

# ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022



**David Burns, Chief Executive**

I am pleased to introduce the statement of accounts for the 2021/22 financial year.

It's been a tough few years due to the COVID-19 pandemic but, as I look over the last twelve months in particular, I am proud of how our services continued to deliver for the local community, businesses, visitors and colleagues in challenging times.

We continued to support our communities and businesses through various grants and support programmes to give much needed financial support but also the means to bring our communities together after a prolonged period apart.

I am delighted to see how our Community Investment Programme and our DEA programme are, not only delivering much needed projects on the ground, but also enhancing the capacity of our communities to shape and deliver strategic projects in new and innovative ways.

Our staff also worked tirelessly to promote the Council as a fantastic place to work, live and do business. One particular highlight of the past year was having the letters patent bestowed upon the now Royal Hillsborough putting the village firmly on the global map as a tourist destination.

We also were successful in our Levelling Up Fund application to secure £12.2m towards our exciting Dundonald Ice bowl capital project.

The redevelopment will bring a new Olympic size ice rink, ten pin bowling facility, children's soft play area and a primary healthcare facility to Dundonald.

## Outlook for the future

Looking ahead, there are many challenges to come for us all including rising inflation and the cost of living crisis. It is therefore essential that we are prudent and ensure that the financial position of the Council continues to be managed effectively. We have taken the opportunity to revisit our priorities and publish our new Interim Corporate Plan.

I am confident that through the stewardship of our elected members and staff we will navigate our way through the challenging times ahead and continue to be proud to call Lisburn Castlereagh home.

A handwritten signature in white ink, appearing to read 'David Burns', with a long, sweeping underline.

David Burns  
Chief Executive

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# Narrative Report

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

## Basis of Principle

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 2022 (the Code) and the Department for Communities Accounts Direction, Circular LG 02/22.

This Statement of Accounts explains Lisburn & Castlereagh City Council's finances during the financial year 2021/2022 and its financial position at the end of that year. It follows approved accounting standards and is consequently technical in parts.

The annual accounts for 2021/22 have been prepared on the assumption that the Council will continue in existence for the foreseeable future.

## 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. Lisburn & Castlereagh City Council does not have material interests in such bodies and accordingly is not required to prepare group financial statements.

## The Comprehensive Income and Expenditure Statement

This statement, as set out on page 39, shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

## The Movement in Reserves Statement

This Statement, as set out on page 40, shows the movement in the year on the different reserves held by Lisburn & Castlereagh City 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 Lisburn & Castlereagh City 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. 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 Lisburn & Castlereagh City Council.

## Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to ratepayers how the funding available to the authority (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.

## The Balance Sheet

The Balance Sheet, as set out on page 41, shows the value as at the Balance Sheet date of Lisburn & Castlereagh City Council's assets and liabilities.

The net assets of the Council (assets less liabilities) are matched by the reserves held by the Authority. 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 shows the changes in cash and cash equivalents of Lisburn & Castlereagh City Council during the reporting period. The statement shows how Lisburn & Castlereagh City 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 Lisburn & Castlereagh City Council are funded by way of taxation and grant income or from the recipients of services provided by Lisburn & Castlereagh City Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to Lisburn & Castlereagh City 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.

## Performance

For the year ended 31 March 2022, the Council increased its General Fund reserve by £0.72m to £16.67m. Council's rates budget of £52.12m was supplemented by £1.12m finalisation payment of district rates following the government's non domestic rates holiday allowance. There was a negative finalisation of the de-rating grant to the value of £30.6k. The total net cost of services reported in the Comprehensive Income and Expenditure Statement is £56.9m.

During the financial year, the Council received funding from Central Government and other bodies funding relating to the impacts of Covid-19.

| <b>Covid-19 Support</b>             | <b>2021/2022</b>  |
|-------------------------------------|-------------------|
| <b>DfC – loss of income funding</b> | <b>£1,832,861</b> |
| <b>DAERA – Waste Funding</b>        | <b>£ 51,672</b>   |
| <b>HMRC – Furlough</b>              | <b>£ 50,109</b>   |
| <b>DfC – Social Supermarket</b>     | <b>£ 47,343</b>   |
| <b>DfC – Community Support</b>      | <b>£ 217,490</b>  |
| <b>Total</b>                        | <b>£2,199,475</b> |

As at 31st March 2022, the following balances are earmarked within the general fund.

| <b>Funding Stream</b>                                   | <b>Balance</b>    |
|---|-------------------|
| <b>DfC – loss of income funding</b>                     | <b>£1,832,861</b> |
| <b>DfC – Community Support (including food support)</b> | <b>£ 25,004</b>   |
| <b>DfC – Recovery Revitalisation</b>                    | <b>£ 132,431</b>  |

The Council took measures to consider medium and longer term financial matters. This included the creation of specific reserves and transfers to existing reserves to both provide additional financial resilience for the Council and to enable the Council to support recovery within our businesses and communities.

#### Creation of new reserves:

**Waste reserve:** - This reserve (£220k) has been set up to provide some mitigation against waste cost pressures in future financial years.

**Regeneration and Economy Reserve:** - This reserve (£440k) is aimed at supporting the local economy and businesses.

#### Transfer to existing reserves:

**DEA Reserve (£660k):** - This reserve is aimed at providing direct support for business and communities.

**Community Investment Fund (£250k)** - This reserve is aimed at supporting local community groups with the development of capital projects with the Council area. A minimum of 50% match funding is required from the applicant organisation.

**Capital Fund (£880k)** - to provide additional resilience for the delivery of the Five year capital programme.

The following table explains the actual performance of the net cost of services for the year to 31st March 2022, which impact the general fund.

| Directorate                    | Net cost of Services |
|--------------------------------|----------------------|
| Finance and Corporate Services | £ 6,155,474          |
| Leisure & Community Wellbeing  | £13,417,137          |
| Environmental Services         | £17,775,147          |
| Service Transformation         | £ 8,395,956          |
| Governance                     | (£1,389,159)         |
| <b>TOTAL</b>                   | <b>£44,354,555</b>   |

# Financial overview – other key disclosures

## Capital Expenditure

The Council continued with its 5 year approved capital programme with practical completion on several playgrounds, refurbishment of the Central Services depot, Navigation House, Blaris car park and Hillsborough Forest play and digital sculpture trail.

The Council was successful in attaining £12.2m funding to assist with the redevelopment of Dundonald International Ice Bowl enabling this project to progress to tender stage.

## Pension Liability

The Council's outstanding liability relating to its share of the Northern Ireland Local Government Officers Superannuation Scheme amounts to £46.82m. In addition the Council makes contributions to the Northern Ireland Civil Service Pension Scheme in respect of officers who transferred to Local Government at 1 April 2015.

Further information on the pension liability can be found within note 21. There were no material or unusual charges to the accounts, other than that reported in the notes to the accounts.

## Change to Statutory Functions

There were no changes to statutory functions during 2021/22.

## Borrowing

At 31 March 2022, Lisburn & Castlereagh City Council had outstanding borrowing of £22.39m. In the current year it has been able finance capital spending from its own resources or external

contributions and, in the light of the Council's overall financial position, no borrowing was required in 2021/22. This position is reviewed on a regular basis in the context of the Council's Treasury Management Strategy.

## Provisions & Contingencies

The provisions include amounts for landfill costs and insurance costs. The main movement in the provision relates to landfill which decreased by £344k. This provision is to allow future work required at the Landfill Sites acquired from both the former Lisburn City and Castlereagh Borough Councils and is to ensure that they comply with NIEA regulations, and also to changes in the discount rate based on National Loans Fund borrowing. Note 19 gives further detail on this requirement.

In addition, the Council continues to disclose a potential liability which may arise as a result of the procurement of the Residual Waste Treatment Project.

## Organisational Overview

The Council issued a new Interim Corporate Plan 2021-2024 which compliments the Community Plan and other strategic documents. Details of these can be accessed via the Council's website ([www.lisburncastlereagh.gov.uk](http://www.lisburncastlereagh.gov.uk)).

The Council has a governance framework which provides a structure for how the Council operates and is governed; details of which are included in the Governance Statement at pages 17 to 24.

## Strategy and Resource Allocation

The Council operates an effective budgetary control system that involves the issuing of monthly reports to each Director showing expenditure against budget and the holding of monthly budget meetings between the relevant Department and Finance staff. In addition the monthly financial expenditure was reported to the Corporate Services Committee during the year to ensure that members were provided with an up to date position on

corporate finances and challenges associated with the ongoing running and servicing of Council needs.

As part of the Council's Medium Term Financial Strategy, a Treasury Management Strategy is published every year and this fulfils the Council's legal obligation under the Local Government Finance Act (Northern Ireland) 2011 to have regard to both the CIPFA Code and the DfC Guidance. The Council has engaged professional advisers to assist with this process.

The Council has borrowed in the past and has invested substantial sums of money so is, therefore, exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risks are, therefore, central to the Council's Treasury Management Strategy. The Council's overall borrowing facilities have not changed since last year with the decrease in the amount owed being due to the bi-yearly principal repayments. At 31 March 2022, the Council held £22.26 million of loans, a decrease of £1.81 million on the previous year, as part of its strategy for funding previous years' capital programme.

The Council continues to adopt the Prudential Code to ensure that the Capital Investment Plan is affordable, prudent and sustainable and monitors prudential indicators, including capital expenditure, affordability, financial prudence, treasury and external debt and treasury management.

## Risks

The Council's risk management framework enables ongoing monitoring for risk, which may threaten the quality and availability of service provision. This has been particularly challenging in-year given the continued impact of Covid for the majority of the financial year.

The Council continue to monitor the significant risks, which include but are not limited to, cyber and security, landfill disposal, data sharing and financial sustainability particularly given the cost of living crisis and other global factors.

# OPERATIONAL PERFORMANCE

## THE YEAR IN HIGHLIGHTS

# OPERATIONAL PERFORMANCE

THE YEAR IN HIGHLIGHTS

Awarded **£823k** grant support to **243** community groups and partners for much needed support post Covid

Helped our communities keep their areas nice through the distribution of **25K** plants, **5** polytunnels and **13** Keep Northern Ireland Beautiful projects.

**200** exercise referral clients completed the 12 week Healthwise and Cardiac Rehab programmes

Over **1,150** enrolled in Summer Schemes and Sports Programmes and

**29** participants taking part in the Disability Hub Inclusive Cycle Programme.

Welcomed

**986,198** visitors through our leisure facilities.

**19K** through our community centres.

**24K** through the Irish Linen Centre & Museum.



Welcomed **1,290** new golf members (increase of **20%** on prior year)

Retention of **Customer Service Excellence Accreditation for Sports Services**

# OPERATIONAL PERFORMANCE

THE YEAR IN HIGHLIGHTS

Strengthened our Vitality wellbeing offering to our

# 11,910

members through an increased activity programme with new classes across our sites including women only classes, more children's classes and more family sessions.

