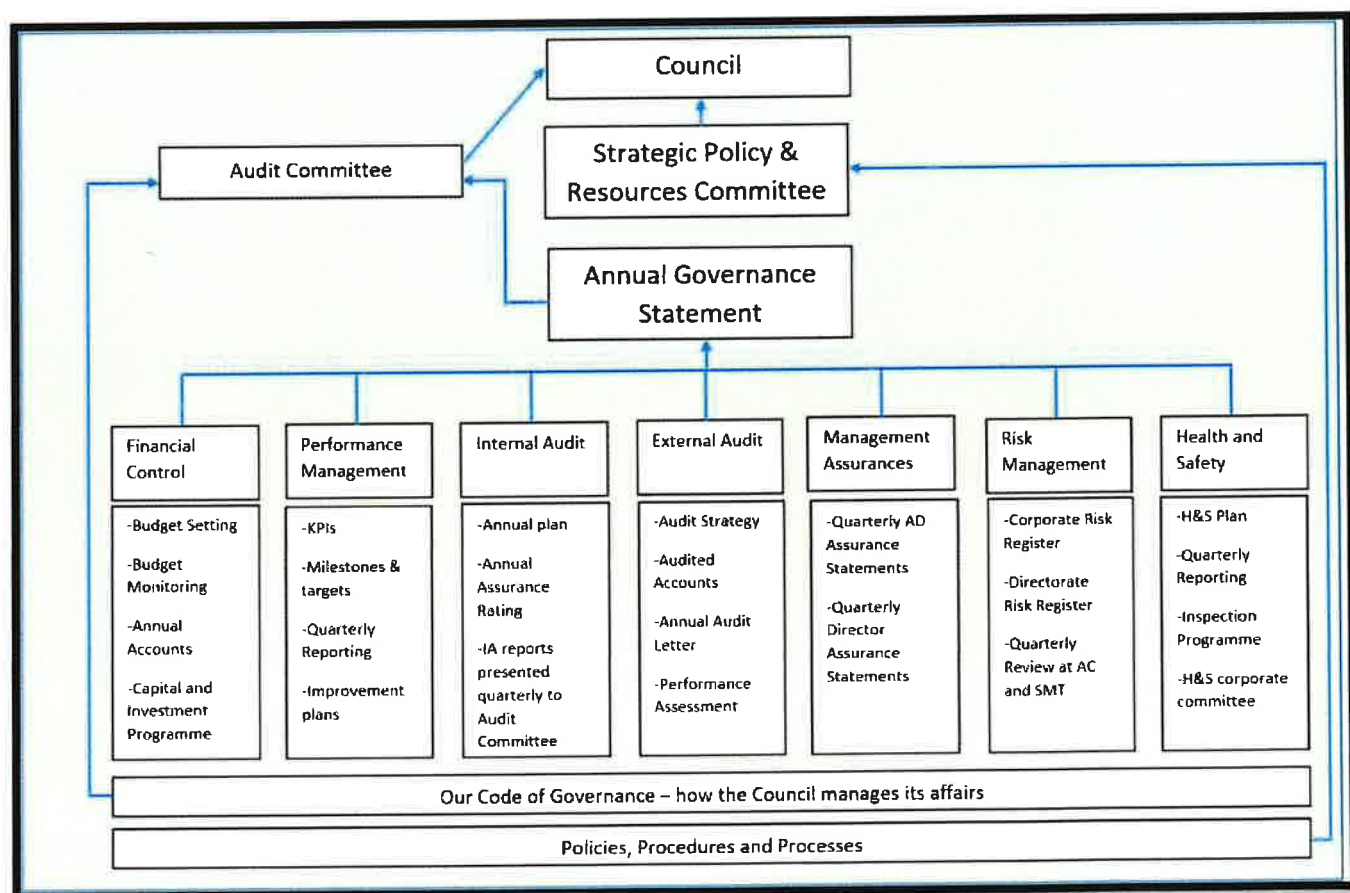
1. Invest in and support new and growing businesses, job creation and employment skills;
2. Continue to improve the health and wellbeing of everyone in the District and reduce health inequalities;
3. Enhance, protect and promote our environment;
4. Support sustainable forms of tourism which value our environmental and cultural heritage;
5. Enable and support people to engage in inclusive and diverse activities in their communities;
6. Promote the revitalisation of our city, town villages and rural communities;
7. Provide accessible, high quality and integrated services through continuous improvement; and
8. Advocate with others for the benefit of all people of the District.

Our [Corporate Plan \(2021-2023\)](#) sets out the strategic direction of the organisation and will continue to guide Council's activities and the allocation of resources over the next year. To support the achievement of our community planning outcomes and corporate objectives, we will continue to work closely with government departments and partners across the public, private, voluntary and community sectors whilst investing in our staff, ensuring they have the necessary support and resources required to provide high-quality services for all. We are currently reviewing our current Corporate Plan and following a twelve-week public consultation will finalise and agree a new Corporate Plan 2024-2027 during quarter three of the 2023-2024 financial year.

The key services delivered by the Council are outlined below under our Operational Model and the key objectives of the Council are outlined below under Strategic Performance. The key deliverables for year ended 31 March 2023 reflect the priorities articulated by local people and relate to the council's functions as both a civic leader and service provider.

### Governance

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



The Council's Assurance Mapping and Code of Governance was revised and approved by the Audit Committee on 28 April 2022. This was a best practice recommendation arising 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 20 details the Council's Code of Governance and significant Governance issues facing the Council.

The work of Council is overseen by the committee structure and detailed further in our Governance Statement on pages 20-32. The Annual Governance Statement for 2022/23 highlights the Council's governance arrangements during the year and how significant governance issues are being addressed and actions implemented. Directors and Members have oversight in accordance with the terms of reference for the relevant Committee as well as finance reports covering all aspects of Council expenditure being presented to Committee on a quarterly basis. The Committee structure, which is based on the full council and 6 standing committees, is described in detail within the Annual Governance Statement.

### Operational model

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

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

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

### Risks and opportunities

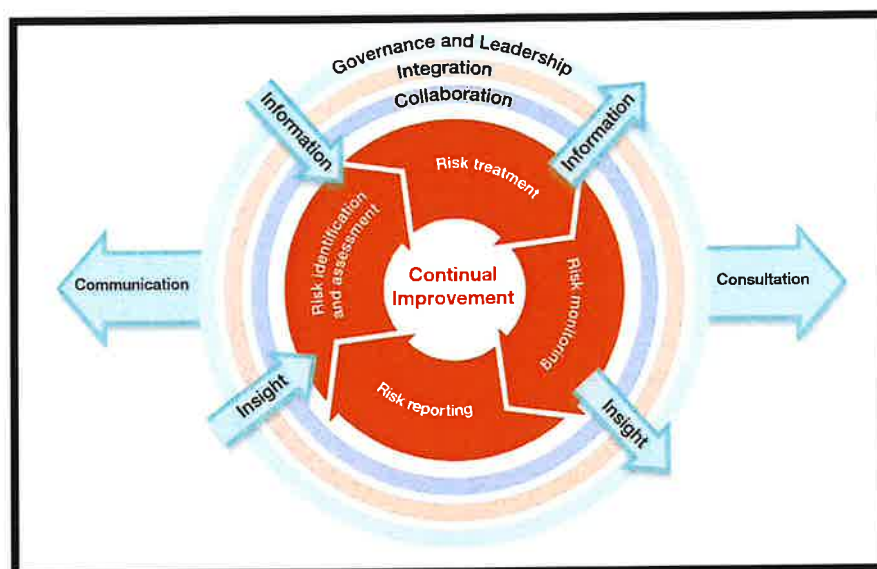
The Council has an embedded process to manage risks and support the achievement of its corporate objectives and performance targets. The Corporate Risk Register plays an integral role in supporting the development and production of the Corporate Plan and is subject to a quarterly review by the Audit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

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

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

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





SMT reviewed and updated the Corporate Risk Register in September 2023, based on the revised Risk Strategy. The following 11 Corporate Risks were agreed:

<b>CR. 01 - Failure to deliver the capital investment programme for the District</b>
<b>CR. 02 - Non-compliance with legislative requirements, including procurement</b>
<b>CR. 03 - Failure to effectively manage waste</b>
CR. 04 - Failure to provide robust and timely planning decisions
CR. 05 - Failure to adequately deliver future efficiencies and improvement
CR. 06 - Failure to adequately react to a major incident which would minimise any negative consequences/impact
CR. 07 - 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 Windsor Framework.
<b>CR. 08 – Increase in sickness absence resulting in delays and an inability to deliver Council services.</b>
<b>CR. 9. Risk that Council does not adequately react to the Economic Shocks facing 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</b>
<b>CR. 10 – Failure to effectively plan for and manage a cyber security attack</b>
<b>CR. 11 - Risk of Industrial Action impacting on service delivery</b>

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

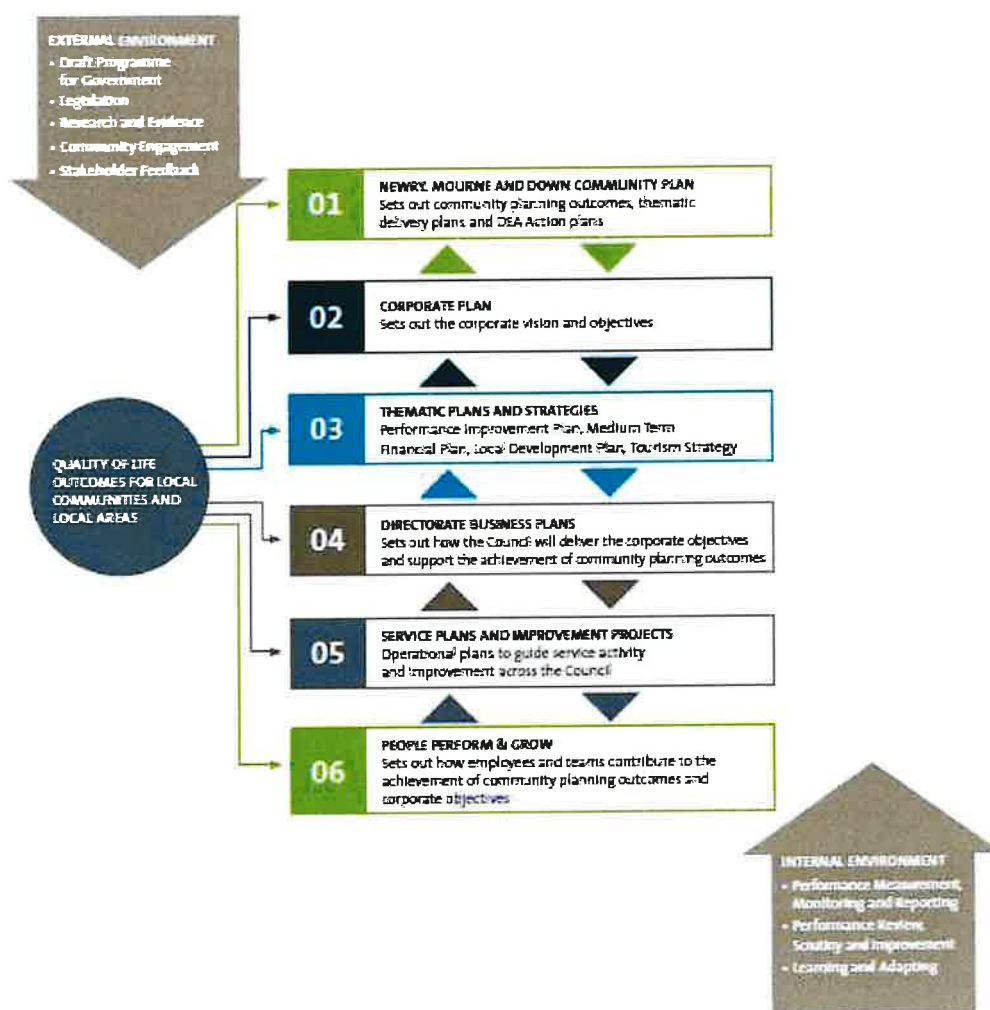
Since April 2021, the Audit Committee has also considered Directorate Risk Registers, on a rotational basis, as a mechanism to strengthen the alignment with the Corporate Plan and ensure risks and be escalated and deescalated as required.



## Performance Report

It continued to be a challenging period of change during which the Council has continued to define its 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 Assessment of Performance.
Thematic Plans and Strategies	The Council has put in place a number of Thematic Plans and Strategies to support the implementation of the Community Plan and Corporate Plan, including the Performance Improvement Plan, Medium Term Financial Plan and Regeneration and Economic Development Strategy. These plans provide the strategic context for multiple programmes of work across the organisation.
Directorate Business Plans	Business Plans are developed annually to demonstrate how Directorates contribute to the achievement of community planning outcomes, corporate objectives and performance improvement objectives. Directorate Business Plans include suites of key performance measures to measure progress and drive continuous improvement, with performance being monitored and reviewed bi-annually by the relevant Committee.
Service Plans and Improvement Projects	Service Plans and Improvement Projects are operational and set out the direction for service areas across the Council. They outline how each service contributes to the delivery of community planning outcomes, corporate objectives and performance improvement objectives, include key performance measures and provide a mechanism to manage performance consistently across the organisation.
People Perform Grow	The Council recognises the significant role employees play in contributing to the achievement of the Community Plan, Corporate Plan, Thematic Plans and Strategies, Directorate Business Plans and Service Plans. People Perform Grow will demonstrate the link between the work of employees and how they contribute to the achievement of key plans and strategies, as well as the outcomes experienced by local communities.

### Community Plan

The Living Well Together Community Plan outlines the vision for Newry, Mourne and Down to be *'a place with strong, safe and vibrant communities where everyone has a good quality of life and access to opportunities, choices and high-quality services which are sustainable, accessible and meet people's needs'*. The Community Plan can be downloaded on the Council's website as follows: <https://www.newrymouredown.org/living-well-together>

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

The Council has worked closely with community planning partners to develop more focused priority action areas in relation to mental health, physical activity, tourism and access to quality

housing. The Council has also taken a lead role in implementing new initiatives including Participatory Budgeting and the Community Support Partnership.

As part of our statutory responsibilities under the Local Government Act (NI) 2014, the Council is required to monitor progress against the outcomes and indicators within the Community Plan every two years. The 2019- 2021 Statement of Progress provides an overview of the key achievements of the Community Planning Partnership and can be downloaded on the Council's website as follows: <https://www.newrymournedown.org/delivering-your-plan>

The key achievements of the Community Planning Partnership during 2022-23 can be summarised as follows:

- Hosting the SpeakNMD civic engagement platform which has facilitated multiple consultations, surveys and polls.
- Information packs developed for Ukrainian support centre and distributed through Citizens Advice NMD.
- Three participatory budgeting celebratory events were held in Downpatrick, Newry and Newcastle with 36 community groups attending.
- 7 workshops held engaging the community planning partners and stakeholders throughout 2022/23 to progress the Community Planning review.

#### 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 is monitored, reviewed and reported on an annual basis through the Assessment of Performance.

#### Performance Improvement Plan

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

Three of the 2023-24 performance improvement objectives have been carried forward from 2022-23. Another has changed focus to reflect current need and a fifth has been deemed delivered and has been replaced with a new objective. All were developed within the context of the Corporate Plan 2021-23 and 'proposals for improvement' which were put forward by the NI Audit Office, taking into account the impact of COVID19.



The [Performance Improvement Plan](#) 2023-24 was approved by the Strategy, Policy and Resources Committee on 15 June 2023 and was published on the Council's website following ratification by full Council in July. This was prior to the statutory deadline of 30 September 2023, as confirmed by the Department for Communities (DfC) who moved the publication date, as set out in paragraph 45 of the guidance.

The performance improvement objectives do not describe every improvement the Council plans to make during 2023-24. Alternatively, they provide an overview of how the Council will address the issues which matter most to local communities. The Performance Improvement Objectives 2023-24 are:




1. We will support the health and wellbeing of local people by improving our facilities and services
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 improve our sustainability and reduce our impacts in relation to climate change
5. We will improve the processing times of planning applications and enforcement cases by implementing the Planning Service Improvement Programme

#### Performance 2022-23

Through the annual Assessment of Performance 2022-23, which was published in September 2023, the Council will monitor progress in delivering the Corporate Plan 2021-23 and Performance Improvement Plan 2022-23, including the statutory performance indicators and standards. The table below provides an overview of performance during 2022-23.

Performance Improvement Objective	Progress	Status Trend
 <p><b>We will encourage local people to lead healthy and active lives by improving the quality of our parks and open spaces</b></p>	79.8% increase in recorded attendances at Council leisure centres	△
	132% increase in recorded visits to Carlingford Lough Greenway	△
	A further 6% increase in recorded visits at Warrenpoint Municipal Park bringing the total recorded visits to 226,153 in 2022-23.	△
	6.6% increase in recorded visits at community trails	△
	3 'blue flag' beaches and 5 'green flag' parks	😊
	83% of visitors are satisfied with the Council's forest parks	😊
	2 new play parks built and 2 play parks upgraded	△
 <p><b>We will grow the economy by supporting local businesses and creating new jobs</b></p>	187 new jobs promoted through business start activity	😊 ▼
	12 new social enterprise businesses supported and 12 new social enterprise jobs created	😊 ▶
	347 businesses supported and 187 jobs created through the 'NMD Growth', 'Digital Growth', 'Tender for Growth' and 'Sales Accelerator' programmes	😊 ▼
	Increase in the number of VAT and/or PAYE registered businesses, birth rate of new businesses and employee jobs	😊
	'Make it Local' campaign rolled out	😊
	110 fixed penalty notices issued and 91 paid	☹️ ▶
	39 community clean ups supported	☹️ ▼



 <p><b>We will improve the cleanliness of our District by addressing littering, fly tipping and dog fouling incidents</b></p>	Decrease in the rate of recycling, to 49.6%*	☹️ ➡️
	Second lowest levels of waste sent to landfill across all NI Councils	😊️ ⬆️
	10 'Live Here, Love Here' environmental projects supported	⚠️
	Anti-littering and responsible dog ownership campaigns rolled out	😊️
 <p><b>We will build the capacity of local communities through the Financial Assistance Scheme</b></p>	£1.26m awarded to 366 projects across 22 thematic areas	😊️
	67% of applications to the financial assistance scheme were successful	☹️ ➡️
	£524k awarded towards major and minor capital projects	😊️
	49,347 volunteer hours recorded to deliver projects and 256,025 beneficiaries of the scheme	😊️ ⬆️
	5 capacity building sessions delivered to 208 participants	😊️
	99% of applicants are satisfied with the support received from the Programmes Unit	😊️
 <p><b>We will improve the processing times of planning applications and enforcement cases by implementing the Planning Service Improvement Programme</b></p>	The Council received and decided on the highest number of planning applications across the 11 Councils, approving the second highest number of cases regionally.	😊️
	The processing time for local planning applications increased from 18.8 weeks in 2021-22 to 21.6 weeks in 2022-23	☹️ ⚠️
	The processing time for major planning applications increased from 44.3 weeks in 2021-22 to 89 weeks in 2022-23	☹️ ⚠️
	The number of planning applications in the system for 12 months or more increased from 187 in 2021-22 to 228 in 2022-23	☹️ ⚠️
	The number of enforcement cases in the system for 12 months or more has increased from 472 in 2021-22 to 503 2022-23.	☹️ ⚠️

\*The 2022-23 data in relation to the statutory performance indicators for waste management remains provisional, as the end of year validated data will be published by DAERA in Q3 2023-24.

## **Expenditure and Funding Analysis**

The objective of the Expenditure and Funding Analysis is to demonstrate to ratepayers how the funding available to Council (i.e. government grants, rates and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The 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 2023, the Council's Usable Reserves increased by £97k to £35,741k. The budget plans formed part of the annual estimates for 2022/23. The total gross expenditure budget for the Council was set at £76,799k. This budget was agreed as part of the rates estimates process by full Council in February 2022.

The Council reported a £418k overspend 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 SP&R Committee. Assistant Directors provide variance analysis reports quarterly to both the Finance Team and their Director. The year-end Management Accounts position was presented to Committee on 15 June 2023.

Operationally, Council had a greater deficit. But with several additional sources of income secured from the Department and income from our own investments with higher interest rates due to market conditions, the deficit was reduced.

Therefore, our Operational Deficit in year was £1,277k. Some contributing factors to the deficit includes;

- Salary costs were £708k over budget. A 2% pay award had been allowed for in the estimates, however the National Pay award was £1,925 per employee and there was also a Local Pay award agreed.
- Utility costs were £1,196k greater than budget in February 2022. Electricity was 79% over budget and Gas was 84%. This was due to the global surge in energy prices during 2023.
- The Department for Communities advised the Council of a Rates Support Grant (RSG) allocation which was £720k less than budget.
- Other significant overspends included repairs and maintenance costs being £956k over budget, vehicle running costs £383k, vehicle hire £262k and insurance premiums £176k.

The operational deficit turned out lower than anticipated part way through the financial year for several reasons;

- Overall income (excluding grants and investment income) was £1,210k favourable with the most significant positive variances in the following service areas; Leisure Income - £573k, Caravan Income - £244K, Car Park Income - £158k and Registration and Property Certificate Income - £106k. The positive news for Council is that our service level income is now in line with pre pandemic levels.
- £203k of Investment Income was achieved due to the increase in interest rates which was not accounted for in February 2022.
- Council is to receive a positive outturn in the De-Rating Grant of £107k.
- Land and Property Services advised Council of a positive finalisation of £390k based on current Actual Penny Product data and this has been reflected in these accounts. The £390k will not be received until the Departments Accounts are certified.



- Council did not need to avail of any loans in year, therefore £122k savings with regards to loan interest.
- A number of vacant posts within the Council Structure meant the salary deficit predicted when the National and Local Pay awards were agreed in September 2023 was not as large as predicted.

The Cost of Services on Continuing Operations of £73.6m (2020/21 - £68.7m), as reported in the Comprehensive Income and Expenditure Statement, also includes the accounting cost of providing services in addition to the amount funded from taxation.

### **Borrowings**

For the 2022/23 year the Council has an authorised borrowing limit of £126.1m. 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 £94.4m at year end, this ensures the Council only borrows for capital purposes.

The Council currently holds £59.4m of loans, a decrease of £10.3m on the previous financial year, as part of its strategy for funding previous years' capital programmes. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing. During the year the Council repaid external loans of £10.3m. The Council did not borrow any further loans to fund ongoing capital projects for year ending 31 March 2023.

### **Capital Expenditure**

The Council has an ambitious four-year capital programme of £80.7 million (net of funding) at March 2022. 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 £4.7m (2021/22 - £4.5m) to fund completed capital expenditure.

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

- |                                     |         |
|-------------------------------------|---------|
| • Play parks                        | £769k   |
| • ORNI Community Walking Trails     | £1,385k |
| • Fleet Acquisitions                | £1,459k |
| • Equipment for Grounds Maintenance | £81k    |

### **Revaluation of Assets**

A valuation exercise was carried out by Land and Property Services (LPS) as at 31 March 2023 on the Council's land and buildings. As a result, the value of land and buildings have increased from £179.6 million at 31 March 2022 to £188.9 million at 31 March 2023. LPS included the following narrative in their Report;

*"It is now more than 2 years since the UK government took the unprecedented step to announce a nationwide 'lockdown' as the threat of COVID-19 became evermore apparent. Since then, Northern Ireland has been showing signs of improved performance in the first quarter of 2022 but the pace of economic growth has been slow into 2023 as inflation continues to contribute to higher prices and consumer spending is becoming less. The latest figures showed that the rate of inflation in the UK remains elevated, even though there was a*

*slight decline in the annual rate of price rises. The headline inflation rate fell from 11.1 percent in October to 10.7 percent in November, but that is still more than five times its target rate.*

*Business across the UK are continuing to face trade barriers following the UK's departure from the European Union. It was reported by BBC news that Northern Ireland showed unexpected signs of improved performance in February as firms reported their first rise in new orders and exports in 10 months. This is the data from the Ulster Bank NI PMI Report. This was seen as improvement on the back of the Windsor Framework. At the moment there is still political instability surrounding agreement on the Windsor Framework but if these issues can be resolved we may see further investment into the economy if agreements can be reached."*

### Strategy and resource allocation

The Medium Term Financial Plan was approved by Council on 7 February 2022. 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 considered past outturn, current spending plans and likely future demand and pressures.

When setting the district rate for 2022/23 consideration was given to the following key financial factors and uncertainties for the Council:

- The impact of COVID continued to impact on Council's operations and finances in 2022/23. The future impact of COVID on operations, on our rate base and on our finances remains uncertain, and many assumptions were included within our budgets for 2022-23.
- The NI Executive was currently determining a three year budget for NI (2022-25), with a draft budget out for consultation at the time of striking the rate. In the absence of an agreed and legislated budget, there was some significant uncertainties which remained at the time of striking the district rate. Included within our 2022-23 estimates were various areas of funding received from central government. We included amounts on the basis of our previous arrangements with central government. However, we did highlight to Members that it was important to note that until such times as a budget is agreed by the Northern Ireland Executive these funding streams are uncertain.
- At the time of striking the rate, Councils had been advised of the percentage allocations of Rates Support Grant (RSG) being made available by the DfC for 2022-23. However, until a draft budget is agreed, the total amount of RSG to be awarded to the local government sector was not confirmed.
- Various uncertainties remained as to the impact of Brexit on the NI Economy, the NMDDC rate base and funding streams, and no provision has been made in the estimates for any financial implications arising. Furthermore, included within our 2022-23 estimates were various areas of funding received from the European Union under programmes which we have been advised will continue during the 2022-23 year and into future years.

Other factors leading to the 2022/23 rate increase included;

- A 2% pay increase for Local Government employees has been estimated and was included within the budgets for the 2022/23 year.
- The increased tonnages and associated costs of waste and recycling across the district as a result of the COVID pandemic has continued into 2022-23 and is included in the budgets.

- Increased costs of fuel, utilities and insurance which are impacting globally has seen an increase in budgeted costs for 2022-23.

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.

## Outlook

The Council is fully aware that it is operating in a continually challenging environment with the cost of living crisis and global inflationary pressures impacting everyone within the District. The future impact of these economic pressures on operations, on our rate base and on our finances is uncertain, and many assumptions were included in our budgets for 2023-24.

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

The Council continues to face a range of significant budget pressures including general inflation, utility price upsurges, 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 and construction costs.

However, the Council is committed to delivering business as usual where possible and will continue to achieve the strategic objectives outlined in the Corporate Plan 2021-23. The Council strives to deliver the highest standards and some of our key achievements for the year are presented within our performance report at page 8.

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 and Council are currently developing are outlined below, along with some key successes in year;

1. City Deal – The signing of the Belfast Region City Deal (BRCD) document on 15 December 2021 is the first of its kind in Northern Ireland and confirms partners' joint commitment to fully implement and deliver on all aspects of the City Deal proposals. The £1 billion of co-investment secured from central government and the BRCD partners, will deliver a bespoke package of funding across the BRCD Region. BRCD funding has enabled Council to progress on the following ground-breaking projects that will be transformational for our district:
  - **The Mourne Mountains Gateway** will redefine visitors' experience of the Mourne Mountains whilst supporting the sustainable growth of tourism and protecting the natural heritage and habitat of the region. The project will deliver a world class visitor attraction, and will create improved, and more sustainable access to the Mournes.
  - **Newry Southern Relief Road** will link the A1 bypass with the A2 Warrenpoint dual carriageway providing an alternative strategic route for traffic that reduces pressure on Newry city centre, facilitates onward travel to Dublin and improves access to other regional gateways.
  - **Newry City Centre Regeneration** will deliver a civic hub, theatre and conferencing facilities which, together with new public realm and grade A office provision, will

revitalise the city. The regeneration will also create and sustain jobs, increase visitor numbers, appeal to residents and stimulate the evening economy (more detail below).

- **Digital and Innovation Projects** will play a critical role in contributing to economic inclusion and sustainable growth. The key interventions of the Digital Programme include; The Belfast Region Innovation Challenge Fund, Enabling Infrastructure and Regional Innovation Hubs.
- **Skills and Employment projects** will create skills for growth, inclusion and for a digital future are key priorities for BRCD partners

2. Newry City Park - On the 14 December 2021 the Department of Finance announced a £16.2 million funding package for the Albert Basin Park Project in Newry as part of the Executives City/Growth Deal Complimentary fund. The funding will help Council realise our vision for a world-class city park, central to our Newry City Centre Regeneration plans. The Outline Business Case (OBC) was formally submitted in May 2022 to DfC and has been reviewed and approved by DfC economists. Council formally presented the OBC to a Casework Committee in July 2023 with formal approval of this OBC currently pending. Council is currently commencing the procurement of an Integrated Consultant Team for this project which is scheduled to complete in May 2027.
3. Newry City Centre Regeneration - A Planning Application for the new Civic and Regional Hub in Newry has been submitted, is being processed and will be available to view on the NI Planning Portal. The Council's aim is to build a modern administrative centre befitting Newry's city status, attracting footfall and spend into the city centre.

A BRCD Contract for Funding was agreed in January 2023 for Newry City Centre Regeneration Projects supported by the Deal. These projects are the Theatre and Conference Centre and Civic and Regional Hub in Newry, for which £5 million BRCD funding has been allocated for its Public Realm, along with £3 million for a Grade A Office Accommodation Fund.

In March 2023, The Southern Health and Social Care Trust has confirmed its purchase of the Monaghan Row Offices and Land from Newry Mourne and Down District Council. Situated next door to Daisy Hill Hospital, the £900,000 acquisition will allow the Trust to expand and develop services at the hospital.

4. Full Fibre Northern Ireland (FFNI) – The Council is a lead member of the FFNI Consortium, which is comprised of the 10 local authorities outside of Belfast.

The Consortium was awarded £23m from the Department for Digital, Culture, Media and Sports (DCMS) to drive greater investment in fibre and digital infrastructure across Northern Ireland. The Consortium's phased delivery has initially managed two DCMS funded programmes - Local Full Fibre Network (LFFN) and Rural Gigabit Connectivity (RGC). It will also manage the delivery of future digital initiatives and ensure a vital local link for future digital projects at a local authority level.

Together as a Consortium FFNI has delivered next generation Gigabit Capable connectivity to 887 public sector sites, which will vastly improve the robustness, resilience, and speed of service. A separate Wide Area Network (WAN) project is now underway and being delivered by Armagh, Banbridge, Craigavon (ABC) Council to lay services over the top of the FFNI funded fibre. Councils are currently migrating existing services on to the fibre and WAN and this was completed in July 2023.

5. Shared Island Funding – NMDDC has partnered with a number lead councils in the South to submit applications to the Shared Island Funding Scheme. Across the entire scheme, more than €4.3m has been allocated to 15 lead Local Authorities in the South,

working in partnership with nine Councils in Northern Ireland to develop collaborative cross border investment projects over the next 12 months. NMDDC is a partner in six of these projects, with total award of €995,000.

The successful projects are spread across a range of sectors including biodiversity, tourism, decarbonisation, the circular economy, rural and urban regeneration, education, business innovation; and cultural and creative industries.

6. Levelling Up Funding – Council received £2.82m funding towards a new recreation centre at Camlough Lake. Camlough Lake is one of 10 projects across NI which have been allocated more than £71m from the UK government's Levelling Up Fund, a regional development plan to create jobs and boost the economy. Plans for the new leisure and recreation centre include an event space, toilet, showers, changing facilities, parking and enhanced access to the Lake with a slipway provision.
7. UNESCO - Mourne Gullion Strangford has been awarded internationally coveted UNESCO Geopark status. The UNESCO Executive Board met in Paris on Wednesday 24 May 2023 and announced that Mourne Gullion Strangford had been welcomed into its network of global Geoparks, making it one of only 18 outstanding landscapes worldwide to be awarded full accreditation this year.
8. The Peace IV Programme – Newry, Mourne and Down District Council PEACE IV Partnership hosted a final event to celebrate the success of the PEACE IV funded Local Authority Action Plan at Down County Museum in September 2022. The local authority action plan has delivered over 180 community, sporting, cultural, historical and capital projects since 2017, engaging over 4,000 participants from the Council area.

The Action Plan was funded through the European Union's PEACE IV Programme, which is managed by the Special EU Programmes Body (SEUPB). Match funding was provided by the Executive Office in Northern Ireland and the Department of Rural and Community Development in Ireland. With a budget of £4.7 Million, the programme supported 29 objectives with over 180 projects across three strategic themes – Children and Young People, Building Positive Relations and Shared Spaces and Services. Over 4,000 children and adults have engaged in in the PEACE IV Programme. This ambitious Action Plan was managed by the Councils PEACE IV team and its delivery partners such as the Policing and Community Safety Partnership.

The Council looks forward to the new PEACE PLUS Programme, which will build upon the significant positive achievements of the PEACE IV Programme that has been instrumental in creating a more cohesive society.

The economic outlook for Northern Ireland is still uncertain with higher food costs, rising energy prices and not to mention increases in interest rates are all leading to more tightening of the purse strings for many. This year will be uncertain all-round for Northern Ireland especially the issue of the new Windsor Framework and whether parties will return to Stormont.

In line with all other Councils in Northern Ireland and the wider public sector, Council is facing several challenges. Public finances are under increasing pressures. Key risks and planned mitigations are included in our Annual Governance Statement on Pages 20 to 32.

## **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 22<sup>nd</sup> September 2023.

### **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 2022/23 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 2021/22; and
- Significant governance issues for the year end 2022/23.

#### **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. This statement explains how the Council has complied with the code and meets the requirements of Regulation 4 of the Local Government (Accounts and Audit) Regulations (Northern Ireland 2015) in relation to the publication of an Annual Governance Statement.

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

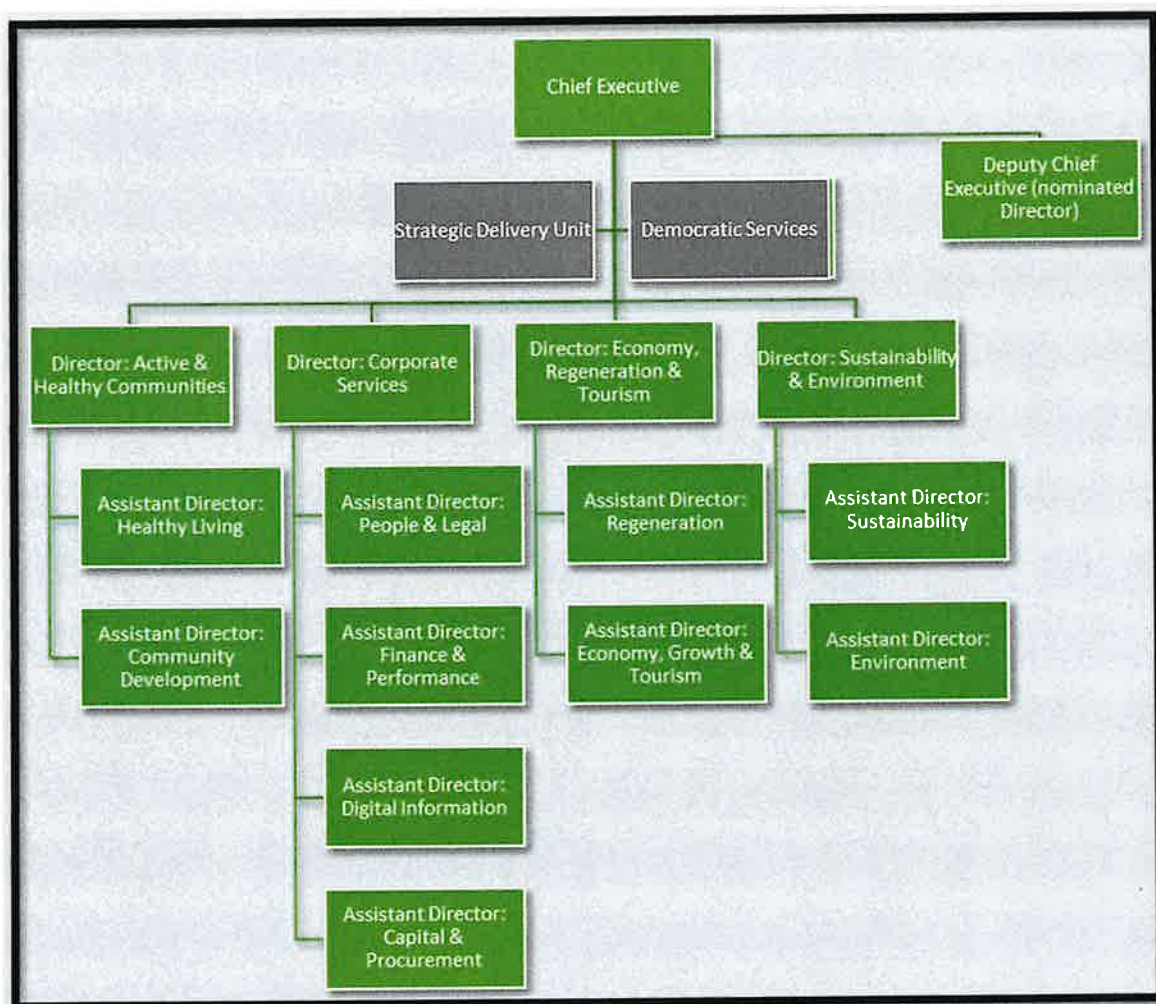
The governance framework comprises the systems and processes, and culture and values, by which the local government body is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic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

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

The governance framework has been in place at Newry, Mourne and Down District Council for the year ended 31 March 2023 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 approved by Members in December 2021 - not yet operational.*

The Council's governance framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The Council's Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.