Delivered **37** CSAW projects to **920** vulnerable, socially isolated and 'hard to reach' members of our community.



Awards include  
**Ulster in Bloom**  
for Moira Village and  
**7 Green Flags**

Positive contribution to our carbon agenda through commitment to plant **190K** trees over the next three years supported by a **£300k** grant from Woodland Trust.

# OPERATIONAL PERFORMANCE

THE YEAR IN HIGHLIGHTS

Collected

# 62,616

domestic household  
bins regularly which  
equates to 99.99%  
success rate

Completed Building  
Control services  
for over

# 870

new homes in  
our area



Successfully undertook **10,543**  
building control site inspections and issued

Completion Certificates for **2,776**  
applications for building works

Issued **12,804**  
dog licences with over

**9,347** of these  
processed online

# OPERATIONAL PERFORMANCE

THE YEAR IN HIGHLIGHTS



Undertook  
**11,604**  
free bulky  
waste  
collections

Responded to  
**665**  
noise  
complaints

Attained Planning  
Permission for  
**145** additional  
burial plots with  
further work  
underway in relation  
to an additional 480  
plots

Undertook  
**313**  
inspections of  
food premises

Cleaned up **819**  
litter and illegal  
dumping incidents,  
averaging **15**  
incidents requests  
per week

Responded to  
**221** stray  
dog requests and  
returned **59** to  
their owners.

Concluded **84%**  
of Planning  
Enforcement cases  
within **39** weeks  
against a statutory  
target of **70%**

Made **336**  
referrals through the  
Affordable Warmth  
Scheme to support to  
some of our most  
vulnerable citizens

# OPERATIONAL PERFORMANCE

THE YEAR IN HIGHLIGHTS

Secured

## £12.2m

Levelling Up  
funding towards  
the new Dundonald  
Icebowl project

Secured

## £2.1m

DfC/DfI/DAERA  
funding for the  
NI Small  
Settlement  
Schemes



Refurbished **5**  
playgrounds as part of  
our Capital Programme  
along with other key  
projects including  
Navigation House,  
Hillsborough Forest Park  
and Digital Play Sculpture  
Trail and Blaris Car Park.

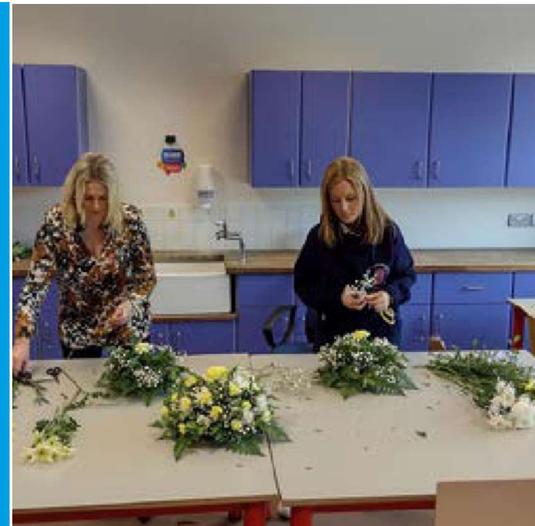
**£70k** secured  
to promote new  
employment  
interventions in  
our area through  
Labour Market  
Partnership

**32** micro  
businesses supported  
through TRPSI  
funding to the  
value of **£100K**

# OPERATIONAL PERFORMANCE

THE YEAR IN HIGHLIGHTS

Closed out NI Rural Development five year Programme to the value of £3.27m resulting in the creation of 84 jobs and helping 13 rural businesses now exporting from NI



**£70K**  
spent on  
animation  
programmes  
for our city  
centre

**129** new  
jobs linked to  
business start  
activity and new  
investment



Leased **80%**  
of Bradford  
Court attracting  
approximately  
**£155K**  
rental income

Installed  
Full Fibre Network  
in **36** sites  
across the  
Council region at  
a value of  
**£334,746**



# OPERATIONAL PERFORMANCE

THE YEAR IN HIGHLIGHTS

Agreed **8** major  
planning applications

Processed **885**  
local planning  
applications

Secured

**£1.18m**

covid recovery funding  
to support local  
businesses post covid



Attracted approximately **16,500**  
visitors at our Farmers and Christmas  
markets with opportunities to promote  
local produce

# OPERATIONAL PERFORMANCE

THE YEAR IN HIGHLIGHTS



Delivered Moira  
Speciality Food  
Fair with  
**9,500**  
visitors

**£260K**  
investment in  
delivery of  
Christmas Light  
Festival  
installation



Delivery of city  
centre heritage  
shop front scheme  
supporting **15**  
businesses to  
the value of **£90K**

# OPERATIONAL PERFORMANCE

THE YEAR IN HIGHLIGHTS



Supported the economy via generating payments in excess of

# £46m

to businesses for services and supplies

Delivered

# 40

wellbeing initiatives for our

# 772

members and staff

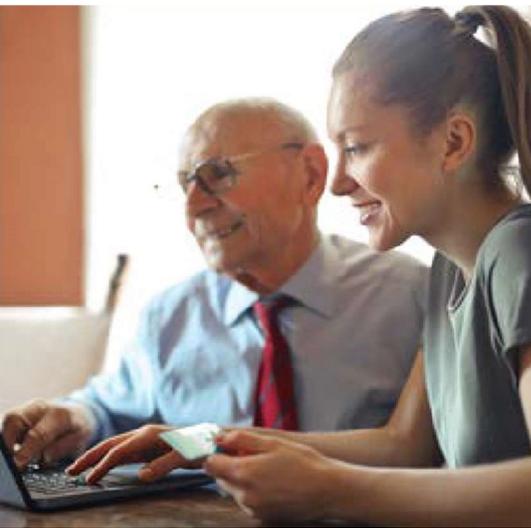
Issued

# 50,340

lateral flow kits

# OPERATIONAL PERFORMANCE

THE YEAR IN HIGHLIGHTS



Achieved 'Royal' status for **Royal Hillsborough**, putting this area firmly on the map as a tourism destination with a schedule of events to promote the area planned.

Delivered **£1m** of projects through our DEA programme

Held **70** ceremonies enabling **741** to take up their citizenship

Assisted **97** Neighbourhood Watch schemes to safeguard **8500** homes across the Lisburn & Castlereagh City Council area

Achieved **137.7k** engagements through corporate social media platforms resulting in **3.9m** impressions

# 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. The Director of Finance and Corporate Services has been designated as 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 Governance & Audit committee on 22 September 2022.

## 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.

DRAFT

# GOVERNANCE STATEMENT

# Annual Governance Statement for 2021/22

The Council's Annual Governance Statement (AGS) follows the guidance issued by the Department for Communities (DfC) accounts directions and where applicable, the factsheet on governance statements issued by the Northern Ireland Audit Office (NIAO) in 2013 and includes the following sections:

## 1. Scope of responsibility:

Lisburn and Castlereagh City 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, used economically, efficiently and effectively. Under Part 12 of the Local Government Act (Northern Ireland) 2014 the Council also has a duty to make arrangements for continuous improvement in the way in which its functions are exercised whilst having regard to a combination of the following;

- strategic effectiveness
- service quality
- service availability
- fairness
- sustainability
- efficiency and innovation

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

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

relation to the publication of an annual governance statement.

## 2. The Purpose of the Governance Framework:

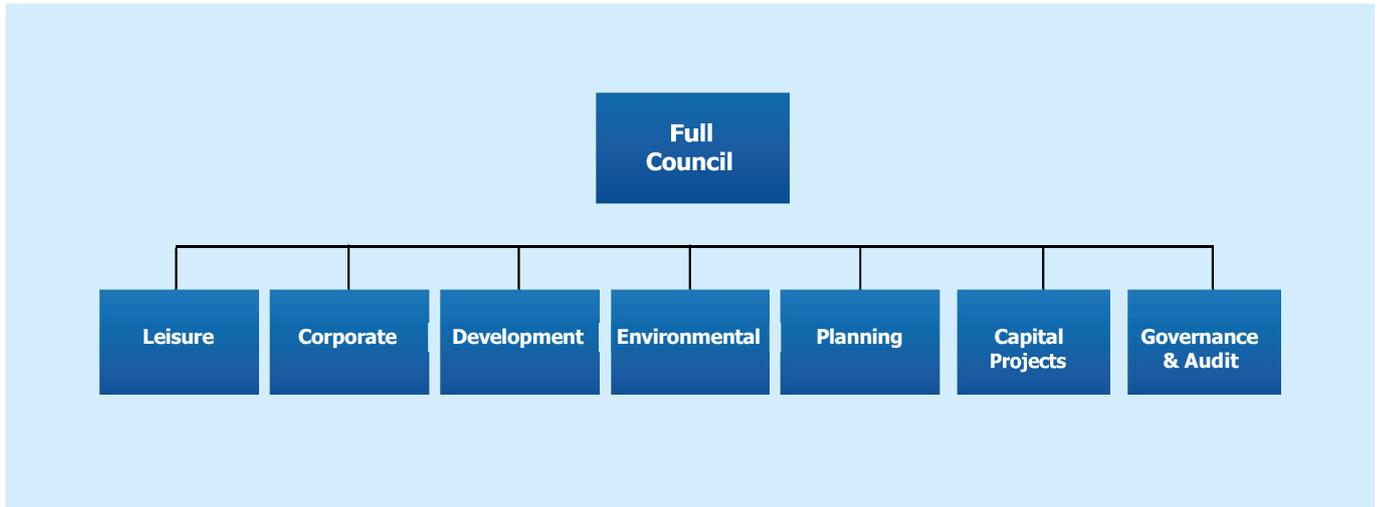
The governance framework comprises the systems and processes, culture and values, by which the Council is directed and controlled. Our governance framework overarches our activities through which we account to, engage with and help to lead our community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money over the time period specified.

Our system of internal control is a significant part of that framework and is designed to manage and control risk at 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 a continuous process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, as well as to manage them efficiently, effectively and economically.

The Council's governance framework continues to be in place at Lisburn and Castlereagh City Council for the Year Ended 31st March 2022 and up to the date of approval of the Annual Governance Statement (AGS) and Statement of Accounts.

### 3. The Governance Framework:

The **key elements** of the systems and processes that comprise the Council’s governance arrangements are outlined below. Council have approved a committee structure which governs through a full council & Committee model as set out below:-



During 2021/22 COVID emergency governance arrangements remained in place with delegated authority granted to the Chief Executive and Directors in consultation with Chairmen and Vice Chairmen or the Mayor. This was later refined as matters relating specifically to COVID–19. There was weekly reporting on all decisions made and reports through to Council. New arrangements were also put in place to ensure Council and Committee business continued with meetings being held virtually, thus allowing for full engagement by those who wish, or who are required to engage committees.