The Council operates a Committee System. Meetings of the Council and Committees are open to the public and live audio is open to the public, with the exception of where 'confidential' or 'exempt' matters are being discussed, as defined by the Local Government Act (Northern Ireland) 2014. Council meetings are managed in accordance with the Council's Standing Orders. The Council's Constitution, which was approved in April 2015 is subject to

regular review, and updates, and it includes Financial Regulations, Standing Orders and the Scheme of Delegation. The Constitution is available on the Council's website.

Within the Constitution, the Scheme of Delegation clearly defines the roles and responsibilities of the Chief Executive, Directors and Assistant Directors. During 2022/23 the Council's Statutory Committees have operated with delegated authority for decision making on specific issues in accordance with their terms of reference. The minutes and associated reports for all Council and Committee Meetings are published on the Council's website with the exception of confidential minutes and reports.

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

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

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

The Neighbour Services Committee (now referred to Sustainability and Environment 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 24 Council Project Boards and Forums which have been established to support the work of Committees during the 2022/23 year.

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

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

#### **A. Behaving with integrity**

- Shared values communicated via community plan, corporate plan and key strategies
- Mandatory Code of Conduct for Councillors
- NI charter for Elected Member Development
- Staff Code of conduct
- Council Constitution including Standing Orders, Financial Regulations and Scheme of Delegation
- Council Anti-Fraud Policies and Fraud Response Plan
- National Fraud Initiative
- Council 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
- Community Plan and Local Development Plan

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

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

#### **D. Optimising the achievement of outcomes**

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

#### **E. Developing Capacity and Capability**

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

#### **F. Finance, Performance and Risk Management**

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



#### **G. Transparency, Reporting and Effective Accountability**

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

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

Having considered all the principles of the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014), the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud. The Council is committed to the highest possible standards of openness, probity and accountability. The Council has a Whistleblowing Policy where concerns can be raised. The policy is due to be updated in the 2023/24 financial year. Fraud and Raising Concerns are a standing agenda item at Audit Committee quarterly.

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

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

Council utilises various media streams to deliver internal and external communications, such as the Council website, publications, brochures, leaflets, social media and media advertisements and broadcasts. The Council continues to explore ways to digitise services and use online technology and social media to enhance communication with residents, customers, businesses and potential visitors to the District. The pandemic expedited change in this regards with more payment opportunities now available online.

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 GDPR law in 2018, Council established new structures and processes, so Council could comply with the new GDPR laws and implement best practice guidance from the Information Commissioners Office (ICO) & Public Records Office NI (PRONI). One breach of personal data was reported as an initial incident to the ICO during 2022/23. Upon internal review it was determined as a "near miss" and no investigation was conducted by the ICO.

## Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its Governance Statement, including the system of internal control. The review of effectiveness is informed by the work of the 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 Officers, 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 2023.

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

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

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

The main decision-making body is full Council of Elected Members who are ultimately responsible for ensuring effective governance arrangements are in place for Council to achieve its goals and objectives. Council 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. The Corporate Management team meet on a monthly basis. Directors meet regularly with senior



members of their Directorates to ensure that all staff are aware of Council's priorities and that risks are being appropriately managed.

Quarterly Assurance Statements are completed by Assistant Directors and Directors to provide the Chief Executive assurance over the controls in place. The Assurance Statements also make the Chief Executive aware of any of the risks arising which may have a 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 2022/23. The Audit Committee Terms of Reference were revised in April 2022 and sets out the purpose and the roles and responsibilities of Committee.

The effectiveness of Audit Committee was reviewed at the Committee on 4 April 2023. This review was completed using the National Audit Office Self-Assessment Checklist.

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 2022/23 will be presented to the July 2023 Audit Committee to support the completion of the Annual Governance Statement.

- **By Internal Audit:** The Internal Audit function is carried out by an independent body in accordance with 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.

Nine internal audit assignments were carried out in 2022/23 as per the agreed Internal audit plan. Seven reviews received a Satisfactory Assurance rating, one review was advisory, and one review received a Limited Assurance rating.

Internal Audit also carried out a follow up review of the 2021/22 recommendations. The review identified that, out of the 40 accepted recommendations, 11 recommendations were fully implemented, 10 recommendations were partially implemented, 18 recommendations were not implemented, and 1 recommendation were no longer accepted. These recommendations will be followed up internally and reported to Audit Committee quarterly until they are implemented.

In addition, during the 2022/23 year, Internal Audit were commissioned by the Chief Executive to support a HR matter and completed a TOIL payment review - Strangford Road Officers (Cleansing and Refuse). The final report on this matter was issued on 15 September 2022 and a number of recommendations to strengthened controls were issued to management.

A further report was requested by the Department for Communities. A funding application was made to the Department in relation to the Wayfinding Project, which was later determined to contain inaccuracies. The Department requested that the Council conduct a review of the completeness, accuracy and validity of information provided by the Council in all funding applications and business cases submitted to the Department over the last two years. Eight applications for funding were reviewed by Internal Audit and no significant issues were found, however recommendations were made to strengthen controls.

The overall internal audit opinion for 2022/23 was satisfactory. It was Internal Audits view the Council's systems in relation to internal control, risk management and governance

were, in general, adequate and operated effectively and can provide satisfactory assurance in relation to the effective and efficient achievement of the Council's objectives.

The Internal Audit review which received a Limited Assurance Rating was Community Centres. Internal Audit identified a need to ensure the completion and sign-off of building checklists; to ensure that training is provided to volunteers at the Facility Managements Agreements (FMAs) managed centres and Council Officers; a need to ensure consistent checklists are used across all Centres; a need to ensure that the FMAs clearly detail expectations in terms of roles, responsibilities and requirements for building checklists; and a need to document procedures for the completion of building checklists.

Therefore, Internal Audit concluded the remaining controls in place can only provide a limited level of assurance regarding the effective and efficient achievement of the Council's objectives in relation to Community Centres compliance with building checklists. The Assistant Director responsible gave an update to Audit Committee in April 2023. All the necessary checks are being undertaken but it is a manual process. An IT solution is being evaluated as procedures are strengthened.

The Assistant Director of Finance and Performance will continue to follow up on the legacy internal audit recommendations which have not yet been implemented. The progress on the implementation on internal audit recommendations will be reported quarterly at the Audit Committee along with an update on outstanding external audit recommendations. A new performance management and audit tracking system is due to go live in November 2023. This should further assist Management with the tracking and implementing legacy recommendations.

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

- Health and Safety: Reviews of Health and Safety by professionally qualified officers, the Corporate Health and Safety Committee, and various Health and Safety sub committees.
- Risk Management: Risk Management is embedded across all activities of the Council and a revised Risk Strategy was presented to the July 2021 Audit Committee to ensure Councils Risk Management complied with HM Treasury's best practice. 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 2021/22 is also used by the Council as an additional assurance mechanism. The Council's Performance Improvement Plan has also been externally audited by the NIAO.
- National Fraud Initiative (NFI) – Council participated in the 2020/21 NFI data matching exercise. The number of matches were relatively low and no fraudulent activity was identified from the investigation of high risk matches. The 2022/23 exercise is underway and results of the investigation will be report to Audit Committee in September 2023.

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 2021/22**

Six issues were declared in last year's Governance Statement and all six remain as significant Governance concerns for 2022/23 as detailed in points 1 to 6 below.

### **Significant Governance Issues in 2022/23**

The significant governance issues for 2022/23 were identified through the review of significant risks within the Corporate Risk Register for the year ending 31 March 2023, consideration of significant events / issues, internal / external audit reports and a review of the Directorate Assurance Statements at year end. One new concern has been added since last year which relates to ongoing Industrial Relations.

#### **1. Procurement and Contract Management**

Procurement and Contract Management remain a significant risk within the Council's Corporate Risk Register. Corporate Risk 2 details 'Non-compliance with legislative requirements, including procurement'.

Even though considerable progress has been made, we are still highlighting procurement and contract management as a significant governance concern. Procurement activity across the Council remains largely reactionary i.e. based on operational pressures. Linked to that are the identified deficiencies in contract management practices whereby contracts for ongoing requirements lapse and are not retendered in time or spend under contracts exceeds the approved values.

It is imperative now that the Procurement Action Plans which are in place for each Directorate are given renewed impetus, so they provide strategic direction and guide each Directorate's Procurement activity. This will be aided by Management Team driving procurement as a corporate priority and reviewing progress against the Procurement Action Plans on a more regular basis. There is also an as-of-yet untapped opportunity to align the Council's Corporate Plan priorities with procurement activity to ensure that spend is leveraged to deliver on these objectives. This approach will place Council in good stead to implement Social Value in Procurement when it becomes legislatively possible to do so.

Other workstreams timetabled for completion in the 2023/24 financial year include developing an interim procurement policy in advance of the new Procurement legislation being enacted. Work is currently underway to increase the visibility of Council's procurement processes in order to ensure a more competitive bidding environment. In this respect, the Procurement team are working alongside colleagues in Enterprise Development to build capacity in the local supplier base and reduce barriers to tendering.

#### **2. Financial Position of Council**

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

The impact in 2021/22 of the recovery from the pandemic coupled with the cost of living and inflationary cost pressures that emerged following the pandemic impacted on the Council's financial resilience which was recognised by the Department for Communities, permitting the

use of Council COVID-19 Reserves to continue to support the recovery in the context of increased operating costs as a result of the cost of living crisis.

Council currently faces several significant financial pressures;

- Inflation / Cost of living pressures – interest rate now at 5% which is the highest rate since 2008;
- Pay Pressures and future pay awards impact on our Council's budget and District Rate going forward;
- Central Government funding cuts including the dramatic reduction in Rates Support Grants; and
- Volatility of our rates base with a substantial number of legacy appeals within the Land and Property Services system.

The positive news is that Council's Service income was almost back to pre-pandemic levels at 31 March 2023. Work is now underway for capital programme planning over a longer timeframe. A new capital programme procedure is to be approved by Members in the coming months. The Rates Estimates Process for 2024/25 and our level of Reserves have been discussed at an earlier stage during the Strategic Finance Working Group in August 2023.

### 3. Planning Backlog

The 'failure to provide robust and timely planning decisions' is highlighted as a risk within the Corporate Risk Register. This has been reinforced by the development of the performance improvement objective to 'improve the processing times of planning applications and enforcement cases by implementing the Planning Service Improvement Programme' which was agreed in 2022-23 and has been carried forward to 2023-24.

During 2022-23, Newry, Mourne and Down received 1,478 planning applications, which is the highest across Northern Ireland however it represents a decrease of 15.3% compared to the number of applications received in 2021-22. While some progress has been made in reducing the number of enforcement cases in the system, the majority of applications have experienced an increase in 2022-23.

- The number of planning applications in the system for 12 months or less has increased from 871 in March 2022 to 934 in March 2023.
- The number of planning applications in the system for 12 months or more has increased from 187 in March 2022 to 228 in March 2023.
- The number of enforcement cases in the system for 12 months or less has decreased from 240 in March 2022 to 205 in March 2023.
- The number of enforcement cases in the system for 12 months or more has increased from 472 in March 2022 to 503 in March 2023.

Through the Performance Improvement Plan, the Council has agreed and published a suite of performance measures and targets to reduce the backlog of planning applications. Progress in achieving the targets set is monitored and reported to the SMT, SP&R Committee and Audit Committee on a bi-annual basis.

The Council has not yet achieved the statutory standards, and the time taken to process planning applications has increased between 2021-22 and 2022-23. The number of enforcement cases concluded and corresponding processing times (statutory target) is not presented in the Northern Ireland planning statistics 2022/23 annual statistical tables. This information will be published at a later date.

- The time taken to process local planning applications has increased from 18.8 weeks in 2021-22 to 21.6 weeks in 2022-23 and is above the current Northern Ireland average of 19 weeks.

- The time taken to process major planning applications has increased from 44.3 weeks in 2021-22 to 89 weeks in 2022-23 and is above the current Northern Ireland average of 57.8 weeks.

The continued implementation of the performance improvement objective during 2023-24 and the bedding in of the new Planning IT System should deliver service improvements by addressing the backlog of planning applications in the system, reducing the caseloads of Planning Officers, improving processing times and putting in place sound foundations to provide a more modern, efficient, resilient and responsive Development Management Service.

There is also new planning performance project underway led by Department for Infrastructure with representation from Councils to improve planning performance across NI. This comes off the back of the Public Accounts Committee report which the Northern Ireland Audit Office tabled in February 2022 – 'Planning in Northern Ireland'. Internal Audit are carrying out an advisory review in quarter one of 2023-24 on the overturn decisions and the risk to Council.

#### 4. Absenteeism

The 'failure to adequately manage sickness absence resulting in delays and an inability to deliver Council services' is included as a risk in the Corporate Risk Register.

For the twelve months to the end of March 2023, the average number of day's sick absence in the Council was 23.26 days per full time employee as compared to 20.66 days in 2021-22.

Sickness absence has continued to increase in 2022-23, with figures revealing that between March 2022 and March 2023 the number of days lost due to sickness absence increased by 1,684, from 17,778.5 to 19,462.5, representing an overall increase of 9.5%.

Senior management continues to put in place arrangements to monitor and reduce the number of days lost per employee:

- Adoption of the Managing Attendance Policy and Procedure in April 2020 and subsequent implementation, which formed part of an internal audit in April 2021.
- Ongoing provision of support and guidance to line managers, reminding them of their responsibilities in relation to absence management, return to work meetings and the completion of the mandatory training on the Council's e-learning platform.
- Quarterly reporting of absence management figures to the SMT and monthly reporting of outstanding return to work meetings to CMT. SP&R also briefed on absence figures.
- Introduction of the Corporate Performance Dashboard which includes two performance measures in relation to the number of days lost and outstanding return to work meetings. The Dashboard is monitored and reported to the SMT and CMT on a quarterly basis and the data is analysed at a corporate, directorate and departmental level, providing an insight into areas of good performance and areas of under performance, which may benefit for targeted intervention.
- Introduction of a number of initiatives over the past few years to support employee health and wellbeing, including the establishment of the Health and Wellbeing Working Group and implementation of People Perform Grow which provides an opportunity for employees to discuss any health and well-being matters with their line managers. People Perform Grow was rolled out to employees at tier 5 and above during 2022-23.
- Council continues to invest in employee wellbeing through the provision of a funded Health Cash Plan for Employees and through health promotion initiatives by the employee led Health & Wellbeing Working Group.

However, senior management recognise that further improvements are required to address the recent upsurge in the number of days lost due to sickness absence and further actions will be highlighted within Council's Corporate Risk Register.

## 5. Digital Information and Cyber Security

Digital Information and Cyber Security is a significant governance issue, similar to many other organisations. Cyber security is overseen through the Councils Risk Management Processes. It remains as one of our red risks on Councils Corporate Risk register. Threat activity is continuing to increase on an ever-steepening trajectory.

In June 2022 Council was subject to a cyber incident which was classified as a 'near miss'. The Councils systems were offline for 5 days and normal operations were interrupted for several weeks which highlights the threat and disruption a successful attack would have on Council operations.

Cyber Security is a key consideration and robust measures, which are kept under regular review, are in place to minimise the risk posed to Council. Council are progressing several actions to mitigate the Digital information/Cyber risk;

- Continual refinement of Service Area Business Continuity Scenario Plans with a focus on cyber security/disaster recovery and ensuring critical functions are operational;
- Implementation of additional security measures including multifactor authentication, conditional access and modern authentication where possible and appropriate;
- Increasing User resilience through continual training, testing and remediation;
- Continuing to engage with and follow guidance from the National Cyber Security Centre (NCSC). Use of Cyber Defence tools, supplemented with vulnerability and penetration testing, actioning recommendations resulting therefrom where possible and appropriate;
- Working through lessons learned internally and by peers and other organisations to continually improve detection, warning and response; and
- Maintaining robust change management controls.

## 6. Succession Planning and Talent Recruitment

Council has long term plans that are in place for the District including our ambitious capital plan and the Belfast City Region Deal. It is imperative there is effective succession planning in place. Currently all Councils are finding it difficult to fill Senior positions and skills gaps have been identified in several services. A number of competitions have had to be run multiple times in order to fill available roles. There is a risk to service delivery in the absence of key posts being filled.

As we move forward there needs to be a stronger focus on attracting a more diverse pool of talent to the Council and upskilling our existing talent to have adequate succession plans to fulfil vacancies at all levels including Senior Management.

Council are currently working in conjunction with the Local Government Staff Commission to contribute to the regional Talent Management Strategy. Another solution is offering apprenticeships / training roles across certain service areas and attending job fairs.

## 7. Industrial Relations

There are industrial disputes registered by all four recognised Trade Unions. Industrial Action has already taken place in April 2023. Management will continue to engage through the agreed



industrial mechanism processes to seek resolutions to the current dispute. The Labour Relations Agency and an independent facilitator are involved to aid resolution to the matters outstanding.

Negotiations continue to focus on a list of demands submitted by the Joint Trade Union Side, with a view to reaching an Agreement which all parties can sign up to. Once the agreement is finalised it will be provided for Council to consider.

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 22 September 2023  
CHAIR

Signed   
Date 22 September 2023  
CHIEF EXECUTIVE

on behalf of Newry, Mourne and Down District Council

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

### **REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2023**

#### **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 2022 were issued by the Department for Communities on 25 January 2023 (Circular LG 03/2023). 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 2022/23.

##### **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 employees 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 four 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 2022/2023 Ms Slevin did not claim any meeting or travel expenses. Ms Slevin has been extended until 31 October 2023 to aid with the smooth transition into the new Council period.

## 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	2022/23		2021/22	
	Total Allowances £	Number of Councillors receiving the Allowance	Total Allowances £	Number of Councillors receiving the Allowance
Basic Allowance	670,168	49	644,722	42
Special Responsibility Allowance	80,286	25	77,671	28
Chairperson Allowance	20,165	3	20,165	2
Vice Chairperson Allowance	6,293	2	6,293	2
Mileage Allowance	32,369	27	17,905	24
Public Transport and Other Travel Incidentals	7,139	9	7,557	6
Subsistence	5,201	9	1,581	6
Courses/ Conferences Visits (registration & joining fees)	9,219	8	4,465	7
Dependents' Carers Allowance	755	1	1,590	1
<b>TOTAL ALLOWANCES</b>	<b>831,595</b>		<b>781,949</b>	

Details of the allowances paid to individual councillors in 2022/23 are published on the council website at [www.newrymournedown.org/councillors-allowances-and-expenses](http://www.newrymournedown.org/councillors-allowances-and-expenses).

## REMUNERATION OF SENIOR EMPLOYEES

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

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

Officers	2022/23				2021/22			
	Salary (Full year equivalent in brackets where applicable) £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)	Total £'000	Salary (Full year equivalent in brackets where applicable) £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)	Total £'000
<b>Marie Ward</b> Clerk & Chief Executive	125 - 130	-	100	125 - 130	125 - 130	-	100	125 - 130
<b>Michael Lipsett</b> Director of Active & Healthy Communities (Date Left 14/04/2023)	90 - 95	-	100	90 - 95	90 - 95	-	100	90 - 95
<b>Dorinnia Carville</b> Deputy Chief Executive Designate (Date left 31/07/2022)	30 - 35 (95 - 100 full year equivalent)	-	100	30 - 35	90 - 95 (95 - 100 full year equivalent)	-	100	90 - 95
<b>Conor Mallon</b> Director of Enterprise, Regeneration & Tourism	90 - 95	-	100	90 - 95	85 - 90	-	100	85 - 90
<b>Jonathon McBride</b> Director of Neighbourhood Services (Date Left 30/06/2022)	25 - 30 (85 - 90 full year equivalent)	-	100	25 - 30	85 - 90	-	100	85 - 90
<b>Andrew Cassells</b> Director of Sustainability & Environment (From 18/07/2022)	65 - 70 (90 - 95 full year equivalent)	-	100	65 - 70	-	-	-	-
<b>Josephine Kelly</b> Director of Corporate Services (From 10/10/2022)	40 - 45 (90 - 95 full year equivalent)	-	-	40 - 45	-	-	-	-

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

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

The banded remuneration of the highest paid member of the Executive Management Team/Senior Management Team in the financial year 2022/23 was £125k - £130k. This was 4.99 times the median remuneration of the workforce, which was £25,898.

**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)**

	2022/23	2021/22
Salary Band of Highest Paid member of the Executive Management Team/ Senior Management Team	£125k - £130k	£125k - £130k
Median Total Remuneration	£25,898	£23,953
Ratio	4.99	5.31

In 2022/23, no employees received remuneration in excess of the highest paid member of the Executive Management Team/Senior Management Team.

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

#### Salary

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

#### Bonus Payments

Bonus payments are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2022/23 relate to performance in 2022/23.

#### Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

#### Exit Packages for staff

The number of exit packages provided to all staff by the Council, together with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

**Table 4: Exit Packages (audited information)**

Severance Package Cost Band	2022/23				2021/22			
	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	-	7	7	82	-	-	-	-
£20,001 - £40,000	-	10	10	303	-	-	-	-
£40,001 - £60,000	-	9	9	465	-	-	-	-
£60,001 - £80,000	-	3	3	213	-	-	-	-
£80,001 - £100,000	-	3	3	264	-	-	-	-
£100,001 - £150,000	-	1	1	100	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	1	1	160
<b>Total</b>	-	33	33	1,427	-	1	1	160



## 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 2022, were as follows:

**Table 5: Employee Contribution Rates**

Band	Range	Employee Contribution Rate	
		Main Section	50:50 Section
1	£0 - £15,400	5.5%	2.75%
2	£15,401 - £23,700	5.8%	2.90%
3	£23,701 - £39,500	6.5%	3.25%
4	£39,501 - £48,000	6.8%	3.40%
5	£48,001 - £95,100	8.5%	4.25%
6	More than £95,100	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 2022 was carried out in 2022/2023 and set the employer contribution rates for the 3 years commencing 1 April 2023 as follows:

**Table 6: Employer Contribution Rates**

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

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

Councillors have only 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 2022/23 was £148,541.

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 2022/23 (audited information)**

Officers	Accrued Pension at pension age as at 31/3/23 and related lump sum	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/23 £'000	CETV at 31/3/22 £'000	Real increase in CETV £'000
<b>Marie Ward</b> Clerk & Chief Executive	25 - 30 no lump sum	0.0 - 0.5 no lump sum	344	302	-2
<b>Michael Lipsett</b> Director of Active & Healthy Communities (Date Left 14/04/2023)	50 - 55 plus lump sum of 75 - 80	(-1.5) - (-2.0) plus lump sum of (-6.0) - (-6.5)	955	887	-30
<b>Dorinnia Carville</b> Deputy Chief Executive Designate (Date left 31/07/2022)	20 - 25 no lump sum	0.0 - 0.5 no lump sum	277	265	-1
<b>Conor Mallon</b> Director of Enterprise, Regeneration & Tourism	5 - 10 no lump sum	1.0 - 1.5 no lump sum	110	83	10
<b>Jonathon McBride</b> Director of Neighbourhood Services (Date left 30/06/2022)	25 - 30 plus lump sum of 20 - 25	0.0 - (-1.0) plus lump sum of (-1.0) - (-1.5)	349	338	-2
<b>Andrew Cassells</b> Director of Sustainability & Environment (From 18/07/2022)	0 - 5 no lump sum	1.0 - 1.5 no lump sum	24	0	18
<b>Josephine Kelly</b> Director of Corporate Services (From 10/10/2022)	0 - 5 no lump sum	0.0 - 1.0 no lump sum	12	0	8

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

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

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

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.



**Chief Executive**  
**22/9/2023**

## Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31st March 2023 on pages 46 to 108 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 50 to 69.
- (b) in my opinion the Statement of Accounts gives a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year ending 31st March 2023.



**Chief Financial Officer**

**Date** 22/09/2023

## Council Approval of Statement of Accounts

These accounts will be approved by resolution of the Audit Committee on 21 September 2023.

**Chairperson**



**Date** 22/09/2023

## **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 2023 under the Local Government (Northern Ireland) Order 2005. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash Flow Statement, and the related notes including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom supported by UK adopted international accounting standards.

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 2022-23, of the financial position of Newry, Mourne and Down District Council as at 31 March 2023 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 Ethical Standard 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.

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 2023 is consistent with the financial statements.

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

In 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 2022-23;
    - 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 District 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 posting of unusual journals;
- 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;
- 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

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

### **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  
106 University Street  
Belfast  
BT7 1EU

28th September 2023

**Newry, Mourne and Down District Council**

**Comprehensive Income and Expenditure Statement for the year ended 31 March 2023**

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

		2022/23			2021/22		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
Service Expenditure	Notes	£	£	£	£	£	£
Chief Executive	2	2,166,843	(12,317)	2,154,526	2,184,071	(463,191)	1,720,880
Corporate Services	2	16,833,673	(393,993)	16,439,680	19,327,914	(415,766)	18,912,148
Enterprise, Regeneration & Tourism	2	17,004,283	(6,654,600)	10,349,683	17,186,747	(9,184,614)	8,002,133
Neighbourhood Services	2	33,987,266	(1,398,261)	32,589,005	29,990,980	(1,896,585)	28,094,395
Active & Healthy Communities	2	18,677,903	(6,569,614)	12,108,289	17,209,327	(5,288,611)	11,920,716
<b>Cost of Services on Continuing Operations</b>		<b>88,669,968</b>	<b>(15,028,785)</b>	<b>73,641,183</b>	<b>85,899,039</b>	<b>(17,248,767)</b>	<b>68,650,272</b>
Other Operating Expenditure/ Income	8	1,458,847	(957,067)	501,780	635,558	(777,350)	(141,792)
Financing and Investment Income and Expenditure	9	3,319,391	(287,760)	3,031,631	3,482,654	(448,780)	3,033,874
(Surplus) or Deficit on Discontinued Operations							
Share of Operating Results of associates and joint ventures	31						
<b>Net Operating Expenditure</b>		<b>93,448,206</b>	<b>(16,273,612)</b>	<b>77,174,594</b>	<b>90,017,251</b>	<b>(18,474,897)</b>	<b>71,542,354</b>
Taxation and Non-Specific Grant Income	10		(66,093,986)	(66,093,986)		(69,888,839)	(69,888,839)
<b>(Surplus)/Deficit on the Provision of Services</b>		<b>93,448,206</b>	<b>(82,367,598)</b>	<b>11,080,608</b>	<b>90,017,251</b>	<b>(88,363,736)</b>	<b>1,653,515</b>
(Surplus)/Deficit on revaluation of non-current assets	11			(10,282,873)			(7,968,814)
Impairment losses on non-current assets charged to the Revaluation Reserve	11						
Surplus/(Deficit) arising on revaluation of available-for-sale financial assets							
Remeasurements of the Net Defined Benefit Liability (Asset)	21			(67,030,000)			(24,649,000)
Share of Other Comprehensive Expenditure & Income of associates and joint ventures							
<b>Other Comprehensive Income and Expenditure</b>				<b>(77,312,873)</b>			<b>(32,617,814)</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>(66,232,265)</b>			<b>(30,964,299)</b>

**Newry, Mourne and Down District Council**  
**Movement in Reserves Statement for the year ended 31 March 2023**

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

	General Fund Summary	Other Fund Balances and Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£
<b>Balance as at 1 April 2021</b>	<b>19,228,267</b>	<b>8,902,362</b>	<b>-</b>	<b>28,130,629</b>	<b>24,817,211</b>	<b>52,947,840</b>
<b>Movement in reserves during the year</b>						
Surplus/ (Deficit) on the provision of services	(1,653,515)	-	-	(1,653,515)	-	(1,653,515)
Other Comprehensive Income and Expenditure	-	-	-	-	32,617,814	32,617,814
<b>Total Comprehensive Income and Expenditure</b>	<b>(1,653,515)</b>	<b>-</b>	<b>-</b>	<b>(1,653,515)</b>	<b>32,617,814</b>	<b>30,964,299</b>
Adjustments between accounting basis & funding under regulations	9,383,657	(216,572)	-	9,167,085	(9,167,085)	(0)
<b>Net increase before transfers to Statutory and Other Reserves</b>	<b>7,730,142</b>	<b>(216,572)</b>	<b>-</b>	<b>7,513,570</b>	<b>23,450,729</b>	<b>30,964,299</b>
Transfers to / from Statutory and Other Reserves	(15,808,275)	15,808,275	-	-	-	-
<b>Increase/ Decrease in year</b>	<b>(8,078,133)</b>	<b>15,591,703</b>	<b>-</b>	<b>7,513,570</b>	<b>23,450,729</b>	<b>30,964,299</b>
<b>Balance as at 31 March 2022</b>	<b>11,150,134</b>	<b>24,494,065</b>	<b>-</b>	<b>35,644,199</b>	<b>48,267,940</b>	<b>83,912,139</b>
<b>Movement in reserves during the year</b>						
Surplus/ (Deficit) on the provision of services	(11,080,608)	-	-	(11,080,608)	-	(11,080,608)
Other Comprehensive Income and Expenditure	-	-	-	-	77,312,873	77,312,873
<b>Total Comprehensive Income and Expenditure</b>	<b>(11,080,608)</b>	<b>-</b>	<b>-</b>	<b>(11,080,608)</b>	<b>77,312,873</b>	<b>66,232,265</b>
Adjustments between accounting basis & funding under regulations	11,832,553	(654,796)	-	11,177,757	(11,177,757)	-
<b>Net increase before transfers to Statutory and Other Reserves</b>	<b>751,945</b>	<b>(654,796)</b>	<b>-</b>	<b>97,149</b>	<b>66,135,116</b>	<b>66,232,265</b>
Transfers to / from Statutory and Other Reserves	(805,907)	805,907	-	-	-	-
<b>Increase in year</b>	<b>(53,962)</b>	<b>151,111</b>	<b>-</b>	<b>97,149</b>	<b>66,135,116</b>	<b>66,232,265</b>
<b>Balance as at 31 March 2023</b>	<b>11,096,172</b>	<b>24,645,176</b>	<b>-</b>	<b>35,741,348</b>	<b>114,403,056</b>	<b>150,144,404</b>

**Newry, Mourne and Down District Council**  
**Balance Sheet as at 31 March 2023**

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

	Note	31st March 2023	31st March 2022
		£	£
Fixed Assets	11	205,729,723	194,519,563
Long Term Investments	16	-	-
Investment in Associates and Joint Ventures		-	-
Long Term Debtors	15	50,478	80,351
Other Long Term Assets	21	4,232,000	-
Contract Assets		-	-
Contract Costs		-	-
<b>LONG TERM ASSETS</b>		<b>210,012,201</b>	<b>194,599,914</b>
Short Term Investments	16	-	-
Inventories	14	620,391	575,385
Short Term Debtors	15	7,555,063	14,609,991
Cash and Cash Equivalents	25	7,800,171	24,545,212
Assets Held for Sale	11	-	-
<b>CURRENT ASSETS</b>		<b>15,975,625</b>	<b>39,730,588</b>
Bank Overdraft	25	-	8,679
Short Term Borrowing	17	4,091,304	10,342,321
Short Term Creditors	18	13,283,991	21,035,112
Provisions	19	1,416,976	2,843,669
<b>CURRENT LIABILITIES</b>		<b>18,792,271</b>	<b>34,229,781</b>
Long Term Creditors	18	-	-
Provisions	19	1,777,219	2,568,346
Long Term Borrowing	17	55,273,932	59,365,236
Other Long Term Liabilities	21	-	54,255,000
Donated Assets Account	22	-	-
Capital Grants Receipts in Advance	23	-	-
<b>LONG TERM LIABILITIES</b>		<b>57,051,151</b>	<b>116,188,582</b>
<b>NET ASSETS</b>		<b>150,144,404</b>	<b>83,912,139</b>
USABLE RESERVES			
Capital Receipts Reserve	26	-	-
Capital Fund	26	15,000,000	15,000,000
Other Balances and Reserves	26	9,645,176	9,494,065
General Fund	26	11,096,172	11,150,134
		<b>35,741,348</b>	<b>35,644,199</b>
UNUSABLE RESERVES			
Capital Adjustment Account	27	43,798,791	44,288,017
Revaluation Reserve	27	67,521,006	59,738,922
Pensions Reserve	27	4,232,000	(54,255,000)
Accumulated Absences Account	27	(654,204)	(617,371)
Provisions Discount Rate Reserve	27	(494,537)	(886,628)
		<b>114,403,056</b>	<b>48,267,940</b>
<b>NET WORTH</b>		<b>150,144,404</b>	<b>83,912,139</b>



## Newry, Mourne and Down District Council

### Cash Flow Statement at 31 March 2023

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

	Note	2022/23	2021/22
		£	£
Net Surplus/(Deficit) on the provision of services		(11,080,608)	(1,653,515)
Adjustment for non-cash movements	25	15,739,410	19,069,966
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	25	(2,980,322)	(5,014,401)
<b>Net cash flows from operating activities</b>	<b>25</b>	<b>1,678,480</b>	<b>12,402,050</b>
Cash flows from Investing Activities	25	(8,072,521)	326,421
Net Cash flows from Financing Activities	25	(10,342,321)	(4,416,318)
<b>Net increase or decrease in cash and cash equivalents</b>		<b>(16,736,362)</b>	<b>8,312,153</b>
Cash and cash equivalents at the beginning of the reporting period		24,536,533	16,224,381
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>7,800,171</b>	<b>24,536,534</b>

**Newry, Mourne and Down District Council**  
**Notes to the Financial Statements**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**1 Accounting Policies**

**a General Principles**

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. 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 2022/23, 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 2022/23 also requires disclosure in respect of:

**Summary of Significant Accounting Policies**

**i) Accruals of Income and Expenditure**

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

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

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

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

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

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

ii) **Acquisitions and Discontinued Operations**

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

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

iii) **Provision for Single Status, Job Evaluation and Pay and Grading Reviews**

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

iv) **Cash and Cash Equivalents**

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

vii) **Employee Benefits**

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

**Termination benefits**

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with 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), – ie net interest expense for the Council, the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period - taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

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

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

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

#### Within the Movement in Reserves Statement Appropriations

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

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

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

#### Discretionary Benefits

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

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

As a result of Local Government Reform on 1 April 2015, staff that transferred from Central Government to the Council retained membership of the Northern Ireland Civil Service (NICS) Pension Scheme. The 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.