The Council continually strives to improve its governance arrangements. A selection of highlights have been included to demonstrate the issues considered and actions taken during 2021/22.

| Key Elements   | Demonstrated by  |
|--|--|
| <p>Focus on purpose and intended outcomes for citizens and service users</p> | <ul style="list-style-type: none"> <li>• Corporate Plan</li> <li>• Community Planning was re-launched in 2018 with a Community Action plan that sets out aims and goals up to 2024</li> <li>• Local Development Plan – Setting the development strategy until 2032</li> <li>• Corporate complaints, comments and compliments procedure</li> <li>• Performance Improvement Plan and Programme - including an innovative new Performance Dashboard</li> <li>• Annual Financial Report</li> <li>• Continuing Efficiency Programme and value for money work via Working Group.</li> <li>• Procurement policies, procedures and processes – managed by the Strategic Procurement Group</li> </ul> |

|                                     |   |
|-------------------------------------|---|
| Highlights in Year                  | <ul style="list-style-type: none"> <li>• Continued delivery of all Council essential and critical services, supporting our community, residents and businesses as we work together to recover from the pandemic</li> <li>• Launch of the new Interim Corporate Plan 2021 -24 setting out the Council's renewed focus and ambition post COVID with partnership and community at the heart of our decision making</li> <li>• A new Council complaints, comments and compliments procedure was implemented in year. The new procedure is a simplified process aimed at making it easier for customers and users to provide feedback. The process is a two-step (historically three step) model with target timescales for responding.</li> <li>• Consultations on a range of policy matters through various means including on line, focus groups and interviews providing a variety of ways for citizens, service users, partners and stakeholders to help shape and input to corporate policies as they are developed</li> <li>• Suite of KPI's across the Council covering strategic, operational and statutory requirements. All KPIs included in the Performance Management System were streamlined and categorised into Performance KPIs for measuring performance against the PIP, Service KPIs for measuring performance at service level and Management Information KPIs for internal monitoring</li> </ul> |
| Working Together                    | <ul style="list-style-type: none"> <li>• Our Corporate Values and Corporate Plan</li> <li>• Council Performance Improvement Plan</li> <li>• Council Constitution and Standing Orders</li> <li>• Scheme of Delegation</li> <li>• Financial Regulations</li> <li>• Political governance arrangements</li> <li>• Committee Reporting System</li> </ul>   |
| Highlights in Year                  | <ul style="list-style-type: none"> <li>• Working in tandem with local communities and strategic partners to deliver support across our DEA's through various grant programmes working in collaboration with communities throughout the year</li> <li>• Working in partnership with other parts of government on strategic issues such as fuel poverty and well-being, through initiatives such as the Affordable Warmth programme or GP referral programme, through to provision of lateral flow testing kits for our citizens</li> <li>• Consultations on a range of policy matters through various means including on line, focus groups, interviews providing opportunities for citizens, service users, partners and stakeholders to help shape and input on corporate policies</li> <li>• Setting and reporting on the Council Performance Improvement Plan which is focused on customer engagement</li> </ul>   |
| Promoting Values of Good Governance | <ul style="list-style-type: none"> <li>• Our Corporate Values</li> <li>• Council Performance Improvement Plan</li> <li>• Standing Orders</li> <li>• Financial Regulations</li> <li>• Good Relations Plan</li> <li>• Equality Scheme</li> <li>• Mandatory Codes of conduct for Members and staff</li> <li>• Suite of policies including Fraud &amp; Corruption Policy, Whistle Blowing Policy, register of interests</li> </ul>  |

|  |  |
|--|--|
| Highlights in Year                                       | <ul style="list-style-type: none"> <li>• Review of specific Corporate policies in year to ensure the Council adopts best practice in all areas</li> <li>• Working with third parties e.g. NFI reporting – Final report issued to March 2022 Governance &amp; Audit Committee</li> <li>• Sharing learning on governance matters and best practice developments through member and officer training</li> </ul>   |
| Taking informed, transparent decisions and managing risk | <ul style="list-style-type: none"> <li>• Community Planning</li> <li>• Local Development Plan</li> <li>• Council Constitution, Standing Orders and Scheme of Delegation</li> <li>• Accounting Manual</li> <li>• Committee Reporting Protocols</li> <li>• Performance Management System</li> <li>• Internal Audit Service</li> <li>• Corporate and Departmental Risk Management Framework</li> </ul>  |
| Highlights in Year                                       | <ul style="list-style-type: none"> <li>• Access to Council and Committee via public platforms to ensure continued access and promote transparency and public engagement</li> <li>• Review and refresh of template used for Committee reporting to enhance transparency</li> <li>• Reporting on a suite of performance measures including statutory and operational metrics covering all aspects of Council performance</li> <li>• Ongoing work in year to reflect the governance arrangements to review aspects of the Accounting Manual and Standing Orders</li> <li>• Assurance Statements (Directors and Heads of Service) Heads of Service &amp; Directors) for the year to 31st March 2022 – completed on a 6 monthly basis.</li> <li>• Use of new technology to enhance risk reporting across the Council</li> </ul> |
| Developing capacity and capability                       | <ul style="list-style-type: none"> <li>• Staff and Member Training and Development</li> <li>• Awards and Accolades eg Investors in People/ Customer Excellence</li> <li>• Performance Management</li> <li>• Recruitment and Induction Procedures</li> <li>• Competency Framework Training</li> </ul>   |
| Highlights in Year                                       | <ul style="list-style-type: none"> <li>• Training plans for staff and members with reporting against training outcomes throughout the year. Training included role specific training through to awareness sessions on matters such as cyber security through to governance best practice sessions.</li> <li>• Streamlining Procurement processes and engagement of Consultant to assist with reducing cumbersome nature of processes</li> <li>• Continued focus on health and safety to ensure staff and the public safety</li> <li>• Corporate resilience enhanced through redeployment into areas of need during COVID</li> </ul>  |
| Community Engagement and Better Accountability           | <ul style="list-style-type: none"> <li>• Community Planning Consultation</li> <li>• Communication of Corporate Plan</li> <li>• Council Performance Improvement Plan</li> <li>• Use of Council Social Media – Twitter and Facebook</li> <li>• Corporate complaints, comments and compliments</li> <li>• Trade Union engagement</li> </ul>   |
| Highlights in Year                                       | <ul style="list-style-type: none"> <li>• Council Performance Improvement Plan contained Performance improvement objectives on Community Engagement in 2021/22</li> <li>• Finalisation of Older People's Survey</li> </ul>  |

## 4. Review of Effectiveness of Governance, Risk and Control framework:

The Council is responsible for the stewardship of public money and must therefore demonstrate that it has adequate and effective systems of risk management, governance and control in place. The Council also has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

This review is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment.

The following reports provide information in support of the Governance Framework:

- Directors - Statements of Assurance
- Head of Service - Statements of Assurance
- Performance Improvement Report
- Operational Performance
- Health & Safety Reports
- Finance & Budget Reports
- Internal Audit Reports
- Risk Management Reports

Each Director completes their own Assurance Statement every six months (which includes information assurance) and this forms a key part of the corporate governance arrangements for the Council.

### 4.1 Annual Internal Audit Opinion:

The review of the effectiveness of the Governance Framework is also informed by the Annual Internal Audit Report for the Year Ended 31st March 2022.

#### Internal Audit Manager Opinion

This Service is satisfied that sufficient internal audit work has been undertaken to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control. In giving this opinion, it should be noted that assurance can never be absolute.

The most that the internal audit service can provide is reasonable assurance that there are no major

weaknesses in the system of internal control. The opinion is based on:

- All audits undertaken during the year;
- Results of follow up work undertaken in relation to internal audit recommendations;
- The effects of any significant changes in the organisation's objectives or systems;
- Any limitations which may have been placed on the scope or resources of internal audit;
- What proportion of the organisation's audit needs have been covered to date;
- Results of other sources of assurance work such as the NIAO Report to Those Charged with Governance.

The Internal Audit Manager is of the opinion that based on the work completed during the period from 1st April 2021 to 31 March 2022, 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, with the exception of IT security which remains a high risk for all organisations.

#### Other Internal Audit work: National Fraud Initiative (NFI) – Data Matching Exercise:

The Council continues to conform to the requirements of the Northern Ireland Audit Office NFI exercise. This matches electronic data within and between public and private sector bodies to prevent and detect fraud. Data matching compares sets of data, such as payroll, pensions and trade creditors' records of a body against other records held by the same or another body.

The latest batches of data matches were released by the NIAO February 2021 and work relating to the review and investigation of high risk matches was carried out during the year and the results of this exercise were reported to Governance and Audit Committee on the 10th March 2022. During the investigation of matches, a weakness in the approval of a small number of purchase orders was identified. These dated back to 2017 and pre-dated subsequent enhancements made to payment controls made by our Finance team.

## 5. Significant Governance issues

In this section we have provided a status update on matters included in the Annual Governance Statement 2020/2021 together with the identification of any new governance issues for 2021/2022

### 5.1 Significant Governance issues with update on issues brought forward from 2020/2021 to 2021/2022:

| <b>2020/21</b>   | <b>2021/22</b>   |
|--|--|
| <p><b>Judicial Review &amp; Legal Challenges.</b></p> <p>There were ongoing Judicial Reviews lodged against decisions made by the Planning Committee.</p> <p>Funding was earmarked to meet the likely legal costs incurred from these cases.</p>   | <p><b>Current Status</b></p> <p>Judicial Review and legal challenge risk are kept under continuous review. There are regular updates to the corporate management team and members together with identification of mitigations and assessment of financial implications.</p> <p>Matter remains open</p>   |
| <p><b>COVID19 – National Emergency and Public Health Restrictions:</b></p> <p>In March 2020 a new significant governance issue relating to COVID 19 pandemic was apparent and CMT took steps to mitigate the impacts on our operational business and the financial outturns.</p> <p>Whilst the pandemic occurred in March 2020, it significantly impacted on all areas of the Council business during 2020/21. The Council is currently working through the full impacts of the pandemic both in terms in operational business and financial impacts through the development of recovery plans.</p> <p>Matter remained open.</p> | <p><b>Current Status</b></p> <p>As there still remained a significant degree of uncertainty. Restrictions remained in place during the year that affected the delivery of some Council services and impacted the financial outturn.</p> <p>The pandemic restrictions have been on the whole lifted and the Council is getting back to normal service provision. Recovery plans continue to be implemented across the Council and for the short term the matter remains open.</p> |

## 5.1 Significant Governance Issues for 2021/2022:

In addition to the matters which remain open from 2020/2021 we identified the following significant governance issues:

- The Russian invasion of Ukraine, which began on 24 February 2022 has resulted in significant supply issues and the rise on energy and material costs. The supply and cost issues could have a major impact on Council finances and are monitored through the management accounting process.
- Waste/landfill disposal remains a high risk across councils and this is reflected within the corporate risk register, which is subject to regular review.
- Cyber security threats remain high risk across all organisations. Central and local government bodies' systems can be an attractive target for malicious actors, and they can also be susceptible to disruption through single points of failure. The size, frequency and impact of network and information system security incidents is increasing. The Council is working to ensure that mitigations are in place should such an attempt take place and business continuity plans are kept under review.
- GDPR/Data sharing – The Council continues to provide training and raise general awareness.