## Financial Instruments

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

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

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

## Financial Assets

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

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

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

## Financial Assets Measured at Amortised Cost

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

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

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

xii) **Foreign Currency Translation**

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

xiii) **Government Grants and Contributions**

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

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

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

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

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

xiv) **Intangible Assets**

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

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

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

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

xv) **Inventories & Long Term Contracts**

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

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

xvi) **Investment Property**

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

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

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

xvii) **Landfill Allowance Scheme**

The Landfill Allowances Scheme operates under the Landfill Allowances Scheme (Northern Ireland) Regulations 2005. Local Authorities are allocated annual target figures for the maximum amount of biodegradable municipal waste that can be sent to landfill but there are no tradable allowances. It is not a 'cap and trade' scheme since landfill allowances are not tradable. For this reason, landfill allowances are not recognised as assets on the Balance Sheet.

xviii) **Leases**

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

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

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

- Community assets and assets under construction – depreciated historical cost
- Land, buildings, infrastructure and surplus assets - held at current value
- Vehicles, plant & equipment and other assets - depreciated historical cost
- Investment assets are held at fair value
- Heritage assets are held at historical cost and not depreciated.

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2008 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

## **Impairment**

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

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

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

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

## **Depreciation**

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

Depreciation is calculated on the following bases:

- Land: 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 which is normally 3 to 10 years.

## **Componentisation**

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

## **Revaluations**

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

xxii) **Heritage Assets**

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

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

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

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

xxiii) **Provisions**

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

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

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

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

xxiv) **Reserves**

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

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

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

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

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

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

xxvi) **Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged, so that there is no impact on the level of District Rates.

xxvii) **Value Added Tax**

VAT payable is included as an expense only to the extent that it is not recoverable from 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 standards that may be relevant for additional disclosures that will be required in the 2022/23 financial statements in respect of accounting changes that are introduced in the 2022/23 Code (i.e. that are relevant to the requirements of paragraph 3.3.4.3 of the Code) are:

- Annual improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before intended use (Amendment to IAS 16)

The Council expects none of the above amendments to have a material impact on information in the financial statements.

The CIPFA LASAAC Local Authority Accounting Code Board has agreed to defer the implementation of IFRS 16 Leases in the Code until the 2023/24 financial year.

**c Critical Judgements in Applying Accounting Policies**

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

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

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



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

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

The items in the Council's Balance Sheet at 31 March 2023 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 the pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at, or returning to, levels where an adequate quantum of market evidence exists upon which to base opinions of value. This is true of local property market sectors relating to each of the asset types identified and valued. Accordingly, and for avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VP3 and VPGA 10 of the RICS Valuation - Global Standards.

2

a Expenditure and Funding Analysis

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

	2022/23			2021/22		
	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	2,153,654	(872)	2,154,526	1,718,401	(2,479)	1,720,880
Corporate Services	11,483,562	(4,956,118)	16,439,680	14,685,621	(4,226,527)	18,912,148
Enterprise, Regeneration & Tourism	7,732,894	(2,616,789)	10,349,683	3,829,187	(4,172,946)	8,002,133
Neighbourhood Services	30,036,421	(2,552,584)	32,589,005	25,870,403	(2,223,992)	28,094,395
Active & Healthy Communities	10,298,625	(1,809,664)	12,108,289	9,809,160	(2,111,556)	11,920,716
<b>Net Cost of Services</b>	<b>61,705,156</b>	<b>(11,936,027)</b>	<b>73,641,183</b>	<b>55,912,772</b>	<b>(12,737,500)</b>	<b>68,650,272</b>
<b>Other Income and Expenditure</b>	<b>(62,457,098)</b>	<b>103,477</b>	<b>(62,560,575)</b>	<b>(63,642,914)</b>	<b>3,353,843</b>	<b>(66,996,757)</b>
<b>Surplus or Deficit</b>	<b>(751,942)</b>	<b>(11,832,550)</b>	<b>11,080,608</b>	<b>(7,730,142)</b>	<b>(9,383,657)</b>	<b>1,653,515</b>
<b>Opening General Fund</b>			<b>11,150,134</b>			<b>19,228,267</b>
<b>Surplus/ (Deficit) on General Fund Balance in Year</b>			<b>(53,962)</b>			<b>(8,078,133)</b>
<b>Closing General Fund</b>			<b>11,096,172</b>			<b>11,150,134</b>

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  
2022/23

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	-	-	(872)	-	(872)
Corporate Services	2,215,354	(7,155,000)	(16,472)	-	(4,956,118)
Enterprise, Regeneration & Tourism	(2,612,819)	-	(3,970)	-	(2,616,789)
Neighbourhood Services	(2,943,670)	-	391,086	-	(2,552,584)
Active & Healthy Communities	(1,795,150)	-	(14,514)	-	(1,809,664)
<b>Net Cost of Services</b>	<b>(5,136,285)</b>	<b>(7,155,000)</b>	<b>355,258</b>	<b>-</b>	<b>(11,936,027)</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	1,491,477	(1,388,000)	-	-	103,477
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(3,644,808)	(8,543,000)	355,258	-	(11,832,550)

Adjustments between Funding and Accounting Basis  
2021/22

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	-	-	(2,479)	-	(2,479)
Corporate Services	3,937,917	(8,137,000)	(27,444)	-	(4,226,527)
Enterprise, Regeneration & Tourism	(4,119,077)	-	(53,869)	-	(4,172,946)
Neighbourhood Services	(2,433,102)	-	209,110	-	(2,223,992)
Active & Healthy Communities	(2,094,755)	-	(16,801)	-	(2,111,556)
<b>Net Cost of Services</b>	<b>(4,709,017)</b>	<b>(8,137,000)</b>	<b>108,517</b>	<b>-</b>	<b>(12,737,500)</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	4,758,843	(1,405,000)	-	-	3,353,843
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	49,826	(9,542,000)	108,517	-	(9,383,657)

### Adjustments for Capital Purposes

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

i) Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

ii) Financing and investment income and expenditure - the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from financing and investment income and expenditure as these are not chargeable under generally accepted accounting practices.

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

### Net change for the Pensions Adjustments

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

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

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

### 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:

	2022/23								
	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	(8,585)	-	-	-	-	781,485	-	-	-
Corporate Services	(345,242)	-	(228,077)	1,877,785	506,018	5,169,653	-	-	5,722,628
Enterprise, Regeneration & Tourism	(4,289,623)	-	-	-	2,046,248	5,216,334	-	-	566,571
Neighbourhood Services	(1,349,572)	-	-	-	2,790,868	20,229,234	-	-	152,802
Active & Healthy Communities	(2,599,107)	-	-	-	2,492,547	6,641,089	-	-	(697,397)
Total Income Analysed on a segmental basis	(8,592,129)	-	(228,077)	1,877,785	7,835,681	38,037,795	-	-	5,744,604

## Segmental Income and Expenditure (Comparative Year)

	2021/22								
	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	(36,356)	-	-	-	-	396,852	-	-	-
Corporate Services	(371,187)	-	(8,776)	2,059,581	555,083	4,769,237	-	-	4,115,973
Enterprise, Regeneration & Tourism	(3,884,248)	-	-	-	1,820,831	1,785,210	-	-	2,298,246
Neighbourhood Services	(1,320,573)	-	-	-	2,484,647	17,396,500	-	-	(54,518)
Active & Healthy Communities	(1,497,197)	-	-	-	2,242,691	5,560,974	-	-	(147,936)
Total Income Analysed on a segmental basis	(7,109,561)	-	(8,776)	2,059,581	7,103,252	29,908,773	-	-	6,211,765

## Covid / Cost-of-Living Funding

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

	2022/23	2021/22	
	£	£	
Chief Executive	-	(379,307)	HMRC Furlough Income
Corporate Services	-	-	
Enterprise, Regeneration & Tourism	(487,000)	(3,515,000)	DfC Covid Recovery Small Settlements Scheme
Enterprise, Regeneration & Tourism	(382,883)	-	DfC Hardship Funding
Neighbourhood Services	-	(581,337)	DAERA Covid Funding
Active & Healthy Communities	-	(538,339)	DfC Covid-19 Community Support Funding *
Total	(869,883)	(5,013,983)	

In addition, Department for Communities (DfC) Covid/Cost-of-Living Funding Support of £Nil 2022/23 (2021/22 £1,753,397) has been included in Taxation and Non-Specific Grant Income as detailed at Note 10a.

The amount of Covid/Cost-of-Living funding received but not expended during 2022/23 has been transferred to Usable Reserves as outlined at Note 26c (ii), (iii), (vi) and (vii).

\* 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, 2022/23 £Nil (2021/22 £143,729).

\* DfC Community Support Fund - Support to Community Development and Advice, Covid-19 Financial Inclusion and Social Supermarket Support Fund, 2022/23 £Nil (2021/22 £394,610).

3 a Expenditure and Income Analysed by Nature

Expenditure		2022/23	2021/22
	Notes	£	£
Employee Benefits Expenses (including Agency Cost)	7	(39,511,528)	(35,348,952)
Other Services Expenditure		(41,999,365)	(45,612,653)
Support Service Recharges		-	-
Depreciation, Amortisation, Impairment	11	(8,116,142)	(5,572,992)
Interest Payments	9	(3,265,785)	(3,464,281)
Loss on the Disposal of Assets	8	(501,780)	-
Other Expenditure		(53,606)	(18,373)
<b>Total Expenditure</b>		<b>(93,448,206)</b>	<b>(90,017,251)</b>

Income		2022/23	2021/22
	Notes	£	£
Fees, Charges and other service Income		15,985,852	17,884,325
Interest and Investment Income	9	228,690	9,866
District rate income	10	60,110,791	58,720,377
Government grants and Contributions	10	5,983,195	11,168,462
Support Service Income		-	-
Gain on the Disposal of Assets		-	141,792
Other Income		59,070	438,914
<b>Total Income</b>		<b>82,367,598</b>	<b>88,363,736</b>
<b>Surplus or (Deficit) on the Provision of Services</b>		<b>(11,080,608)</b>	<b>(1,653,515)</b>

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  
a 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:

		2022/23		2021/22	
	Notes	£	£	£	£
<b>Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:</b>					
Impairments (losses & reversals) of non-current assets		-		-	
Derecognition (other than disposal) of non-current assets	11	-		-	
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	11	280,460		(1,530,260)	
Depreciation charged in the year on non-current assets	11	7,835,682	8,116,142	7,103,252	5,572,992
Net Revenue expenditure funded from capital under statute	12		1,257,144		3,249,026
Carrying amount of non current assets sold	8	1,458,847		635,558	
Proceeds from the sale of PP&E, investment property and intangible assets	8	(957,067)	501,780	(777,350)	(141,792)
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		14,281,000		14,546,000
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	21		(5,738,000)		(5,004,000)
Capital Grants and Donated Assets Receivable and Applied in year	10		(2,023,255)		(4,237,051)
Capital Grants Receivable and Unapplied in year	10C		-		-
Rates Claw-Back Reserve			-		-
Adjustments in relation to Short-term compensated absences	27		36,833		137,708
Adjustments in relation to Lessor Arrangements			-		-
Landfill Regulations Reserve Adjustment	27		-		-
Provisions Discount Rate Reserve Adjustment	27		(392,091)		(246,226)
<b>Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the General Fund Balance for the year</b>					
Statutory Provision for the financing of Capital Investment	12		(4,207,000)		(4,493,000)
Direct revenue financing of Capital Expenditure	12		-		-
			11,832,553		9,383,657

<b>Net transfers (to)/from statutory and other earmarked reserves:</b>					
	Notes	2022/23	2022/23	2021/22	2021/22
		£	£	£	£
<b>Capital Fund</b>					
Interest		-	-	-	-
From Capital		-	-	-	-
Other	26	-	-	(15,000,000)	(15,000,000)
<b>Renewal and Repairs Fund</b>					
Interest		-	-	-	-
Other	27	-	-	-	-
<b>Capital Receipts Reserve</b>					
Interest		-	-	-	-
Other	27	-	-	-	-
<b>Other Funds and earmarked reserves</b>					
Interest		-	-	-	-
From Other funds		-	-	-	-
Other	26	(805,907)	(805,907)	(808,275)	(808,275)
<b>Unusable reserves</b>					
Capital Adjustment Account		-	-	-	-
			(805,907)		(15,808,275)

## 5 Cost of Services on Continuing Operations

### a General power of competence

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

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

The actual expenditure under the power of competence amounted to £0 during 2022/23 (£0 in 2021/22).

### b External Audit Fees

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

	2022/23	Restated 2021/22
	£	£
External Audit Fees	76,000	70,000
National Fraud Initiative Fees	1,314	-
Other Fees	13,500	21,000
(Over)/Under provided previous year	(2,250)	1,500
	<b>88,564</b>	<b>92,500</b>

The other fees of £13,500 (2021/22 £21,000) were incurred in respect of performance audit services provided by the appointed auditor.

## 6 Operating and leases

### Council as Lessor

#### a 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 £328,617 (2021/22 £317,223).

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

	31st March 2023	31st March 2022
	£	£
Not later than 1 year	395,801	281,376
Later than 1 year and no later than 5 years	436,801	432,995
Later than 5 years	283,690	604,983
	<b>1,116,292</b>	<b>1,319,354</b>

### Council as Lessee

#### c leases (Council as lessee)

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

	31st March 2023	31st March 2022
	£	£
Other Land and Buildings	-	-
Vehicles, Plant, Furniture and Equipment	-	-
	<b>-</b>	<b>-</b>

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



	31st March 2023	31st March 2022
	£	£
leases liabilities (net present value of minimum lease payments):		
Current	-	-
Non- Current	-	-
Finance costs payable in future years	617	1,971
<b>Minimum Lease Payments</b>	<b>617</b>	<b>1,971</b>

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

	Minimum Lease Payments		lease Liabilities	
	31st March 2023	31st March 2022	31st March 2023	31st March 2022
	£	£	£	£
Not later than one year	-	-	-	-
Later than one year and not later than five years	617	1,971	-	-
Later than five years	-	-	-	-
	<b>617</b>	<b>1,971</b>	<b>-</b>	<b>-</b>

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

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

	31st March 2023	31st March 2022
	£	£
Not later than 1 year	186,768	106,158
Later than 1 year and no later than 5 years	503,602	397,049
Later than 5 years	1,487,191	1,511,270
	<b>2,177,561</b>	<b>2,014,477</b>

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

	2022/23	2021/22
	£	£
Minimum lease payments	124,874	133,117
Contingent rentals	-	-
Less: Sublease payments receivable	-	-
<b>Total</b>	<b>124,874</b>	<b>133,117</b>

7 Employee Costs and Member Allowances		
a Staff Costs		
	2022/23	2021/22
	£	£
Salaries and Wages	28,576,444	25,953,318
Employers NIC	2,788,334	2,280,435
Employers Superannuation	5,667,342	5,113,812
<b>Total staff costs</b>	<b>37,032,120</b>	<b>33,347,565</b>

In addition, agency costs during the year amounted to £2,479,408 (2021/22 £2,001,387) and short term compensated absences during the year amounted to £36,832 (2021/22 £137,709).

The Council's current contribution rate to NILGOSC scheme is 19.0%, prior to 1 April 2023, the Council's contribution rate was 19.5%.

At last actuarial valuation dated 31st March 2022 the funds assets meet 111% of liabilities at that date (2019-112%).

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

b Average Number of Employees		
	2022/23	2021/22
	FTE	FTE
Chief Executive	16	14
Corporate Services	108	111
Enterprise, Regeneration & Tourism	146	156
Neighbourhood Services	325	325
Active & Healthy Communities	233	229
<b>Total Number</b>	<b>828</b>	<b>835</b>

	2022/23	2021/22
	Actual Numbers	Actual Numbers
Full-time numbers employed	758	751
Part-time numbers employed	153	179
<b>Total Number</b>	<b>911</b>	<b>930</b>

c Senior Employees' Remuneration		
	2022/23	2021/22
	£	£
£50,001 to £60,000	27	7
£60,001 to £70,000	14	11
£70,001 to £80,000	2	-
£80,001 to £90,000	-	2
£90,001 to £100,000	2	2
£100,001 to £110,000	-	-
£110,001 to £120,000	-	-
£120,001 to £130,000	1	1
<b>Total Number</b>	<b>46</b>	<b>23</b>

d Members' Allowances		
	2022/23	2021/22
	£	£
Salaries	-	-
Basic allowance	670,168	644,722
Mayor's & Deputy Mayor's Allowance	26,458	26,458
Special Responsibility Allowances	80,286	77,671
Dependents' carers allowance	755	1,590
Employer costs	210,535	188,797
Mileage	32,369	17,905
Conferences and Courses	9,219	4,465
Travel & Subsistence Costs	12,340	9,138
Miscellaneous Costs	15,707	17,530
Severance Payments	-	-
<b>Total</b>	<b>1,057,837</b>	<b>988,276</b>

## e Northern Ireland Civil Service Pension Arrangements

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

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Department for Communities is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 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 2023.

For 2022/23, employers' contributions of £335,395 were payable to the NICS pension arrangements at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

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 2022/23 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)

	2022/23	2021/22
	£	£
Proceeds from sale	(957,067)	(777,350)
Carrying amount of non-current assets sold (excl Investment Properties)	1,458,847	635,558
	501,780	(141,792)

### b Other Operating Income/ Expenditure

	2022/23	2021/22
	£	£
Income	-	-
Expenditure	-	-
	-	-

Other Operating Expenditure	2022/23	2021/22
	£	£
(Surplus) / Deficit on Non Current Assets	501,780	(141,792)
Other Operating (Income) / Expenditure	-	-
	501,780	(141,792)

## 9 Financing and Investment Income and Expenditure

### a Interest Payable and Similar Charges

	2022/23	2021/22
	£	£
Lease/hire purchase interest	-	-
Bank interest	-	-
Government Loan Interest	1,877,785	2,059,281
Commercial Loan Interest	-	-
Other interest (please specify)	-	-
	1,877,785	2,059,281

### b Interest and Investment Income

	2022/23	2021/22
	£	£
Bank Interest	228,077	8,777
Employee car loan interest	613	1,089
NIHE Loan interest receivable	-	-
Investment income on Fund Balances		
Capital Fund	-	-
Repairs & Renewals Fund	-	-
Other Funds	-	-
Other Investment income	-	-
	228,690	9,866

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

	2022/23	2021/22
	£	£
Net interest on the net defined benefit liability (asset)	1,388,000	1,405,000
	1,388,000	1,405,000

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

	2022/23	2021/22
	£	£
Income from trading	-	-
Expenditure	-	-
(Surplus)/Deficit for the year	-	-

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

	2022/23	2021/22
	£	£
<b>Income/Expenditure from Investment Properties:</b>		
Income including rental income	(59,070)	(58,914)
Expenditure	23,606	18,373
Net income from investment properties	(35,464)	(40,541)
<b>Surplus/deficit on sale of Investment Properties</b>		
Proceeds from sale	-	-
Carrying amount of investment properties sold	-	-
(Surplus)/deficit on sale of Investment Properties:	-	-
<b>Changes in Fair Value of Investment Properties</b>	30,000	(380,000)
	(5,464)	(420,541)

Financing and Investment Income and Expenditure	2022/23			2021/22		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Interest Payable and Similar Charges	1,877,785	-	1,877,785	2,059,281	-	2,059,281
Interest and Investment Income	-	(228,690)	(228,690)	-	(9,866)	(9,866)
Pensions interest cost	1,388,000	-	1,388,000	1,405,000	-	1,405,000
Surplus/(Deficit) on trading operations	-	-	-	-	-	-
Other investment income	23,606	(59,070)	(35,464)	18,373	(58,914)	(40,541)
Changes in Fair Value of Investment Properties	30,000	-	30,000	-	(380,000)	(380,000)
	3,319,391	(287,760)	3,031,631	3,482,654	(448,780)	3,033,874



## 10 Taxation and Non Specific Grant Income

### a Revenue Grants

	2022/23	2021/22
	£	£
General	(3,959,940)	(5,178,014)
Other	-	(1,753,397)
	<u>(3,959,940)</u>	<u>(6,931,411)</u>

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

	2022/23	2021/22
	£	£
Government & Other Grants - Conditions met and applied in year	(2,023,255)	(4,237,051)
Government & Other Grants - Transfer from receipts in advance	-	-
Donated Assets - Conditions met	-	-
Donated Assets - Transfer from donated assets creditor	-	-
	<u>(2,023,255)</u>	<u>(4,237,051)</u>

### d Capital Grants - Unapplied

	2022/23	2021/22
	£	£
Government & Other Grants - Conditions met and not applied in year	-	-
Other	-	-
	<u>-</u>	<u>-</u>

### e District Rates

	2022/23	2021/22
	£	£
Current year	(59,721,125)	(57,534,054)
Finalisation - previous year	(389,666)	(1,186,323)
Transitional Relief	-	-
Finalisation - other years	-	-
	<u>(60,110,791)</u>	<u>(58,720,377)</u>

Taxation and Non Specific Grant Income	2022/23	2021/22
	£	£
District Rate Income	(60,110,791)	(58,720,377)
Revenue Grants	(3,959,940)	(6,931,411)
Capital Grants and Contributions	(2,023,255)	(4,237,051)
	<u>(66,093,986)</u>	<u>(69,888,839)</u>

**Newry, Mourne and Down District Council**  
**Notes to the Financial Statements**  
**FOR THE YEAR ENDED 31 MARCH 2023**

11 a

Long - Term Assets - Current Year												
Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
Balance as at 1 April 2022	£ 31,810,512	£ 140,015,207	£ 956,807	£ 110,001	£ 15,672,167	£ 26	£ 7,353,190	£ 3,501,751	£ 199,419,661	£ 1,552,756	£ 23,500	£ 200,995,917
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2022	31,810,512	140,015,207	956,807	110,001	15,672,167	26	7,353,190	3,501,751	199,419,661	1,552,756	23,500	200,995,917
Additions	-	2,609,891	-	-	2,054,524	-	5,797,006	-	10,461,421	8,250	-	10,469,671
Donations	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) to Revaluation Reserve	906,575	4,163,253	(124)	-	-	-	-	(9,828)	5,059,876	25,000	-	5,084,876
Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services	(43,084)	(781,149)	(544)	-	-	-	-	(121,500)	(946,277)	-	-	(946,277)
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	(450,491)	(1,000,000)	-	-	(537,189)	-	-	(26,422)	(2,014,102)	(4,000)	(21,000)	(2,039,102)
Derecognition - Other	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications & Transfers	(60,000)	4,434,020	-	-	(354,275)	-	(4,888,590)	60,000	(808,845)	-	-	(808,845)
Reclassified to(-) / from(+) Investment Properties/Held for Sale	-	-	-	-	-	-	-	1,252,500	1,252,500	-	(2,500)	1,250,000
Balance as at 31 March 2023	32,163,512	149,441,222	956,139	110,001	16,835,227	26	8,261,606	4,656,501	212,424,234	1,582,006	-	214,006,240

11 a

Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
<b>Balance as at 1 April 2022</b>	-	3	775,118	(1)	12,422,082	1	-	-	13,197,203	-	-	13,197,203
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 1 April 2022</b>	-	3	775,118	(1)	12,422,082	1	-	-	13,197,203	-	-	13,197,203
Depreciation Charge	-	5,922,759	14,122	-	1,323,102	-	-	-	7,259,983	-	-	7,259,983
Depreciation written out on Revaluation Reserve	-	(5,184,956)	(13,041)	-	-	-	-	-	(5,197,997)	-	-	(5,197,997)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	(694,736)	(1,081)	-	-	-	-	-	(695,817)	-	-	(695,817)
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	(43,066)	-	-	(537,189)	-	-	-	(580,255)	-	-	(580,255)
Derecognition - Other	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications & Transfers	-	-	-	-	(51,644)	-	-	-	(51,644)	-	-	(51,644)
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2023</b>	-	4	775,118	(1)	13,156,351	1	-	-	13,931,473	-	-	13,931,473
<b>Balance as at 31 March 2023</b>	32,163,512	149,441,218	181,021	110,002	3,678,876	25	8,261,606	4,656,501	198,492,761	1,582,006	-	200,074,767

b

Long - Term Assets - Comparative Year												
Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
Balance as at 1 April 2021	£ 30,855,912	£ 135,891,614	£ 956,360	£ 100,001	£ 19,827,787	£ 26	£ 3,606,487	£ 3,284,696	£ 194,522,883	£ 1,549,756	£ 666,460	£ 196,739,099
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2021	30,855,912	135,891,614	956,360	100,001	19,827,787	26	3,606,487	3,284,696	194,522,883	1,549,756	666,460	196,739,099
Additions	7,164	883,084	-	-	496,648	-	4,455,029	-	5,841,925	3,000	-	5,844,925
Donations	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/decreases to Revaluation Reserve	947,166	2,470,303	1,108	10,000	-	-	-	239,075	3,667,652	-	-	3,667,652
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	270	84,615	(661)	-	(44,541)	-	-	(20,020)	19,663	-	(10,000)	9,663
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(4,630,462)	-	-	(2,000)	(4,632,462)	-	(632,960)	(5,265,422)
Derecognition - Other	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications & Transfers	-	685,591	-	-	22,735	-	(708,326)	-	-	-	-	-
Reclassified to(-) / from(+) Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	31,810,512	140,015,207	956,807	110,001	15,672,167	26	7,353,190	3,501,751	199,419,661	1,552,756	23,500	200,995,917

b



Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
<b>Balance as at 1 April 2021</b>	-	3	758,764	(1)	15,917,042	1	-	-	16,675,809	-	-	16,675,809
cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 1 April 2021</b>	-	3	758,764	(1)	15,917,042	1	-	-	16,675,809	-	-	16,675,809
Depreciation Charge	-	5,428,059	30,054	-	1,134,904	-	-	-	<b>6,593,017</b>	-	-	<b>6,593,017</b>
Depreciation written out on Revaluation Reserve	-	(4,288,490)	(12,672)	-	-	-	-	-	<b>(4,301,162)</b>	-	-	<b>(4,301,162)</b>
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	(1,139,569)	(1,028)	-	-	-	-	-	<b>(1,140,597)</b>	-	-	<b>(1,140,597)</b>
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(4,629,864)	-	-	-	<b>(4,629,864)</b>	-	-	<b>(4,629,864)</b>
Derecognition - Other	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications & Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2022</b>	-	3	775,118	(1)	12,422,082	1	-	-	13,197,203	-	-	13,197,203
<b>Net Book Values</b>												
Balance as at 31 March 2022	31,810,512	140,015,204	181,689	110,002	3,250,085	25	7,353,190	3,501,751	186,222,458	1,552,756	23,500	187,798,714
Balance as at 31 March 2023	32,163,512	149,441,218	181,021	110,002	3,678,876	25	8,261,606	4,656,501	198,492,761	1,582,006	-	200,074,767

#### 11 c Property, plant and equipment

##### Depreciation

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

- Buildings - 10 to 50 years straight line;
- vehicles, plant, furniture and equipment - 3 to 7 years straight line;
- infrastructure - as per Buildings;
- Information technology - 3 to 10 years straight line;
- Intangibles - estimated useful life.

##### Revaluations

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

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

The Council has surplus assets with a carrying value of £4,656,501 at 31st March 2023.

#### 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	2022/23	2021/22
	£	£
Balance at start of year:		
Gross carrying amounts	5,346,652	5,291,745
Accumulated amortisation	2,295,807	2,002,581
Net carrying amount at start of year	3,050,845	3,289,164
Additions	32,605	271,916
Derecognition - Disposals (Cost)	-	(217,009)
Amortisation for the period	(575,699)	(510,235)
Derecognition - Disposals (Amortisation)	-	217,009
Transfer from Assets Under Construction (see Note 11a)	757,201	-
Net carrying amount at end of year	3,264,952	3,050,845
Comprising:		
Gross carrying amounts	6,136,458	5,346,652
Accumulated amortisation	2,871,506	2,295,807
Net carrying amount at end of year	3,264,952	3,050,845

#### 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	31/03/2023	31/03/2022
	£	£
Rental Income from Investment Activities	59,070	58,914
Direct Operating expenses arising from investment properties	(23,606)	(18,373)
Net gain/(loss)	35,464	40,541

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

Investment Properties	2022/23	2021/22
	£	£
Balance at start of the year	3,670,002	3,290,002
Additions	-	-
Disposals	-	-
Net gains/losses from fair value adjustments	(30,000)	380,000
Transfers to/ from inventories	-	-
Transfers to/ from property, plant and equipment	-	-
Transfer to Surplus Assets	(1,250,000)	-
Balance at end of the year	2,390,002	3,670,002

##### Valuation process for Investment Properties

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

## f Heritage Assets

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

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

Heritage Assets	31/03/2023	31/03/2022
	£	£
Artefacts	529,452	531,452
Historical Furniture	79,935	81,935
Civic Items	65,600	65,600
Ross' Monument	413,911	413,911
Paintings and Drawings	493,108	459,858
Balance at end of the year	1,582,006	1,552,756

## g Long-Term Assets - Leased Assets

	Vehicles	Equipment	TOTAL
	£	£	£
<b>Cost or Valuation</b>			
At 1 April 2022	364,473	36,626	401,099
Additions	-	-	-
Disposals	(122,165)	(15,196)	(137,361)
<b>At 31 March 2023</b>	<b>242,308</b>	<b>21,430</b>	<b>263,738</b>
<b>Depreciation</b>			
At 1 April 2022	364,473	36,626	401,099
Disposals	(122,165)	(15,196)	(137,361)
Provided for year	-	-	-
<b>At 31 March 2023</b>	<b>242,308</b>	<b>21,430</b>	<b>263,738</b>
<b>Net Book Value</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Vehicles	Equipment	TOTAL
	£	£	£
<b>Cost or Valuation</b>			
At 1 April 2021	364,473	36,626	401,099
Additions	-	-	-
Disposals	-	-	-
<b>At 31 March 2022</b>	<b>364,473</b>	<b>36,626</b>	<b>401,099</b>
<b>Depreciation</b>			
At 1 April 2021	364,473	36,626	401,099
Disposals	-	-	-
Provided for year	-	-	-
<b>At 31 March 2022</b>	<b>364,473</b>	<b>36,626</b>	<b>401,099</b>
<b>Net Book Value</b>	<b>-</b>	<b>-</b>	<b>-</b>

## h Revaluation

A valuation exercise was carried out by Land and Property Services (LPS) as at 31 March 2023 on the Council's land and buildings. As a result, the value of land and buildings have increased from £179.6 million at 31 March 2022 to £188.9 million at 31 March 2023.

## 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		2022/23	2021/22
		£	£
<b>Opening Capital Financing Requirement</b>		90,492,621	90,850,727
<b>Capital Investment</b>			
Property, Plant and Equipment	11	10,469,671	5,844,925
Investment Properties		-	-
Intangible Assets		32,605	271,916
Revenue Expenditure Funded from Capital under Statute		1,257,144	3,249,026
Investments		-	-
Other		-	-
<b>Sources of Finance</b>			
Capital Receipts		(957,067)	(777,350)
Government Grants and Other Contributions	10	(2,023,255)	(4,237,051)
Transfers from Earmarked Reserves		(654,796)	(216,572)
<b>Sums set aside from Revenue:</b>			
Direct Revenue Contributions		-	-
Minimum Revenue Provision		(4,207,000)	(4,493,000)
<b>Closing Capital Financing Requirement</b>		<b>94,409,923</b>	<b>90,492,621</b>
<b>Explanation of Movements in Year</b>		<b>2022/23</b>	<b>2021/22</b>
		<b>£</b>	<b>£</b>
Increase/(decrease) in underlying need to borrow		3,917,302	(358,106)
Assets acquired under leases		-	-
Assets acquired under PFI/PPP contracts		-	-
<b>Increase/(decrease) in Capital Financing Requirement</b>		<b>3,917,302</b>	<b>(358,106)</b>

## 13 Future Capital Commitments

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

	Gross Cost	Grant Aid	Net Cost
	£	£	£
Schemes underway	117,700,915	63,078,109	54,622,806
Other Commitments	23,209,777	857,946	22,351,831
<b>Total</b>	<b>140,910,692</b>	<b>63,936,055</b>	<b>76,974,637</b>

Schemes underway detail all projects where spend has been incurred prior to the year-end. The Grant Aid element includes all projects where Letters of Offer are awarded by the funding body based on Outline Business Cases. Signed Contracts for Funding may not necessarily be in place at this stage.

Inventories		2022/23	2021/22
		£	£
Central Stores		423,401	383,430
Other		196,990	191,955
<b>Total</b>		<b>620,391</b>	<b>575,385</b>

<b>15</b>	<b>Debtors</b>		
<b>a</b>	<b>Long Term Debtors</b>	<b>2022/23</b>	<b>2021/22</b>
		<b>£</b>	<b>£</b>
	Government Departments	-	-
	Other Councils	-	-
	Public corporations and trading funds	-	-
	Bodies external to general government	-	-
	Employee car loans	1,524	9,307
	Revenue Grants	-	-
	Capital Grants	-	-
	Interest Receivable	-	-
	Capital Debtors	-	-
	Loans and advances	36,341	39,941
	Finance lease debtors	-	-
	Trade debtors	-	-
	NIHE Loans	-	-
	Other	12,613	31,103
	Impairment of loans and receivables	-	-
	Contract Receivables	-	-
	<b>Total Long-Term Debtors</b>	<b>50,478</b>	<b>80,351</b>

<b>b</b>	<b>Short Term Debtors</b>	<b>2022/23</b>	<b>2021/22</b>
		<b>£</b>	<b>£</b>
	Government Departments	1,275,548	1,978,010
	Other Councils	215,731	60,307
	Public corporations and trading funds	-	-
	Bodies external to general government	-	-
	NIHE loans	-	-
	Employee car loans	7,283	9,617
	Revenue Grants	2,528,705	2,743,584
	Capital Grants	910,669	7,948,323
	Interest Receivable	25,428	-
	Capital Debtors	-	-
	Value Added Tax	1,635,998	1,050,186
	Prepayments	503,400	250,612
	Finance lease debtors	-	-
	Other	159,878	149,279
	Trade receivables	570,995	640,806
	Impairment loss - Trade receivables	(278,572)	(220,733)
	Contract Receivables	-	-
	<b>Total Short-Term Debtors</b>	<b>7,555,063</b>	<b>14,609,991</b>
	<b>Total Debtors</b>	<b>7,605,541</b>	<b>14,690,342</b>

<b>16</b>	<b>Investments</b>
	The Council has no investments.

<b>17</b>	<b>Borrowings</b>		
<b>a</b>	<b>Short Term Borrowing</b>	<b>2022/23</b>	<b>2021/22</b>
		<b>£</b>	<b>£</b>
	Loans re-payable within one year	4,091,304	10,342,321
	Finance lease Principal	-	-
	<b>Total Short Term Borrowing</b>	<b>4,091,304</b>	<b>10,342,321</b>
<b>b</b>	<b>Long Term Borrowing</b>	<b>2022/23</b>	<b>2021/22</b>
		<b>£</b>	<b>£</b>
	Between 1 and 2 years	3,928,191	4,091,304
	Between 2 and 5 years	11,416,814	11,527,983
	Between 5 and 10 years	16,185,817	17,625,695
	In more than 10 years	23,743,110	26,120,254
	<b>Government Loans Fund</b>	<b>55,273,932</b>	<b>59,365,236</b>
	<b>Total Borrowing</b>	<b>59,365,236</b>	<b>69,707,557</b>



<b>18 Creditors</b>			
<b>a Short Term Creditors</b>		<b>2022/23</b>	<b>2021/22</b>
		<b>£</b>	<b>£</b>
Government Departments		1,653,266	1,588,014
Other Councils		140,215	3,230,245
Public corporations and trading funds		28,330	10,002
Bodies external to general government		-	-
Rates clawback		-	-
VAT		-	-
Remuneration due to employees		2,136,867	2,188,240
Accumulated Absences		654,204	617,371
Loan Interest Payable		-	-
Capital Creditors		3,069,198	6,288,959
Receipts in advance		716,021	585,573
Trade creditors		4,777,798	6,451,912
Other		108,092	74,796
Contract Payables		-	-
<b>Total Short Term Creditors</b>		<b>13,283,991</b>	<b>21,035,112</b>
<b>Total Long Term Creditors</b>		<b>-</b>	<b>-</b>
<b>Total Creditors</b>		<b>13,283,991</b>	<b>21,035,112</b>

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 15,989 invoices totalling £61,868,611.