## 5.2 Effectiveness of System of Internal Control:

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the

development and maintenance of the governance environment, the Head of Internal Audit's Annual Report and also by comments made by the external auditors.

The Governance roles and responsibilities of the Council's Committee structure, Council's Corporate Management Team, the Governance & Audit Committee and Internal Audit are described within this Statement.

The Council's System of Internal Control (Governance Framework) is underpinned by compliance with governing legislative and regulatory requirements, commitment from the Corporate Leadership Team, the Corporate plan, the Council's financial procedures, oversight functions including a Governance & Audit Committee, regular and timely management information, administrative procedures, whistle blowing procedures, management supervision, delegation and accountability and a commitment to staff development and performance management.

The Council has conducted a Review of the Effectiveness of the system of internal control in place within the Council in 2021/2022, in accordance with Regulation 4(2) of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015.

The results of this review, along with the Internal Audit Annual Report were reported to the Audit Committee in June 2022 to assess the effectiveness of the system of internal control and the consideration of the draft Annual Governance Statement and the draft Statement of Accounts.

From the work undertaken by management, the Governance & Audit Committee and Internal Audit throughout the year, it is considered that key systems are operating soundly.

Signed



Date:

22/9/22

Chairman of Governance & Audit Committee

Signed



Date:

22/9/22

Chief Executive

# Remuneration Report

## 1. 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.

## 2. 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) 2019, which came into operation on 1 October 2019. Guidance and determinations on Councillors' Allowances applicable from 1 April 2021 were issued by the Department for Communities on 8 March 2021 (Circular LG 07/2021). 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. Lisburn & Castlereagh City Council had 40 councillors in 2021/22.

### **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 Corporate 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 – Governance and Audit Committee**

Mr Edgar Jardine is an independent Member of the Governance and Audit Committee. This role is to help promote the highest standards in the financial management of the Council and thereby ensure the accountability of public funds. A payment of £250 is paid per meeting along with reasonable travelling expenses.

### 3. 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) 2019 was:

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

| Allowance  | 2021/2022          |   | 2020/2021          |   |
|--|--------------------|---|--------------------|---|
|  | Total Allowances £ | Number of Councillors receiving Allowance | Total Allowances £ | Number of Councillors receiving Allowance |
| Basic Allowance  | 630,280            | 40  | 619,440            | 40  |
| Special Responsibility Allowance                         | 76,671             | 27  | 76,335             | 25  |
| Chairperson/ Mayor Allowance                             | 26,982             | 2   | 26,982             | 2   |
| Vice Chairperson/ Deputy Mayor Allowance                 | 8,636              | 2   | 8,636              | 2   |
| Mileage Allowance  | 7,977              | 19  | 3,094              | 21  |
| Public Transport and Other Travel Incidentals            | -                  | -   | -                  | -   |
| Subsistence  | -                  | -   | -                  | -   |
| Courses/Conferences Visits (registration & Joining Fees) | -                  | -   | -                  | -   |
| Dependants' Carers Allowance                             | 49                 | 1   | 26                 | 1   |
| <b>TOTAL ALLOWANCES</b>                                  | <b>750,595</b>     |   | <b>734,513</b>     |   |

Details of the allowances paid to individual councillors in 2021/2022 are published on the council website.

## 4. Remuneration of Senior Employees

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

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

| Officers   | 2021/2022  |                      |  |             | 2020/2021  |                      |  |                  |
|--|--|----------------------|--|-------------|--|----------------------|--|------------------|
|  | Salary (Full year equivalent in brackets where applicable) £'000 | Bonus Payments £'000 | Benefits in kind (to nearest £100) £'000 | Total £'000 | Salary (Full year equivalent in brackets where applicable) £'000 | Bonus Payments £'000 | Benefits in kind (to nearest £100) £'000 | Total £'000      |
| D Burns<br>Chief Executive   | 116 - 120  |                      |  | 116 - 120   | 106 – 110  |                      |  | 106 – 110        |
| H Moore<br>Director of<br>Environmental<br>Services                      | 86-90  |                      |  | 86-90       | 91-95  |                      |  | 91-95            |
| J D Rose<br>Director of<br>Leisure &<br>Community<br>Wellbeing*          | -  |                      |  | -           | 61-65<br>(91-95)   |                      |  | 61-65<br>(91-95) |
| S Clarke<br>Director of<br>Service<br>Support**                          | -  |                      |  | -           | 41-45<br>(86-90)   |                      |  | 41-45<br>(86-90) |
| D Rogan<br>Director<br>of Service<br>Transformation                      | 86-90  |                      |  | 86-90       | 91-95  |                      |  | 91-95            |
| L Moore<br>Director of<br>Leisure &<br>Community<br>Wellbeing.<br>***    | 86-90  |                      |  | 86-90       | 70-75<br>(80-85)   |                      |  | 70-75<br>(80-85) |
| C McCrory<br>Director of<br>Finance and<br>Corporate<br>Services<br>**** | 86-90  |                      |  | 86-90       | 75-79<br>(80-85)   |                      |  | 75-79<br>(80-85) |

\* J D Rose left 30 November 2020

\*\* S Clarke left 7 July 2020

\*\*\* L Moore commenced acting on 1st December 2020

\*\*\*\* C McCrory commenced acting on 1st July 2020

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

The banded remuneration of the highest paid member of the Corporate Management Team in the financial year 2021/2022 was £116k - £120k (2020/2021 £106k - £110k). This was 4.79 times (2020/2021 4.47 times) the median remuneration of the workforce, which was £24,240 (2020/2021 £24,415).

**Table 3: Relationship between the remuneration of the highest paid member of the Corporate Management Team and the median remuneration of the Council’s workforce [audited information]**

|  | <b>2021/2022<br/>£'000</b> | <b>2020/2021<br/>£'000</b> |
|--|----------------------------|----------------------------|
| Salary Band of Highest Paid member of the Executive Management Team/Senior Management Team | 116 - 120                  | 106 - 110                  |
| Median Total Remuneration  | 24,240                     | 24,415                     |
| Ratio  | 4.79                       | 4.47                       |

In 2021/2022, no employee received remuneration in excess of the highest paid member of the Executive Management Team/Senior Management Team.

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

### **Salary**

“Salary” includes gross salary, overtime, and any gratia payments.

### **Bonus Payments**

Bonus payments are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. There were no bonuses paid in 2021/22.

### **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.

## 5. 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)**

|                             | 2021/2022                        |                                   |   |   | 2020/2021                        |                                   |   |   |
|-----------------------------|----------------------------------|-----------------------------------|---|---|----------------------------------|-----------------------------------|---|---|
| Severance Package Cost Band | Number of Voluntary Redundancies | Number of Compulsory Redundancies | Total Number of Exit Packages in each Cost Band | Total Cost of Packages in each Cost Band<br>£'000 | Number of Voluntary Redundancies | Number of Compulsory Redundancies | Total Number of Exit Packages in each Cost Band | Total Cost of Packages in each Cost Band<br>£'000 |
| £0 - £20,000                |                                  |                                   |   |   |                                  |                                   |   |   |
| £20,001- £40,000            |                                  |                                   |   |   |                                  |                                   |   |   |
| £40,001 £60,000             |                                  |                                   |   |   | 1                                |                                   | 1   | 44  |
| £60,001- £80,000            |                                  |                                   |   |   | 2                                | 1                                 | 3   | 203   |
| £80,001- £100,000           |                                  |                                   |   |   |                                  |                                   |   |   |
| £100,001 - £150,000         |                                  |                                   |   |   |                                  |                                   |   |   |
| Total                       |                                  |                                   |   |   | 3                                | 1                                 | 4   | 247   |

## 6. 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. Council 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 2021, were as follows:

**Table 5: Employee Contribution Rates**

| Band | Range             | Employee Contribution Rate |
|------|-------------------|----------------------------|
| 1    | £0 - £15,000      | 5.5%                       |
| 2    | £15,001 - £23,000 | 5.8%                       |
| 3    | £23,001 - £38,400 | 6.5%                       |
| 4    | £38,401 - £46,600 | 6.8%                       |
| 5    | £46,601 - £92,300 | 8.5%                       |
| 6    | More than £92,300 | 10.5%                      |

Employers' contribution rates are determined by the fund's actuary every three years at the triennial valuation. A formal triennial actuarial valuation of the Fund as at 31 March 2019 was carried out in 2019/20 and set the employer contribution rates for the 3 years commencing 1 April 2020 as follows:

**Table 6: Employer Contribution Rates**

| Year                         | Employer Contribution Rate |
|------------------------------|----------------------------|
| 1 April 2020 – 31 March 2021 | 19.5%                      |
| 1 April 2021 – 31 March 2022 | 19.5%                      |
| 1 April 2022 – 31 March 2023 | 19.5%                      |

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 2021/22 was £139,570.

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 2021/22 (audited information)**

| <b>2021/2022</b>  |   |   |                                  |                                  |  |
|---|---|---|----------------------------------|----------------------------------|--|
| <b>Officers</b>   | <b>Accrued Pension at pension age as at 31/3/22<br/>£'000</b> | <b>Real increase in pension and related lump sum at pension age<br/>£'000</b> | <b>CETV at 31/3/22<br/>£'000</b> | <b>CETV at 31/3/21<br/>£'000</b> | <b>Real increase in CETV<br/>£'000</b> |
| D Burns<br>Chief Executive                              | 8<br>- (LS)   | 2<br>- (LS)   | 84                               | 57                               | 13                                     |
| H Moore<br>Director of Environmental Services           | 44<br>66 (LS)   | 1<br>-1 (LS)  | 796                              | 686                              | 81                                     |
| D Rogan<br>Director of Service Transformation           | 38<br>52 (LS)   | 1<br>-1 (LS)  | 690                              | 641                              | 21                                     |
| L Moore<br>Director of Leisure & Community Wellbeing    | 20<br>9 (LS)  | 5<br>3 (LS)   | 249                              | 179                              | 57                                     |
| C McCrory<br>Director of Finance and Corporate Services | 43<br>- (LS)  | 1<br>- (LS)   | 497                              | 464                              | 11                                     |

## The Cash Equivalent Transfer Value (CETV)

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

## The real increase in the value of the CETV

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

## Chief Financial Officer September 2022

### Certificate of the Chief Financial Officer

I certify that:

(a) the Statement of Accounts for the year ended 31st March 2022 on pages 38 to 91 have been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 43 to 60.