The number of disputed invoices were 41

The Council paid:

13,746 (86%) invoices with 30 calendar days target;

6,730 (42%) invoices within 10 working days target; and

2,243 invoices outside of the 30 day target.

<b>19 Provisions</b>							
	<b>Balance as at</b>	<b>Increase in</b>	<b>Utilised during</b>	<b>Unused amounts</b>	<b>Interest cost</b>	<b>Balance as at 31</b>	
	<b>1 April 2022</b>	<b>provision</b>	<b>year</b>	<b>reversed</b>	<b>and/or discount</b>	<b>March 2023</b>	
	<b>£</b>	<b>during year</b>	<b>£</b>	<b>£</b>	<b>rate changes</b>	<b>£</b>	
Landfill Closure	2,568,346	-	(189,680)	(209,356)	(392,091)	<b>1,777,219</b>	
Staff Costs	-	-	-	-	-	-	
Restructuring Costs	2,843,669	-	-	(1,426,693)	-	<b>1,416,976</b>	
Other	-	-	-	-	-	-	
<b>Total</b>	<b>5,412,015</b>	<b>-</b>	<b>(189,680)</b>	<b>(1,636,049)</b>	<b>(392,091)</b>	<b>3,194,195</b>	
Current Provisions	2,843,669	-	-	(1,426,693)	-	<b>1,416,976</b>	
Long Term Provisions	2,568,346	-	(189,680)	(209,356)	(392,091)	<b>1,777,219</b>	
<b>Total</b>	<b>5,412,015</b>	<b>-</b>	<b>(189,680)</b>	<b>(1,636,049)</b>	<b>(392,091)</b>	<b>3,194,195</b>	
<b>Comparative Year</b>							
	<b>Balance as at</b>	<b>Increase in</b>	<b>Utilised during</b>	<b>Unused amounts</b>	<b>Interest cost</b>	<b>Restated Balance</b>	
<b>Provisions</b>	<b>1 April 2021</b>	<b>during year</b>	<b>year</b>	<b>reversed</b>	<b>and/or discount</b>	<b>as at 31 March</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>rate changes</b>	<b>2022</b>	
Landfill Closure	3,178,207	-	(328,488)	(281,373)	-	<b>2,568,346</b>	
Staff Costs	-	-	-	-	-	-	
Restructuring Costs	500,000	2,343,669	-	-	-	<b>2,843,669</b>	
Other	-	-	-	-	-	-	
<b>Total</b>	<b>3,678,207</b>	<b>2,343,669</b>	<b>(328,488)</b>	<b>(281,373)</b>	<b>-</b>	<b>5,412,015</b>	
Current Provisions	500,000	2,343,669	-	-	-	<b>2,843,669</b>	
Long Term Provisions	3,178,207	-	(328,488)	(281,373)	-	<b>2,568,346</b>	
<b>Total</b>	<b>3,678,207</b>	<b>2,343,669</b>	<b>(328,488)</b>	<b>(281,373)</b>	<b>-</b>	<b>5,412,015</b>	

#### Landfill Closure

The expected cost of landfill closure and aftercare costs of £1,777,219 is based on the percentage utilisation of the landfill sites of both Drumanakelly and Aughnagun and has been recognised as a provision. Aughnagun Landfill Site was closed as at 31st March 2015. Drumanakelly Landfill Site ceased to take landfill on 30th April 2016. Now that the sites have closed it will take a period of time before there will be a reliable trend for closure and aftercare costs and gas generation income.

#### Restructuring Costs

The provision is for 'Planning for the Future' - a review of the directorate and management structures. During the 2022/23 year a Capitalisation Direction was obtained for £1.4m to finance part of the restructuring costs hence this element of the Provision was subsequently reversed. Actual redundancy payments under this Capitalisation Direction have been charged to the CIES in year.

20 **Financial Instruments**  
**Categories of Financial Instruments**

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

**Financial Assets as at 31 March 2023**

	Non-Current		Current		Total
	Investments £	Debtors £	Investments £	Debtors £	
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	-	50,478	3,773,378	886,125	4,709,981
Fair Value through other comprehensive income - designated equity instruments	-	-	-	-	-
Fair Value through other comprehensive income - Money Market Funds	-	-	4,026,793	-	4,026,793
<b>Total Financial Assets</b>	-	50,478	7,800,171	886,125	8,736,774
Non-Financial Assets	-	-	-	6,668,937	6,668,937
<b>Total</b>	-	50,478	7,800,171	7,555,062	15,405,711

**Debtors at amortised cost as at 31 March 2023**

	Non-Current £	Current £
Trade Receivables	-	572,735
Trade Receivables - Impairment Loss	-	(278,572)
Government Departments	-	409,757
Soft Loans	36,341	3,281
Employee Car Loans	1,524	7,283
Gas Income Debtor	12,613	138,447
Other	-	33,194
<b>Total</b>	<b>50,478</b>	<b>886,125</b>

**Financial Assets as at 31 March 2022**

	Non-Current		Current		Total
	Investments £	Debtors £	Investments £	Debtors £	
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	-	80,351	15,539,421	854,631	16,474,403
Fair Value through other comprehensive income - designated equity instruments	-	-	-	-	-
Fair Value through other comprehensive income - Money Market Funds	-	-	9,005,791	-	9,005,791
<b>Total Financial Assets</b>	-	80,351	24,545,212	854,631	25,480,194
Non-Financial Assets	-	-	-	13,755,360	13,755,360
<b>Total</b>	-	80,351	24,545,212	14,609,991	39,235,554

**Debtors at amortised cost as at 31 March 2022**

	Non-Current £	Current £
Trade Receivables	-	640,806
Trade Receivables - Impairment Loss	-	(220,733)
Government Departments	-	278,876
Soft Loans	39,941	3,281
Employee Car Loans	9,307	9,617
Gas Income Debtor	31,103	136,469
Other	-	6,315
<b>Total</b>	<b>80,351</b>	<b>854,631</b>

**Financial Liabilities as at 31 March 2023**

	Non-Current		Current		Total
	Borrowings	Creditors	Borrowings	Creditors	
	£	£	£	£	£
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	55,273,932	-	4,091,304	8,551,054	67,916,290
<b>Total financial liabilities</b>	<b>55,273,932</b>	<b>-</b>	<b>4,091,304</b>	<b>8,551,054</b>	<b>67,916,290</b>
Non-financial liabilities	-	-	-	4,732,937	4,732,937
<b>Total</b>	<b>55,273,932</b>	<b>-</b>	<b>4,091,304</b>	<b>13,283,991</b>	<b>72,649,227</b>

**Financial Liabilities as at 31 March 2022**

	Non-Current		Current		Total
	Borrowings	Creditors	Borrowings	Creditors	
	£	£	£	£	£
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	59,365,236	-	10,342,321	13,835,086	83,542,643
<b>Total financial liabilities</b>	<b>59,365,236</b>	<b>-</b>	<b>10,342,321</b>	<b>13,835,086</b>	<b>83,542,643</b>
Non-financial liabilities	-	-	-	7,200,026	7,200,026
<b>Total</b>	<b>59,365,236</b>	<b>-</b>	<b>10,342,321</b>	<b>21,035,112</b>	<b>90,742,669</b>

**Material soft loans made by the Council**

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

**Employee Car Loans**

The Council made loans for car purchases at 31/3/2023 to 3 employees 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%.

	2022/23	2021/22
	£	£
Balance at start of year:		
Opening balance	18,923	27,723
Nominal value of new loans granted in the year	-	6,600
Fair value adjustment on initial recognition	-	-
Fair value of new loans	18,923	34,323
Loans repaid	(10,116)	(15,400)
Impairment losses	-	-
Increase in discounted amount	-	-
Other changes	-	-
Closing balance at end of year	8,807	18,923
Nominal value at end of year	8,807	18,923

**Valuation assumptions**

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



# Income, Expense, Gains and Losses

	2022/23	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£	£

## Interest revenue

Financial assets measured at amortised cost	228,077	-
<b>Total interest revenue</b>	<b>228,077</b>	-

<b>Interest expense</b>	1,877,785	-
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	2021/22	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£	£

## Interest revenue

Financial assets measured at amortised cost	8,777	-
<b>Total interest revenue</b>	<b>8,777</b>	-

<b>Interest expense</b>	2,059,281	-
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# Fair Values of Financial Assets and Financial Liabilities

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

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

Financial Liabilities	31st March 2023		31st March 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	£	£	£	£
Financial liabilities held at amortised cost (Loans)	59,365,236	55,704,238	69,707,557	70,608,353
Long-term creditors	-	-	-	-
PFI and lease liabilities	-	-	-	-
<b>Total</b>	<b>59,365,236</b>	<b>55,704,238</b>	<b>69,707,557</b>	<b>70,608,353</b>

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**

31st March 2023				
	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurements using:	£	£	£	£
<b>Financial liabilities</b>				
Financial liabilities held at amortised cost:				
Loans/borrowings	-	55,704,238	-	55,704,238
<b>Total</b>	-	<b>55,704,238</b>	-	<b>55,704,238</b>
<b>Financial assets</b>				
Financial assets held at amortised cost				
Soft loans to third parties	-	48,429	-	48,429
Other financial assets	-	-	-	-
<b>Total</b>	-	<b>48,429</b>	-	<b>48,429</b>

31st March 2022				
	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurements using:	£	£	£	£
<b>Financial liabilities</b>				
Financial liabilities held at amortised cost:				
Loans/borrowings	-	70,608,353	-	70,608,353
<b>Total</b>	-	<b>70,608,353</b>	-	<b>70,608,353</b>
<b>Financial assets</b>				
Financial assets held at amortised cost				
Soft loans to third parties	-	62,146	-	62,146
Other financial assets	-	-	-	-
<b>Total</b>	-	<b>62,146</b>	-	<b>62,146</b>

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

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

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

## Nature and Extent of Risks Arising from Financial Instruments

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

### Credit Risk

Credit risks 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 as follows:	£
Less than three months	864,101
three to six months	70,968
six months to one year	135,800
More than one year	310,441
<b>Total</b>	<b>1,381,310</b>

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

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

Lifetime expected credit losses - not credit impaired:	£
Opening Balance as at 1 April 2022	220,733
Decrease	57,839
<b>Closing Balance as at 31 March 2023</b>	<b>278,572</b>

The Expected Credit Losses default rate for Council trade debt has been increased by a factor of 1.12 (2021/22 0.67) due to the changing economic conditions as a result of the Corona Virus. The factor takes account of predictions by a leading credit rating agency.

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 two projects. The Council does not consider this a material exposure to loss arising from movements in exchange rates.

## 21 Retirement Benefits

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

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

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

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

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

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

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

	Note	2022/23 £	2021/22 £
Net cost of services:			
Current service cost		12,667,000	13,141,000
Past service cost/(gain)		226,000	-
Gains and losses on settlements or curtailments		-	-
Net operating expenditure:			
Net Interest on net defined benefit Liability (asset)		1,388,000	1,405,000
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>		<b>14,281,000</b>	<b>14,546,000</b>
Movement in Reserves Statement:			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(14,281,000)	(14,546,000)
Actual amount charged against the general fund balance for pensions in the year:			
Employers' contributions payable to scheme		5,738,000	5,004,000
<b>Net adjustment to General Fund</b>		<b>(8,543,000)</b>	<b>(9,542,000)</b>

The service cost figures include an allowance for administration expenses of £139k.

Remeasurements recognised in Other Comprehensive Income and Expenditure	Note	2022/23 £	2021/22 £
Liability gains/(losses) due to change in assumptions		105,867,000	18,591,000
Liability gains/(losses) due to demographic changes		(1,162,000)	2,718,000
Liability experience gains/(losses) arising in the year		(14,895,000)	(633,000)
Actuarial gains/(losses) on plan assets		(22,780,000)	3,973,000
Other		-	-
<b>Total gains/(losses) recognised in Other Comprehensive Income and Expenditure</b>		<b>67,030,000</b>	<b>24,649,000</b>

<b>C Assets and liabilities in relation to retirement benefits</b>			
Reconciliation of present value of the scheme liabilities:	Note	2022/23 £	2021/22 £
Balance as at 1 April		268,675,000	273,996,000
Current service cost		12,667,000	13,141,000
Interest cost		7,209,000	5,719,000
Contributions by members		1,853,000	1,623,000
Remeasurement (gains) and losses:			
Actuarial gains/losses arising from changes in financial assumptions		(105,867,000)	(18,591,000)
Actuarial gains/losses arising from demographic changes		1,162,000	(2,718,000)
Actuarial gains/losses arising on liabilities from experience		14,895,000	633,000
Other (if applicable)		-	-
Past service costs/(gains)		226,000	-
Losses/(gains) on curtailments		-	-
Liabilities extinguished on settlements		-	-
Estimated unfunded benefits paid		(81,000)	(79,000)
Estimated benefits paid		(5,257,000)	(5,049,000)
<b>Balance as at 31 March</b>		<b>195,482,000</b>	<b>268,675,000</b>
Reconciliation of present value of the scheme assets:	Note	2022/23 £	2021/22 £
Balance as at 1 April		214,420,000	204,634,000
Interest Income		5,821,000	4,314,000
Contributions by members		1,853,000	1,623,000
Contributions by employer		5,657,000	4,925,000
Contributions in respect of unfunded benefits		81,000	79,000
Remeasurement gain/(loss)		(22,780,000)	3,973,000
Assets distributed on settlements		-	-
Unfunded benefits paid		(81,000)	(79,000)
Benefits paid		(5,257,000)	(5,049,000)
<b>Balance as at 31 March</b>		<b>199,714,000</b>	<b>214,420,000</b>

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

The actual return on scheme assets in the year was a loss of £17.0m (2021/22 gain of £8.3m).

Fair Value of Plan Assets	2022/23 £	2021/22 £
Equity investments	82,481,882	87,054,520
Bonds	72,496,182	83,194,960
Property	20,969,970	23,371,780
Cash	11,783,126	13,294,040
Other	11,982,840	7,504,700
<b>Total</b>	<b>199,714,000</b>	<b>214,420,000</b>

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):**

	2022/23 £	2021/22 £
Fair Value of Employer Assets	199,714,000	214,420,000
Present value of funded defined benefit obligation	(194,583,000)	(267,699,000)
Pension asset/(liability) of Funded Scheme	5,131,000	(53,279,000)
Present Value of unfunded defined benefit obligation	(899,000)	(976,000)
Other movement in the liability (asset) (if applicable)	-	-
<b>Net asset/(liability) arising from the defined benefit obligation</b>	<b>4,232,000</b>	<b>(54,255,000)</b>
Amount in the Balance sheet:		
Liabilities	(195,482,000)	(268,675,000)
Assets	199,714,000	214,420,000
<b>Net Asset/(Liability)</b>	<b>4,232,000</b>	<b>(54,255,000)</b>

**d Scheme History**

Analysis of scheme assets and liabilities	2022/23 £	2021/22 £
Fair Value of Assets in pension scheme	199,714,000	214,420,000
Present Value of Defined Benefit Obligation	(195,482,000)	(268,675,000)

<b>Surplus/(deficit) in the Scheme</b>	<b>4,232,000</b>	<b>(54,255,000)</b>
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Amount recognised in Other Comprehensive Income and Expenditure:	2022/23 £	2021/22 £
Actuarial gains/(losses)	89,810,000	20,676,000
Expected Return on Plan Assets	(22,780,000)	3,973,000
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	-	-
Remeasurements recognised in Other Comprehensive Income and Expenditure	67,030,000	24,649,000
Cumulative actuarial gains and losses	76,274,000	9,244,000
<b>History of experience gains and losses:</b>		
Experience gains and (losses) on assets	-	-
Experience gains and (losses) on liabilities	14,895,000	633,000

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £195m has been balanced by the fair value of the assets in the scheme resulting in a net asset of £4.2m in the Balance Sheet at 31st March 2023.

**Analysis of projected amount to be charged to the Comprehensive Income and Expenditure Statement for the year to 31 March 2024**

	31/03/2024 £	31/03/2024
Projected current cost	6,347,000	105.0%
Net Interest on the net defined benefit liability (asset)	- 329,000	-5.0%
Past service cost	-	0.0%
Gains and losses on settlements or curtailments	-	0.0%
	<b>6,018,000</b>	<b>100.0%</b>

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the council in the year to 31 March 2024 is £5.5m.

**History of experience gains and losses**

The actuarial gains/losses identified as movements on the Pensions Reserve 2022/23 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2022.