(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 2022.

Chief Financial Officer .....  ..... Date 22 September 2022.

### Council Approval of Statement of Accounts

These accounts have been approved by resolution of the Governance and Audit Committee on 22 September 2022.

Chairman .....  ..... Date 22 September 2022.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LISBURN & CASTLEREAGH CITY COUNCIL

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LISBURN AND CASTLEREAGH CITY COUNCIL**

### **Opinion on financial statements**

I have audited the financial statements of Lisburn and Castlereagh City Council for the year ended 31 March 2022 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 on 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 2021-22, of the financial position of Lisburn and Castlereagh City Council as at 31 March 2022 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 Lisburn and Castlereagh City 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 Lisburn and Castlereagh City 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 Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

### **Other Information**

The other information comprises the information included in the Statement of Accounts other than the financial statements, the parts of the Remuneration Report described in that report as having been audited,

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

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion, based on the work undertaken in the course of the audit:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Department for Communities' directions made under the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015; and
- the information given in the Statement of Accounts for the financial year ended 31 March 2022 is consistent with the financial statements.

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

In the light of the knowledge and understanding of Lisburn and Castlereagh City 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 2021-22;
    - 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 Lisburn and Castlereagh City 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 the 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 Lisburn and Castlereagh City Council through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included governing legislation and any other relevant laws and regulations identified;
- making enquires of management and those charged with governance on Lisburn and Castlereagh City 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 Lisburn and Castlereagh City Council's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition and 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; and
- 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.

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 Lisburn and Castlereagh City 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 Lisburn and Castlereagh City 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

27th September 2022

# FINANCIAL STATEMENTS

**LISBURN AND CASTLEREAGH CITY COUNCIL**
**Comprehensive Income and Expenditure Statement for the year ended 31 March 2022**

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.

| Service Expenditure   | Notes | 2021/22                |                     |                      | 2020/21                |                     |                      |
|---|-------|------------------------|---------------------|----------------------|------------------------|---------------------|----------------------|
|   |       | Gross Expenditure<br>£ | Gross Income<br>£   | Net Expenditure<br>£ | Gross Expenditure<br>£ | Gross Income<br>£   | Net Expenditure<br>£ |
| Leisure & Community Wellbeing                               | 2     | 26,262,099             | (6,894,030)         | 19,368,069           | 20,329,850             | (2,615,158)         | 17,714,692           |
| Environmental Services                                      | 2     | 24,504,968             | (3,908,479)         | 20,596,489           | 23,492,166             | (3,868,336)         | 19,623,830           |
| Service Transformation                                      | 2     | 14,388,690             | (4,302,268)         | 10,086,422           | 13,019,710             | (4,191,912)         | 8,827,798            |
| Finance & Corporate Services                                | 2     | 9,753,492              | (1,692,227)         | 8,061,265            | 7,833,281              | (661,426)           | 7,171,855            |
| Governance & Audit  | 2     | 1,093,360              | (2,331,877)         | (1,238,517)          | 2,954,988              | (11,258,313)        | (8,303,325)          |
| <b>Cost of Services on Continuing Operations</b>            |       | <b>76,002,609</b>      | <b>(19,128,881)</b> | <b>56,873,728</b>    | <b>67,629,995</b>      | <b>(22,595,145)</b> | <b>45,034,850</b>    |
| Other Operating Expenditure/Income                          | 8     | 80,600                 | (18,030)            | 62,570               | 12,005                 | (13,300)            | (1,295)              |
| Financing and Investment Income and Expenditure             | 9     | 3,425,230              | (46,234)            | 3,378,996            | 2,630,760              | (33,620)            | 2,597,140            |
| <b>Net Operating Expenditure</b>                            |       | <b>79,508,439</b>      | <b>(19,193,145)</b> | <b>60,315,294</b>    | <b>70,272,760</b>      | <b>(22,642,065)</b> | <b>47,630,695</b>    |
| Taxation and Non-Specific Grant Income                      | 10    | -                      | (53,326,076)        | (53,326,076)         | -                      | (52,815,506)        | (52,815,506)         |
| <b>(Surplus)/Deficit on the Provision of Services</b>       |       | <b>79,508,439</b>      | <b>(72,519,221)</b> | <b>6,989,218</b>     | <b>70,272,760</b>      | <b>(75,457,571)</b> | <b>(5,184,811)</b>   |
| (Surplus)/Deficit on revaluation of non-current assets      | 11    |                        |                     | (4,804,056)          |                        |                     | (455,028)            |
| Remeasurements of the Net Defined Benefit Liability (Asset) | 21    |                        |                     | (26,659,000)         |                        |                     | 10,220,000           |
| <b>Other Comprehensive Income and Expenditure</b>           |       |                        |                     | <b>(31,463,056)</b>  |                        |                     | <b>9,764,972</b>     |
| <b>Total Comprehensive Income and Expenditure</b>           |       |                        |                     | <b>(24,473,838)</b>  |                        |                     | <b>4,580,161</b>     |

**LISBURN AND CASTLEREAGH CITY COUNCIL**

**Movement in Reserves Statement for the year ended 31 March 2022**

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<br>Summary | Other Fund<br>Balances and<br>Reserves<br>£ | Capital<br>Receipts<br>Reserve<br>£ | Total Usable<br>Reserves<br>£ | Total Unusable<br>Reserves<br>£ | Total Council<br>Reserves<br>£ |
|--|-------------------------|---|-------------------------------------|-------------------------------|---------------------------------|--------------------------------|
| <b>Balance as at 1 April 2020</b>                                    | <b>10,649,777</b>       | <b>13,297,772</b>                           | <b>1,090,582</b>                    | <b>25,038,131</b>             | <b>54,523,932</b>               | <b>79,562,063</b>              |
| <b>Movement in reserves during the year</b>                          |                         |   |                                     |                               |                                 |                                |
| Surplus/ (Deficit) on the provision of services                      | 5,184,811               | -   | -                                   | 5,184,811                     | -                               | 5,184,811                      |
| Other Comprehensive Income and Expenditure                           | -                       | -   | -                                   | -                             | (9,764,972)                     | (9,764,972)                    |
| <b>Total Comprehensive Income and Expenditure</b>                    | <b>5,184,811</b>        | <b>-</b>                                    | <b>-</b>                            | <b>5,184,811</b>              | <b>(9,764,972)</b>              | <b>(4,580,161)</b>             |
| Adjustments between accounting basis & funding under regulations     | 6,407,244               | (162,600)                                   | -                                   | 6,244,643                     | (6,244,643)                     | -                              |
| <b>Net increase before transfers to Statutory and Other Reserves</b> | <b>11,592,055</b>       | <b>(162,600)</b>                            | <b>-</b>                            | <b>11,429,454</b>             | <b>(16,009,615)</b>             | <b>(4,580,161)</b>             |
| Transfers to / from Statutory and Other Reserves                     | (6,297,291)             | 6,285,624                                   | -                                   | (11,667)                      | 11,667                          | -                              |
| <b>Increase/ Decrease in year</b>                                    | <b>5,294,764</b>        | <b>6,123,024</b>                            | <b>-</b>                            | <b>11,417,787</b>             | <b>(15,997,948)</b>             | <b>(4,580,161)</b>             |
| <b>Balance as at 31 March 2021</b>                                   | <b>15,944,541</b>       | <b>19,420,796</b>                           | <b>1,090,582</b>                    | <b>36,455,919</b>             | <b>38,525,984</b>               | <b>74,981,903</b>              |
| <b>Movement in reserves during the year</b>                          |                         |   |                                     |                               |                                 |                                |
| Surplus/ (Deficit) on the provision of services                      | (6,989,218)             | -   | -                                   | (6,989,218)                   | -                               | (6,989,218)                    |
| Other Comprehensive Income and Expenditure                           | -                       | -   | -                                   | -                             | 31,463,056                      | 31,463,056                     |
| <b>Total Comprehensive Income and Expenditure</b>                    | <b>(6,989,218)</b>      | <b>-</b>                                    | <b>-</b>                            | <b>(6,989,218)</b>            | <b>31,463,056</b>               | <b>24,473,838</b>              |
| Adjustments between accounting basis & funding under regulations     | 10,500,910              | (197,965)                                   | -                                   | 10,302,945                    | (10,302,945)                    | -                              |
| <b>Net increase before transfers to Statutory and Other Reserves</b> | <b>3,511,692</b>        | <b>(197,965)</b>                            | <b>-</b>                            | <b>3,313,727</b>              | <b>21,160,111</b>               | <b>24,473,838</b>              |
| Transfers to / from Statutory and Other Reserves                     | (2,789,286)             | 2,789,286                                   | -                                   | -                             | -                               | -                              |
| <b>Increase in year</b>  | <b>722,406</b>          | <b>2,591,321</b>                            | <b>-</b>                            | <b>3,313,727</b>              | <b>21,160,111</b>               | <b>24,473,838</b>              |
| <b>Balance as at 31 March 2022</b>                                   | <b>16,666,947</b>       | <b>22,012,117</b>                           | <b>1,090,582</b>                    | <b>39,769,647</b>             | <b>59,686,095</b>               | <b>99,455,742</b>              |