	2022/23 %	2021/22 %
Experience (gains and (losses) on Assets	0.00%	0.00%
Experience gains and (losses) on Liabilities	-7.62%	-0.24%



#### 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 2023.

Pension scheme assumptions:	2022/23	2021/22
	%	%
Equity investments	41.3%	40.6%
Bonds	36.3%	38.8%
Property	10.5%	10.9%
Cash	5.9%	6.2%
Other	6.0%	3.5%
<b>Mortality assumptions:</b>		
<b>Longevity at 65 current pensioners:</b>	<b>Years</b>	<b>Years</b>
Men	22.2	21.8
Women	25.0	25.0
<b>Longevity at 65 for future pensioners (active member aged 45 at accounting date):</b>		
Men	23.2	23.2
Women	26.0	26.4
Inflation/Pension Increase Rate	2.70%	3.00%
Salary Increase Rate	4.20%	4.50%
Discount Rate	4.70%	2.70%
Pension accounts revaluation rate	2.70%	3.00%

#### 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 2023 is set out below.

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

#### Funded Pension Scheme Benefits

Discount Rate Assumption		
	+0.1%p.a.	-0.1%p.a.
Adjustment to discount rate		
Present value of the total obligation	191,081,000	198,085,000
% change in the present value of the total obligation	-1.80%	1.80%
Projected service cost	6,119,000	6,582,000
Approximate % change in projected service cost	-3.60%	3.70%
<b>Rate of General Increase in Salaries</b>		
	+0.1%p.a.	-0.1%p.a.
Adjustment to salary increase rate		
Present value of the total obligation	195,167,000	193,999,000
% change in the present value of the total obligation	0.30%	-0.30%
Projected service cost	6,347,000	6,347,000
Approximate % change in projected service cost	0.00%	0.00%
<b>Rate of Increase to Pensions in Payment and Deferred Pension Assumption</b>		
	+0.1%p.a.	-0.1%p.a.
Adjustment to pension increase rate		
Present value of the total obligation	197,502,000	191,664,000
% change in the present value of the total obligation	1.50%	-1.50%
Projected service cost	6,582,000	6,119,000
Approximate % change in projected service cost	3.70%	-3.60%
<b>Post Retirement Mortality Assumption</b>		
	- 1 Year	+1 Year
Adjustment to mortality age rating assumption*		
Present value of the total obligation	199,837,000	189,329,000
% change in the present value of the total obligation	2.70%	-2.70%
Projected service cost	6,569,000	6,125,000
Approximate % change in projected service cost	3.50%	-3.50%

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

#### 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

	31/03/2023	31/03/2022
	%	%
Equity investments	41.30%	40.60%
Government Bonds	20.50%	24.10%
Corporate Bonds	15.80%	14.70%
Property	10.50%	10.90%
Cash	5.90%	6.20%
Other	6.00%	3.50%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## g Northern Ireland Civil Service Pension Arrangements

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Council is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2016. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Resource Accounts as at 31 March 2023.

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

### McCloud Judgement

In December 2018, the Court of Appeal ruled in the 'McCloud/Sargeant' judgement that the transitional protection arrangements put in place when the Firefighters' and Judges' pension schemes were reformed in 2015 were age discriminatory. While the judgement was not in relation to members with Local Government Pension Scheme (NI) benefits it would be reasonable to assume that the Government will seek remedy for all public sector schemes including Local Government Pension Scheme (NI).

The Ministry of Housing, Communities and Local Government (MHCLG) published its McCloud consultation for the LGPS (England and Wales) on 16 July 2020, setting out proposed changes aimed at removing the unlawful age discrimination in the LGPS. The consultation closed on 8 October 2020, but MHCLG have not yet published its consultation response.

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

### GMP Indexation and Equalisation

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

## 22 Donated Assets Account

The 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 2023 (31/3/2022 £Nil).

## 23 Capital Grants Received in Advance

The Council has no capital grants received in advance.

## 24 Contingencies

### a Contingent Liabilities

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 May 2023 preliminary legal proceedings commenced in relation to a fatal accident at Slieve Gullion Forest Park in September 2018. The Council is being prosecuted by the Health & Safety Executive in relation to offences under the Health & Safety at Work (NI) Order 1978.

The Council has a number of ongoing legal cases, the outcomes of which are uncertain and difficult to predict.

### b Contingent Assets

The Council, together with the 10 other district councils in NI, is participating in a legal action against HMRC to recover previously overdeclared output VAT in respect of leisure and recreational income, which arose because HMRC did not accept that the Council provides leisure and recreational activities pursuant to a special legal regime without causing any significant distortion of competition. Although Mid Ulster District Council (MUDC) (as lead Council in the litigation) succeeded in its claim to the First Tier Tax Tribunal, HMRC subsequently, pursuant to Rule 39 of the Tribunal Procedure (First Tier Tribunal) (Tax Chamber) Rules 2009, lodged an application to appeal to the Upper Tier Tax Tribunal. The application to lodge an appeal was successful and the appeal was heard by the Upper Tier Tax Tribunal in May 2022. The Upper Tier Tax Tribunal released its decision on 19 July 2022: the decision was to allow the appeal and remit the matter back to the First Tier Tax Tribunal for consideration. MUDC subsequently sought and received permission to appeal the Upper Tier Tax Tribunal decision to the Court of Appeal and a Hearing was scheduled to take place in May 2023. On 26 January 2023, HMRC notified MUDC that it decided to pay all of the Local Authority Leisure Services claims and proceeded to publish an associated Revenue and Customs Brief on 3 March 2023. MUDC's appeal to the Court of Appeal is currently stayed until 15 September 2023 to allow both parties time to seek a resolution of the matter. If resolution is reached, it will take time to conclude the matter; alternatively, if there is no resolution, MUDC shall make application for its appeal to be re-listed for mention. In either case, at this stage, it is too early to assess any associated financial impact, but if the matter is resolved to MUDC's satisfaction, the benefit to the Council could approximate to £3.5 million.



**Newry, Mourne and Down District Council**  
**Notes to the Financial Statements**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**25 Other cash flow disclosures**

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

<b>Adjustment to surplus or deficit on the provision of services for noncash movements</b>			
	<b>Notes</b>	<b>2022/23</b>	<b>2021/22</b>
		£	£
Depreciation	11	7,835,682	7,103,252
Impairment & downward revaluations (& non-sale derecognitions)	11	250,460	(1,150,260)
Amortisation (included with depreciation above)		-	-
(Increase)/Decrease in inventories		(45,006)	(67,495)
(Increase)/Decrease in Debtors		7,175,437	(5,082,974)
Increase/(decrease) in impairment provision for bad debts		57,839	(101,468)
Increase/(Decrease) in Creditors		(7,349,029)	6,837,545
Increase/(Decrease) in Interest Creditors		-	-
Payments to NILGOSC	20	8,543,000	9,542,000
Carrying amount of non-current assets sold	8	1,458,847	635,558
AUC/WIP written off to Net Cost of Services	11	-	-
Contributions to Other Reserves/Provisions		(2,217,820)	1,733,808
Movement in value of investment properties-included above in Impairment & downward revaluations (& non-sale derecognitions)		30,000	(380,000)
Amounts posted to CIES from Donated Assets Account	21	-	-
		<b>15,739,410</b>	<b>19,069,966</b>

<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing</b>			
	<b>Notes</b>	<b>2022/23</b>	<b>2021/22</b>
		£	£
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		(957,067)	(777,350)
Capital grants included in "Taxation & non-specific grant income"		(2,023,255)	(4,237,051)
		<b>(2,980,322)</b>	<b>(5,014,401)</b>

**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:

	2022/23	2021/22	2020/21
	£	£	£
Cash and Bank balances	1,848,280	3,533,681	2,918,093
Short Term Deposits (considered to be Cash Equivalents)	5,951,891	21,011,531	13,306,288
Short Term Investments (considered to be Cash Equivalents)	-	-	-
Bank Overdraft	-	(8,679)	-
	<b>7,800,171</b>	<b>24,536,533</b>	<b>16,224,381</b>

**c Cash Flow Statement: Operating Activities**

	2022/23	2021/22
	£	£
The cash flows from operating activities include:		
Interest received	(228,690)	(9,866)
Interest paid	1,877,785	2,059,281
	<b>1,649,095</b>	<b>2,049,415</b>

**d Cash flows from Investing Activities**

	2022/23	2021/22
	£	£
Purchase of PP&E, investment property and intangible assets	(10,904,368)	(5,123,544)
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	957,067	777,350
Proceeds from Short Term Investments (not considered to be cash equivalents)	-	-
Proceeds from Long Term Investments	-	-
Capital Grants and Contributions Received	1,874,780	4,672,615
Other Receipts from Investing Activities	-	-
<b>Net Cash flows from Investing Activities</b>	<b>(8,072,521)</b>	<b>326,421</b>

**e Cash flows from Financing Activities**

	2022/23	2021/22
	£	£
Cash Receipts from Short and Long Term Borrowing	-	-
Other Receipts from Financing Activities	-	-
Cash payments for the reduction of the outstanding liability relating to a lease and on-Balance Sheet PFI contracts	-	-
Repayment of Short and Long Term Borrowing	(10,342,321)	(4,416,318)
Other payments for Financing Activities	-	-
<b>Net Cash flows from Financing Activities</b>	<b>(10,342,321)</b>	<b>(4,416,318)</b>

## 26 Usable Reserves

### a Capital Receipts Reserve

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

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

Capital Receipts Reserve	Notes	31/03/2023	31/03/2022
		£	£
At 1 April		-	-
<b>Movement</b>			
Disposal of Non-Current Assets/Capital Sales		957,067	777,350
Capital Receipts used to finance capital expenditure	3, 11	(957,067)	(777,350)
<b>At 31 March</b>		-	-

### b Capital Fund

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

Capital Fund	Notes	31/03/2023	31/03/2022
		£	£
At 1 April		15,000,000	-
Transfers between statutory & other reserves & the General Fund		-	15,000,000
<b>At 31 March</b>		15,000,000	15,000,000

### c Other Balances & Reserves

Other Balances & Reserves	Notes	31/03/2023	31/03/2022
		£	£
At 1 April		9,494,065	8,902,362
Transfers between statutory & other reserves & the General Fund	4b	805,907	808,275
Transfers between Reserves & CAA to finance capital expenditure	12	(654,796)	(216,572)
<b>At 31 March</b>		9,645,176	9,494,065

(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 31/3/23 is £489,500 (31/3/22 £400,000).

(ii). Covid Funding Reserve - the Department for Communities allocated funding to Councils to alleviate the impact of exceptional losses and costs incurred as a consequence of Covid-19 and latterly the cost-of-living crisis. This reserve was created to ring-fence the unspent funding. The balance at 31/3/23 is £554,397 (31/3/22 £1,753,397).

(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 during the two years ended 31st March 2022 for Community Support. This reserve was created to ring-fence the unspent funding. The balance at 31/3/23 is £32,956 (31/3/22 £163,576).

(iv). Covid Revitalisation Reserve - this reserve has been created to assist with the revitalisation of the District post-Covid. The balance at 31/3/23 is £978,804 (31/3/22 £1,412,091).

(v). Economic Recovery Reserve - this reserve has been created to assist with the economic recovery of the District post-Covid. The balance at 31/3/23 is £2,250,000 (31/3/22 £2,250,000).

(vi). Covid Recovery Small Settlements Regeneration Reserve - the Department for Communities issued funding towards the Council's Covid Recovery Small Settlements Regeneration Programme in March 2022 and again in March 2023. The balance at 31/3/23 is £3,529,942 (31/3/22 £3,515,000).

(vii). Hardship Funding Reserve - the Department for Communities issued funding to the Council in March 2023 to provide financial support to the most vulnerable in the district. The balance at 31/3/23 is £382,883 (31/3/22 £Nil).

(viii). Future Rate Pressure Reserve - this reserve has been created to alleviate future Rate pressures. The balance at 31/3/23 is £1,426,693 (31/3/22 £Nil).

#### d General Fund

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

General Fund	Notes	31/03/2023	31/03/2022
		£	£
At 1 April		11,150,134	19,228,267
Applied Capital Grants	10, 12	(2,023,255)	(4,237,051)
Unapplied Capital Grants received in year		-	-
Direct Revenue Financing	4, 12	-	-
Depreciation and Impairment adjustment	4	8,116,142	5,572,992
Statutory Provision for financing Capital Investment	4	(4,207,000)	(4,493,000)
Net Revenue expenditure funded from capital under statute	4, 12	1,257,144	3,249,026
Surplus/(Deficit) on the Provision of Services	CIES	(11,080,608)	(1,653,515)
Transfers between Statutory and Other Reserves and the General Fund	4	(805,907)	(15,808,275)
Net movements on Pension Reserve	4, 21	8,543,000	9,542,000
Disposal of Fixed Assets/Capital Sales	3, 4, 11, 23	501,780	(141,792)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	27d	36,833	137,708
Other Movements	27e	(392,091)	(246,226)
At 31 March		11,096,172	11,150,134



## 27 Unusable Reserves

### a Capital Adjustment Account

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

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

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

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

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

Capital Adjustment Account	Notes	31/03/2023	31/03/2022
		£	£
At 1 April		44,288,017	41,797,916
Applied Capital Grants	10, 12	2,023,255	4,237,051
Unapplied Capital Grants transferred to CAA in year		-	-
Direct Revenue Financing	4, 12	-	-
Depreciation & Impairment adjustment	11	(8,116,142)	(5,572,992)
Statutory Provision for financing Capital Investment	4, 12	4,207,000	4,493,000
Net Revenue expenditure funded from Capital under statute	4, 12	(1,257,144)	(3,249,026)
Disposal of Fixed Assets/ Capital Sales	4, 11	(1,458,847)	(635,558)
Capital Receipts used to finance capital expenditure	4, 12	957,067	777,350
Other Movements	27b	2,500,789	2,223,704
Transfers between Reserves and CAA to finance capital expenditure	12	654,796	216,572
<b>At 31 March</b>		<b>43,798,791</b>	<b>44,288,017</b>

### b Revaluation Reserve

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

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

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

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

Revaluation Reserve	Notes	31/03/2023	31/03/2022
		£	£
At 1 April		59,738,922	53,993,812
Revaluation & Impairment	11	10,282,873	7,968,814
Other Movements	27a	(2,500,789)	(2,223,704)
<b>At 31 March</b>		<b>67,521,006</b>	<b>59,738,922</b>

**c Pension Reserve**

Pension Reserve	Notes	31/03/2023	31/03/2022
		£	£
At 1 April		(54,255,000)	(69,362,000)
Net Movements on Pension Reserve	4, 21	(8,543,000)	(9,542,000)
Revaluation & Impairment	21	67,030,000	24,649,000
<b>At 31 March</b>		<b>4,232,000</b>	<b>(54,255,000)</b>

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

**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	31/03/2023	31/03/2022
		£	£
At 1 April		(617,371)	(479,663)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		(36,833)	(137,708)
<b>At 31 March</b>		<b>(654,204)</b>	<b>(617,371)</b>

**e Provisions Discount Rate Reserve**

The Provisions Discount Rate Reserve covers the arrangement, put in place by the Department under its amendment to the 2017/18 accounts direction (see 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 an agreed period.

Provisions Discount Rate Reserve	Notes	31/03/2023	31/03/2022
		£	£
At 1 April		(886,628)	(1,132,854)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		392,091	246,226
Other Movements		-	-
<b>At 31 March</b>		<b>(494,537)</b>	<b>(886,628)</b>

## 28 Significant Trading Operations

The Council considers its only significant trading operation to be the provision of car parking facilities. The results for this are disclosed in Note 2, namely Income of £591,459 and costs of £401,265.

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 £317,671 (2021/22 £356,435). Payments were made to the company of £272,000 (2021/22 £215,000). The company also reimburses the Council's reasonable charges and expenses which amounted to £5,739 (2021/22 £6,067) for the financial year under review. The balance outstanding from the BID company's debtors amounted to £442,560 at 31st March 2023 (31/3/22 £436,734). This resulted in a net amount of debt held by the Council on behalf of the company at 31st March 2023 of £89,489 (31/3/22 £62,270), 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 €861,300 (2021/22 €1,196,635) of grants from SEUPB on behalf of the ten project partners and paid €840,926 (2021/22 €1,196,635) to the project partners. These transactions are not reflected in the Council's Revenue accounts. The balance owing to the other project partners at 31st March 2023 was €20,374 (31/3/22 £Nil).

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 £23m 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). The DCMS funding delivered full fibre to 887 sites across the whole of Northern Ireland, which includes Council buildings, community centres, GP surgeries, ambulance stations and fire stations by December 2021 using the 'Public Sector Anchor Tenancy' approach. Project implementation closed in March 2022 with all funding having been drawn down.

FFNI has been established to manage the delivery of further digital infrastructure initiatives and digital programmes ensuring a vital link for future programmes at local authority level.

In December 2022, the FFNI Steering Group agreed that the consortium should host a new project - the Digital Transformation Flexible Fund (DTFF). This project is currently moving through government departments at OBC level and if successful will secure capital funding for grants to SMEs from the Complementary Fund, DAERA and Derry and Strabane District Council Growth Deal. Similar to the DCMS projects previously delivered, Councils making up the FFNI Consortium will fund the revenue costs to operate the FFNI Programme.

During the financial year the cost to the Council was £65,328 (2021/22 £1.095m) which was fully funded. Creditors of £Nil (31/3/22 £5.5m), Receipts in Advance of £Nil (2021/22 £29k) and Debtors of £Nil (31/3/22 £6.3m) are included in the accounts at 31 March 2023.



## 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 2022/23 is shown in Note 7. During 2022/23, works and services to the value of £598,503 (2021/22 £3,471,519) were commissioned from companies in which individual members and senior officers had an interest. The main recipient within this total was Moume Heritage Trust £408,434 (2021/22 MHT £309,950 and also Arc 21 see below). In addition, a former director of the Council is now Comptroller & Auditor General with NI Audit Office (left Council employment on 31st July 2022), the audit fees are disclosed at Note 5b.

The Council paid grants of £221,636 (2021/22 £64,906) 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 £593,927 (2021/22 £435,041) to other councils of which £52,630 (31/3/22 £130,111) was outstanding as at 31st March 2023.

The Council has recorded income of £687,817 (2021/22 £517,999) from other councils of which £184,726 (31/3/22 £60,307) was outstanding as at 31st March 2023.

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 £156,287 (2021/22 £153,037). The Council paid an additional £2,810,089 (2021/22 £2,848,827) to Arc 21 for various services provided during the year including the use of the Material Recycling Facility and received income of £252,603 (2021/22 £257,540).

## 31 Events after the reporting period

The Statement of Accounts was authorised for issue by the Audit Committee on 21st September 2023. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements have been adjusted in all material respects to reflect the impact of this information.

## 32 Date of authorisation for issue

The Chief Financial Officer authorised these financial statements for issue on 28 September 2023