**LISBURN AND CASTLEREAGH CITY COUNCIL**  
**Balance Sheet as at 31 March 2022**

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 2022    | 31st March 2021    |
|------------------------------------|------|--------------------|--------------------|
|                                    |      | £                  | £                  |
| Fixed Assets                       | 11   | 151,615,885        | 150,744,865        |
| Long Term Investments              | 16   | 2,794              | 2,608              |
| Long Term Debtors                  | 15   | 169,393            | 190,229            |
| <b>LONG TERM ASSETS</b>            |      | <b>151,788,072</b> | <b>150,937,702</b> |
| Inventories                        | 14   | 608,888            | 487,450            |
| Short Term Debtors                 | 15   | 4,394,146          | 2,900,624          |
| Cash and Cash Equivalents          | 25b  | 25,390,906         | 22,615,853         |
| <b>CURRENT ASSETS</b>              |      | <b>30,393,940</b>  | <b>26,003,927</b>  |
| Bank Overdraft                     | 25   | -                  | 1,226,978          |
| Short Term Borrowing               | 17   | 1,154,996          | 1,852,886          |
| Short Term Creditors               | 18   | 9,624,238          | 6,904,636          |
| Provisions                         | 19   | 194,840            | 338,247            |
| <b>CURRENT LIABILITIES</b>         |      | <b>10,974,074</b>  | <b>10,322,747</b>  |
| Provisions                         | 19   | 3,412,489          | 3,576,391          |
| Long Term Borrowing                | 17   | 21,232,495         | 22,388,736         |
| Other Long Term Liabilities        | 21   | 46,823,000         | 65,637,000         |
| Capital Grants Receipts in Advance | 23   | 284,212            | 34,852             |
| <b>LONG TERM LIABILITIES</b>       |      | <b>71,752,196</b>  | <b>91,636,979</b>  |
| <b>NET ASSETS</b>                  |      | <b>99,455,742</b>  | <b>74,981,903</b>  |
| <b>USABLE RESERVES</b>             |      |                    |                    |
| Capital Receipts Reserve           | 26   | 1,090,582          | 1,090,582          |
| Capital Fund                       | 26   | 8,616,567          | 7,935,265          |
| Renewal and Repairs Fund           | 26   | 1,093,959          | 1,121,000          |
| Other Balances and Reserves        | 26   | 12,301,592         | 10,364,531         |
| General Fund                       | 26   | 16,666,947         | 15,944,541         |
|                                    |      | <b>39,769,647</b>  | <b>36,455,919</b>  |
| <b>UNUSABLE RESERVES</b>           |      |                    |                    |
| Capital Adjustment Account         | 27   | 56,207,089         | 57,040,965         |
| Revaluation Reserve                | 27   | 51,510,317         | 48,382,536         |
| Pensions Reserve                   | 27   | (46,823,000)       | (65,637,000)       |
| Accumulated Absences Account       | 27   | (752,630)          | (718,027)          |
| Provisions Discount Rate Reserve   | 27   | (455,681)          | (542,490)          |
|                                    |      | <b>59,686,095</b>  | <b>38,525,984</b>  |
| <b>NET WORTH</b>                   |      | <b>99,455,742</b>  | <b>74,981,903</b>  |

**LISBURN AND CASTLEREAGH CITY COUNCIL****Cash Flow Statement at 31 March 2022**

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      | 2021/22           | 2020/21           |
|--|-----------|-------------------|-------------------|
|  |           | £                 | £                 |
| Net Deficit on the provision of services   |           | 6,989,218         | (5,184,811)       |
| Adjustment for non-cash movements  | 25a       | 15,023,957        | 10,031,074        |
| Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities | 25a       | (134,242)         | (666,646)         |
| <b>Net cash flows from operating activities</b>  | <b>25</b> | <b>7,900,497</b>  | <b>14,549,239</b> |
| Cash flows from Investing Activities   | 25        | (2,044,451)       | 119,499           |
| Net Cash flows from Financing Activities   | 25        | (1,854,015)       | (1,727,767)       |
| <b>Net increase or decrease in cash and cash equivalents</b>   |           | <b>4,002,031</b>  | <b>12,940,971</b> |
| Cash and cash equivalents at the beginning of the reporting period   |           | 21,388,875        | 8,447,904         |
| <b>Cash and cash equivalents at the end of the reporting period</b>  |           | <b>25,390,906</b> | <b>21,388,875</b> |

**LISBURN AND CASTLEREAGH CITY COUNCIL**  
**Notes to the Financial Statements**  
**FOR THE YEAR ENDED 31 MARCH 2022**

1 **Accounting Policies**

a **General Principles**

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 22. 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 2021/22, 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 2021/22 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) **Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

iii) **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.

iv) **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.

v) **Employee Benefits**

**Short term benefits**

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

## **Termination benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debts for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

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 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 seven components:

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.

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.

#### vi) **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.

#### vii) **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.

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

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

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

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

ix) **Financial Instruments**

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

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

**Financial Assets**

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

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

**Financial Assets Measured at Fair Value through Profit or Loss**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices - the market price
- other instruments with fixed and determinable payments - discounted cash flow analysis.

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

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

x) **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.

xi) **Intangible Assets**

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

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

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

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

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

xii) **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/ weighted average 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.

xiii) **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.

xiv) **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.

xv) **Leases**

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

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

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

**The Council as Lessee**

**Finance Leases:**

Property, plant and equipment held under 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 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 Leases:**

Where the Council grants a 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.

**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.

xvi) **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.

xvii) **Overheads and Support Services**

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

xviii) **Property, Plant and Equipment**

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

## Recognition

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

## Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

## **Impairment**

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

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

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

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

## **Depreciation**

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

Depreciation is calculated on a straight line bases on each main class of asset as follows:

- buildings and infrastructure assets are depreciated on their current value over the estimated useful life of the asset as advised by a valuer from Land and Property Services. Depending on the type of building, installation or fitting, the maximum useful life will be in the range of 3 to 68 years
- vehicles, plant and equipment are depreciated on historic cost using a life of between 3 and 20 years
- The Council applies a full year depreciation in the year of acquisition and no depreciation in the year of disposal.

## **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.

xix) **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.

xx) **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.

xxi) **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.

xxii) **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 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.

xxiii) **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.

xxiv) **Value Added Tax**

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

xxv) **Fair Value Measurement**

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

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

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

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

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

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

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

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

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

The standards that may be relevant for additional disclosures that will be required in the 2021/22 financial statements in respect of accounting changes that are introduced in the 2021/22 Code (i.e. that are relevant to the requirements of paragraph 3.3.4.3 of the Code) are:

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 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 2022/23 financial year.

## **c Critical Judgements in Applying Accounting Policies**

For the 2021/22 financial year, the Council has not made any critical judgements about complex transactions or those involving uncertainty about future events.

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

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

The items in the Council's Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

**i) Property, Plant and Equipment**

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

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

**ii) Fair Value Measurement**

When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (ie Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities.

Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the Council's Chief Valuation Officer and External Valuer.)

The Council uses the discounted cash flow (DCF) model to measure the fair value of some of its investment properties and financial assets.

The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discounts rates - adjusted for regional factors (for both investment properties and some financial assets)

Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.

**iii) Provisions**

The Council has applied future discount rates to calculate the provision due against the closure of two landfill sites.

The Council has made a provision of £3.41m for the closure plans of the two sites, Moss Road and Drumlough.

#### **iv) Pension Liability**

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

The effects on the net pension liability of changes in individual assumptions can be measured. The sensitivity analysis can be seen on Note 21.

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. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. The difference between the 'Net Expenditure chargeable to the General Fund' and the 'Surplus/ (Deficit) on General Fund Balance in year' are the transfers to reserves that are detailed in Note 4b.

|   | 2021/22  |                    |   | 2020/21  |                    |   |
|---|--|--------------------|---|--|--------------------|---|
|   | Net Expenditure Chargeable to the General Fund | Adjustments        | Net Expenditure in the Comprehensive Income and Expenditure Statement | Net Expenditure Chargeable to the General Fund | Adjustments        | Net Expenditure in the Comprehensive Income and Expenditure Statement |
|   | £  | £                  | £   | £  | £                  | £   |
| Leisure & Community Wellbeing                             | 13,417,137                                     | 5,950,932          | 19,368,069  | 12,900,873                                     | 4,813,819          | 17,714,692  |
| Environmental Services                                    | 17,775,147                                     | 2,821,342          | 20,596,489  | 17,729,524                                     | 1,894,306          | 19,623,830  |
| Service Transformation                                    | 8,395,956                                      | 1,690,465          | 10,086,422  | 8,158,686                                      | 669,112            | 8,827,798   |
| Finance & Corporate Services                              | 6,155,474                                      | 1,905,792          | 8,061,265   | 5,695,609                                      | 1,476,246          | 7,171,855   |
| Governance & Audit  | (1,389,159)                                    | 150,642            | (1,238,517)   | (8,450,457)                                    | 147,132            | (8,303,325)   |
| <b>Net Cost of Services</b>                               | <b>44,354,555</b>                              | <b>12,519,173</b>  | <b>56,873,728</b>   | <b>36,034,235</b>                              | <b>9,000,615</b>   | <b>45,034,850</b>   |
| <b>Other Income and Expenditure</b>                       | <b>(47,866,247)</b>                            | <b>(2,018,263)</b> | <b>(49,884,510)</b>   | <b>(47,626,290)</b>                            | <b>(2,593,371)</b> | <b>(50,219,661)</b>   |
| <b>Surplus or Deficit</b>                                 | <b>(3,511,692)</b>                             | <b>10,500,910</b>  | <b>6,989,218</b>  | <b>(11,592,055)</b>                            | <b>6,407,244</b>   | <b>(5,184,811)</b>  |
| <b>Opening General Fund</b>                               |  |                    | <b>15,944,541</b>   |  |                    | <b>10,649,778</b>   |
| <b>Surplus/ (Deficit) on General Fund Balance in Year</b> |  |                    | <b>722,406</b>  |  |                    | <b>5,294,764</b>  |
| <b>Closing General Fund</b>                               |  |                    | <b>16,666,947</b>   |  |                    | <b>15,944,542</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  
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 |
|---|----------------------------------|--|-----------------------------|---------------------------------|-------------------|
|   | £                                | £                                      | £                           | £                               | £                 |
| Leisure & Community Wellbeing   | 3,590,748                        | 2,376,650                              | (16,466)                    | -                               | 5,950,932         |
| Environmental Services  | 627,684                          | 2,085,400                              | 108,258                     | -                               | 2,821,342         |
| Service Transformation  | 720,381                          | 1,024,920                              | (54,836)                    | -                               | 1,690,465         |
| Finance & Corporate Services  | 1,035,758                        | 875,850                                | (5,816)                     | -                               | 1,905,792         |
| Governance & Audit  | -                                | 147,180                                | 3,462                       | -                               | 150,642           |
| <b>Net Cost of Services</b>   | <b>5,974,571</b>                 | <b>6,510,000</b>                       | <b>34,602</b>               | <b>-</b>                        | <b>12,519,173</b> |
| Other Income and Expenditure from the Expenditure and Funding Analysis  | (3,266,454)                      | 1,335,000                              | (86,809)                    | -                               | (2,018,263)       |
| Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services | 2,708,117                        | 7,845,000                              | (52,207)                    | -                               | 10,500,910        |

Adjustments between Funding and Accounting Basis  
2020/21

| Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts   | Adjustments for Capital Purposes | Net Change for the Pension Adjustments | Other Statutory Adjustments | Other non-statutory Adjustments | Total adjustments |
|---|----------------------------------|--|-----------------------------|---------------------------------|-------------------|
|   | £                                | £                                      | £                           | £                               | £                 |
| Leisure & Community Wellbeing   | 3,513,978                        | 1,238,320                              | 61,521                      | -                               | 4,813,819         |
| Environmental Services  | 645,578                          | 1,147,140                              | 101,588                     | -                               | 1,894,306         |
| Service Transformation  | 43,589                           | 608,246                                | 17,277                      | -                               | 669,112           |
| Finance & Corporate Services  | 951,828                          | 495,357                                | 29,061                      | -                               | 1,476,246         |
| Governance & Audit  | -                                | 146,937                                | 195                         | -                               | 147,132           |
| <b>Net Cost of Services</b>   | <b>5,154,973</b>                 | <b>3,636,000</b>                       | <b>209,642</b>              | <b>-</b>                        | <b>9,000,615</b>  |
| Other Income and Expenditure from the Expenditure and Funding Analysis  | (3,876,671)                      | 1,119,000                              | 164,300                     | -                               | (2,593,371)       |
| Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services | 1,278,302                        | 4,755,000                              | 373,942                     | -                               | 6,407,244         |

3 a Expenditure and Income Analysed by Nature

| Expenditure                            |       | 2021/22           | 2020/21           |
|--|-------|-------------------|-------------------|
|  | Notes | £                 | £                 |
| Employee Benefits Expenses             | 7     | 28,081,935        | 26,984,123        |
| Other Services Expenditure             |       | 44,677,988        | 36,540,922        |
| Depreciation, Amortisation, Impairment | 11    | 5,284,712         | 5,237,250         |
| Interest Payments                      | 9     | 1,401,234         | 1,511,760         |
| Loss on the Disposal of Assets         | 8     | 62,570            | (1,295)           |
| <b>Total Expenditure</b>               |       | <b>79,508,439</b> | <b>70,272,760</b> |

| Income                                 |       | 2021/22             | 2020/21             |
|--|-------|---------------------|---------------------|
|  | Notes | £                   | £                   |
| Fees, Charges and other service Income |       | (19,146,911)        | (22,608,445)        |
| Interest and Investment Income         | 9     | (46,234)            | (33,620)            |
| District rate income                   | 10    | (50,165,368)        | (49,036,787)        |
| Government grants and Contributions    | 10    | (3,160,708)         | (3,778,719)         |
| <b>Total Income</b>                    |       | <b>(72,519,221)</b> | <b>(75,457,571)</b> |

|  |  |                  |                    |
|--|--|------------------|--------------------|
| <b>(Surplus) or Deficit on the Provision of Services</b> |  | <b>6,989,218</b> | <b>(5,184,811)</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:

|   |       | 2021/22           | 2020/21          |
|---|-------|-------------------|------------------|
|   | 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>    |       |                   |                  |
| Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services   | 11    | 689,859           | (82,277)         |
| Depreciation charged in the year on non-current assets  | 11    | 5,284,712         | 5,237,250        |
| Net Revenue expenditure funded from capital under statute   | 12    |                   | 1,183,947        |
| Carrying amount of non current assets sold  | 8     | 80,600            | 12,005           |
| Proceeds from the sale of PP&E, investment property and intangible assets   | 8     | (18,030)          | (13,300)         |
| Net charges made for retirement benefits in accordance with IAS 19  | 21    | 11,974,000        | 9,193,000        |
| Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners   | 21    | (4,129,000)       | (4,438,000)      |
| Capital Grants and Donated Assets Receivable and Applied in year  | 10    | (116,212)         | (653,346)        |
| Adjustments in relation to Short-term compensated absences  | 27    | 34,603            | 209,642          |
| Provisions Discount Rate Reserve Adjustment   | 27    | (86,809)          | 164,300          |
| <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    | (4,788,817)       | (4,180,977)      |
| Direct revenue financing of Capital Expenditure   | 12,23 | (535,276)         | (225,000)        |
|   |       | <b>10,500,910</b> | <b>6,407,244</b> |

| b Net transfers (to)/from statutory and other earmarked reserves: |       | 2021/22     | 2021/22     | 2020/21     | 2020/21     |
|---|-------|-------------|-------------|-------------|-------------|
|   | Notes | £           | £           | £           | £           |
| <b>Capital Fund</b>   |       |             |             |             |             |
| Other   | 26    | (879,266)   | (879,266)   | (1,597,865) | (1,597,865) |
| <b>Renewal and Repairs Fund</b>                                   |       |             |             |             |             |
| Other   | 26    | 27,041      | 27,041      | (300,615)   | (300,615)   |
| <b>Other Funds and earmarked reserves</b>                         |       |             |             |             |             |
| Other   | 26    | (1,937,061) | (1,937,061) | (4,398,811) | (4,398,811) |
|   |       |             | (2,789,286) |             | (6,297,291) |

## 5 Cost of Services on Continuing Operations

### a General power of competence

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

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

The actual expenditure under the power of competence amounted to £nil during 2021/22 (£nil in 2020/21).

### 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.

|                               | 2021/22 | 2020/21 |
|-------------------------------|---------|---------|
|                               | £       | £       |
| External Audit Fees           | 77,000  | 75,000  |
| Performance Improvement Audit | 21,000  | 6,300   |
|                               | 98,000  | 81,300  |

There were no other fees payable in respect of performance audit services provided by the appointed auditor.

## 6 Operating and leases

### Council as Lessor

#### a Finance leases (Council as lessor)

The Council does not lease any property or equipment on Finance leases.

#### b Operating Leases (Council as lessor)

The Council leases out property and equipment under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses.

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

|   | 31st March 2022 | 31st March 2021 |
|---|-----------------|-----------------|
|   | £               | £               |
| Not later than 1 year                       | 235,500         | 131,884         |
| Later than 1 year and no later than 5 years | 322,846         | 62,226          |
| Later than 5 years                          | 357,314         | 376,952         |
|   | 915,660         | 571,062         |

### Council as Lessee

#### c Finance leases (Council as lessee)

The Council does not have any vehicles or IT equipment held under finance lease arrangements.

The net carrying amount of the plant and equipment held under lease arrangements is £104,069 (2020/2021 £147,206). The assets are included under Vehicles, Plant & Equipment which form an integral part of property, plant and equipment. The rentals paid for equipment held under finance leases totalled £42,907 (2020/2021 £38,478).

|  | 31st March 2022 | 31st March 2021 |
|--|-----------------|-----------------|
|  | £               | £               |
| Vehicles, Plant, Furniture and Equipment | 104,069         | 147,206         |
|  | 104,069         | 147,206         |

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

|   | Minimum Lease Payments |                 | Lease Liabilities |                 |
|---|------------------------|-----------------|-------------------|-----------------|
|   | 31st March 2022        | 31st March 2021 | 31st March 2022   | 31st March 2021 |
|   | £                      | £               | £                 | £               |
| Not later than one year                           | 49,633                 | 49,633          | 6,726             | 6,726           |
| Later than one year and not later than five years | 100,149                | 149,811         | 13,634            | 20,359          |
|   | 149,782                | 199,444         | 20,360            | 27,085          |

No contingent rentals were recognised as an expense in the Comprehensive Income and Expenditure Statement during the reporting period under review, and no future sub-lease income is expected to be received, as all assets are used exclusively by the council.

The Council has a number of assets of land held by long term leases from 99 to 10,000 years. Rental income is between 1 pence and 1 pound if demanded. Rent is not normally demanded on these premises and therefore future minimal finance lease payments are assumed to be £nil.

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

The Council has acquired its office photocopiers and printers by entering into operating leases with typical lives of 3 to 5 years.

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

|   | 31st March 2022 | 31st March 2021 |
|---|-----------------|-----------------|
|   | £               | £               |
| Not later than 1 year                       | 277,567         | 266,342         |
| Later than 1 year and no later than 5 years | 265,000         | 459,819         |
| Later than 5 years                          | 364,617         | 421,868         |
|   | 907,184         | 1,148,029       |

No sub-lease payments or contingent rent payments were made or received. No sublease income is expected as all assets held under operating lease agreements are used exclusively by the Council.

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

|                        | 2021/22        | 2020/21        |
|------------------------|----------------|----------------|
|                        | £              | £              |
| Minimum lease payments | 277,567        | 266,342        |
| <b>Total</b>           | <b>277,567</b> | <b>266,342</b> |

#### 7 Employee Costs and Member Allowances

##### a Staff Costs

|                          | 2021/22           | 2020/21           |
|--------------------------|-------------------|-------------------|
|                          | £                 | £                 |
| Salaries and Wages       | 21,749,971        | 20,922,844        |
| Employers NIC            | 2,030,038         | 1,921,176         |
| Employers Superannuation | 4,301,926         | 4,140,103         |
| <b>Total staff costs</b> | <b>28,081,935</b> | <b>26,984,123</b> |

In addition, agency costs during the year amounted to £2,660,756 (2020/21 £2,208,719).

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

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

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

##### b Average Number of Employees

|                               | 2021/22    | 2020/21    |
|-------------------------------|------------|------------|
|                               | FTE        | FTE        |
| Leisure & Community Wellbeing | 283        | 274        |
| Environmental Services        | 238        | 235        |
| Service Transformation        | 96         | 114        |
| Finance & Corporate Services  | 81         | 79         |
| Governance & Audit            | 12         | 12         |
| <b>Total Number</b>           | <b>710</b> | <b>713</b> |

|                            | 2021/22        | 2020/21        |
|----------------------------|----------------|----------------|
|                            | Actual Numbers | Actual Numbers |
| Full-time numbers employed | 624            | 616            |
| Part-time numbers employed | 145            | 167            |
| <b>Total Number</b>        | <b>769</b>     | <b>783</b>     |

| c Senior Employees' Remuneration |           |           |
|----------------------------------|-----------|-----------|
|                                  | 2021/22   | 2020/21   |
|                                  | £         |           |
| £50,001 to £60,000               | 1         | 3         |
| £60,001 to £70,000               | 11        | 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             | -         | 1         |
| £110,001 to £120,000             | 1         | -         |
| <b>Total Number</b>              | <b>17</b> | <b>19</b> |

| d Members' Allowances              |                |                |
|------------------------------------|----------------|----------------|
|                                    | 2021/22        | 2020/21        |
|                                    | £              |                |
| Basic allowance                    | 630,280        | 619,440        |
| Mayor's & Deputy Mayor's Allowance | 35,618         | 35,618         |
| Special Responsibility Allowances  | 76,671         | 76,335         |
| Dependents' carers allowance       | 49             | 26             |
| Employer costs                     | 139,570        | 134,201        |
| Mileage                            | 7,977          | 3,094          |
| <b>Total</b>                       | <b>890,165</b> | <b>868,714</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 2022.

For 2021/22, employers' contributions of £326,033 were payable to the NICS pension arrangements at one of four rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2016 was completed by the Actuary during 2019. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2015. The contribution rates are set to meet the cost of the benefits accruing during 2021/22 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

3 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)

|   | 2021/22       | 2020/21        |
|---|---------------|----------------|
|   | £             |                |
| Proceeds from sale  | (18,030)      | (13,300)       |
| Carrying amount of non-current assets sold or disposed (excl Investment Properties) | 80,600        | 12,005         |
|   | <b>62,570</b> | <b>(1,295)</b> |

| Other Operating Expenditure               |               |                |
|---|---------------|----------------|
|   | 2021/22       | 2020/21        |
|   | £             |                |
| (Surplus) / Deficit on Non Current Assets | 62,570        | (1,295)        |
|   | <b>62,570</b> | <b>(1,295)</b> |

#### 9 Financing and Investment Income and Expenditure

##### a Interest Payable and Similar Charges

|                          | 2021/22          | 2020/21          |
|--------------------------|------------------|------------------|
|                          | £                |                  |
| Government Loan Interest | 1,394,508        | 1,505,696        |
| Commercial Loan Interest | 6,726            | 6,064            |
|                          | <b>1,401,234</b> | <b>1,511,760</b> |

##### b Interest and Investment Income

|                               | 2021/22       | 2020/21       |
|-------------------------------|---------------|---------------|
|                               | £             |               |
| Bank Interest                 | 30,391        | 15,882        |
| NIHE Loan interest receivable | 15,843        | 17,738        |
|                               | <b>46,234</b> | <b>33,620</b> |

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

|   | 2021/22   | 2020/21   |
|---|-----------|-----------|
|   | £         | £         |
| Net interest on the net defined benefit liability (asset) | 1,335,000 | 1,119,000 |
|   | 1,335,000 | 1,119,000 |

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

|   | 2021/22 | 2020/21 |
|---|---------|---------|
|   | £       | £       |
| <b>Income/Expenditure from Investment Properties:</b> |         |         |
| <b>Changes in Fair Value of Investment Properties</b> | 688,996 | -       |
|   | 688,996 | -       |

| Financing and Investment Income and Expenditure | 2021/22           |              |                 | 2020/21           |              |                 |
|---|-------------------|--------------|-----------------|-------------------|--------------|-----------------|
|   | Gross Expenditure | Gross Income | Net Expenditure | Gross Expenditure | Gross Income | Net Expenditure |
|   | £                 | £            | £               | £                 | £            | £               |
| Interest Payable and Similar Charges            | 1,401,234         | -            | 1,401,234       | 1,511,760         | -            | 1,511,760       |
| Interest and Investment Income                  | -                 | (46,234)     | (46,234)        | -                 | (33,620)     | (33,620)        |
| Pensions interest cost                          | 1,335,000         | -            | 1,335,000       | 1,119,000         | -            | 1,119,000       |
| Changes in Fair Value of Investment Properties  | 688,996           | -            | 688,996         | -                 | -            | -               |
|   | 3,425,230         | (46,234)     | 3,378,996       | 2,630,760         | (33,620)     | 2,597,140       |

**10 Taxation and Non Specific Grant Income**

**a Revenue Grants**

|         | 2021/22     | 2020/21     |
|---------|-------------|-------------|
|         | £           | £           |
| General | (3,044,496) | (3,125,373) |
|         | (3,044,496) | (3,125,373) |

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

|   | 2021/22   | 2020/21   |
|---|-----------|-----------|
|   | £         | £         |
| Government & Other Grants - Transfer from receipts in advance | (116,212) | (653,346) |
|   | (116,212) | (653,346) |

**c District Rates**

|              | 2021/22      | 2020/21      |
|--------------|--------------|--------------|
|              | £            | £            |
| Current year | (50,165,368) | (49,036,787) |
|              | (50,165,368) | (49,036,787) |

| Taxation and Non Specific Grant Income | 2021/22      | 2020/21      |
|--|--------------|--------------|
|  | £            | £            |
| District Rate Income                   | (50,165,368) | (49,036,787) |
| Revenue Grants                         | (3,044,496)  | (3,125,373)  |
| Capital Grants and Contributions       | (116,212)    | (653,346)    |
|  | (53,326,076) | (52,815,506) |

LISBURN AND CASTLEREAGH CITY COUNCIL  
Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2022

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              |
|--|-------------------|--------------------|-----------------------|----------------|-----------------------------|------------------|-------------------------|------------------|--------------------|------------------|------------------------|--------------------|
|  | £                 | £                  | £                     | £              | £                           | £                | £                       | £                | £                  | £                | £                      | £                  |
| <b>Balance as at 1 April 2021</b>  | 24,745,291        | 108,492,505        | 438,891               | -              | 22,895,450                  | 4,626,238        | 4,718,928               | 5,741,317        | <b>171,658,620</b> | 1,027,313        | -                      | <b>172,685,933</b> |
| Adjustments between cost/value & depreciation/impairment   | 7                 | 1,887              | (2,433)               | -              | 2                           | 3                | -                       | -                | <b>(534)</b>       | -                | -                      | <b>(534)</b>       |
| <b>Balance as at 1 April 2021</b>  | <b>24,745,298</b> | <b>108,494,392</b> | <b>436,458</b>        | <b>-</b>       | <b>22,895,452</b>           | <b>4,626,241</b> | <b>4,718,928</b>        | <b>5,741,317</b> | <b>171,658,086</b> | <b>1,027,313</b> | <b>-</b>               | <b>172,685,399</b> |
| Additions  | -                 | -                  | -                     | -              | 166,057                     | -                | 1,494,025               | 462,000          | <b>2,122,082</b>   | -                | -                      | <b>2,122,082</b>   |
| Revaluation increases/ (decreases) to Revaluation Reserve  | 115,000           | 2,908,318          | -                     | -              | -                           | 192,335          | -                       | 51,000           | <b>3,266,653</b>   | -                | -                      | <b>3,266,653</b>   |
| Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services            | (10,000)          | (2,398,779)        | -                     | -              | -                           | -                | -                       | (17,000)         | <b>(2,425,779)</b> | -                | -                      | <b>(2,425,779)</b> |
| Derecognition - Disposals  | -                 | (109,803)          | -                     | -              | (340,356)                   | -                | -                       | -                | <b>(450,159)</b>   | -                | -                      | <b>(450,159)</b>   |
| Reclassifications & Transfers  | -                 | 1,591,280          | 458,027               | -              | -                           | -                | (2,274,644)             | (4,353,567)      | <b>(4,578,904)</b> | -                | -                      | <b>(4,578,904)</b> |
| <b>Balance as at 31 March 2022</b>   | <b>24,850,298</b> | <b>110,485,408</b> | <b>894,485</b>        | <b>-</b>       | <b>22,721,153</b>           | <b>4,818,576</b> | <b>3,938,309</b>        | <b>1,883,750</b> | <b>169,591,979</b> | <b>1,027,313</b> | <b>-</b>               | <b>170,619,292</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>  | -                 | 3,998,790          | 91,915                | -              | 18,051,110                  | -                | -                       | -                | <b>22,141,815</b>  | -                | -                      | <b>22,141,815</b>  |
| Adjustments between cost/value & depreciation/impairment   | 7                 | 1,887              | (2,438)               | -              | (46)                        | 3                | -                       | -                | <b>(587)</b>       | -                | -                      | <b>(587)</b>       |
| <b>Balance as at 1 April 2021</b>  | <b>7</b>          | <b>4,000,677</b>   | <b>89,477</b>         | <b>-</b>       | <b>18,051,064</b>           | <b>3</b>         | <b>-</b>                | <b>-</b>         | <b>22,141,228</b>  | <b>-</b>         | <b>-</b>               | <b>22,141,228</b>  |
| Depreciation Charge  | -                 | 4,082,015          | 26,590                | -              | 1,143,532                   | -                | -                       | -                | <b>5,252,137</b>   | -                | -                      | <b>5,252,137</b>   |
| Depreciation written out on Revaluation Reserve  | -                 | (1,537,403)        | -                     | -              | -                           | -                | -                       | -                | <b>(1,537,403)</b> | -                | -                      | <b>(1,537,403)</b> |
| Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services | -                 | (2,424,916)        | -                     | -              | -                           | -                | -                       | -                | <b>(2,424,916)</b> | -                | -                      | <b>(2,424,916)</b> |
| Derecognition - Disposals  | -                 | (29,203)           | -                     | -              | (340,356)                   | -                | -                       | -                | <b>(369,559)</b>   | -                | -                      | <b>(369,559)</b>   |
| Reclassifications & Transfers  | -                 | (9,161)            | 9,161                 | -              | -                           | -                | -                       | -                | <b>-</b>           | -                | -                      | <b>-</b>           |
| <b>Balance as at 31 March 2022</b>   | <b>7</b>          | <b>4,082,009</b>   | <b>125,228</b>        | <b>-</b>       | <b>18,854,240</b>           | <b>3</b>         | <b>-</b>                | <b>-</b>         | <b>23,061,487</b>  | <b>-</b>         | <b>-</b>               | <b>23,061,487</b>  |
| <b>Balance as at 31 March 2022</b>   | <b>24,850,291</b> | <b>106,403,399</b> | <b>769,257</b>        | <b>-</b>       | <b>3,866,913</b>            | <b>4,818,573</b> | <b>3,938,309</b>        | <b>1,883,750</b> | <b>146,530,492</b> | <b>1,027,313</b> | <b>-</b>               | <b>147,557,805</b> |

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              |
|--|-------------------|--------------------|-----------------------|----------------|-----------------------------|------------------|-------------------------|------------------|--------------------|------------------|------------------------|--------------------|
|  | £                 | £                  | £                     | £              | £                           | £                | £                       | £                | £                  | £                | £                      | £                  |
| <b>Balance as at 1 April 2020</b>  | 24,682,291        | 110,841,493        | 438,891               | -              | 22,777,243                  | 4,726,295        | 6,540,957               | 4,808,750        | <b>174,815,920</b> | 1,027,313        | -                      | <b>175,843,233</b> |
| <b>Balance as at 1 April 2020</b>  | <b>24,682,291</b> | <b>110,841,493</b> | <b>438,891</b>        | <b>-</b>       | <b>22,777,243</b>           | <b>4,726,295</b> | <b>6,540,957</b>        | <b>4,808,750</b> | <b>174,815,920</b> | <b>1,027,313</b> | <b>-</b>               | <b>175,843,233</b> |
| Additions  | -                 | -                  | -                     | -              | 375,499                     | -                | 98,830                  | -                | <b>474,329</b>     | -                | -                      | <b>474,329</b>     |
| Revaluation increases/decreases to Revaluation Reserve   | (1,000)           | (1,085,815)        | -                     | -              | -                           | (100,057)        | -                       | 149,000          | <b>(1,037,872)</b> | -                | -                      | <b>(1,037,872)</b> |
| Revaluation increases/ decreases to Surplus or Deficit on the Provision of Services              | 64,000            | (2,390,126)        | -                     | -              | -                           | -                | -                       | -                | <b>(2,326,126)</b> | -                | -                      | <b>(2,326,126)</b> |
| Derecognition - Disposals  | -                 | (6,780)            | -                     | -              | (260,851)                   | -                | -                       | -                | <b>(267,631)</b>   | -                | -                      | <b>(267,631)</b>   |
| Reclassifications & Transfers  | -                 | 1,133,733          | -                     | -              | 3,559                       | -                | (1,920,859)             | 783,567          | -                  | -                | -                      | -                  |
| <b>Balance as at 31 March 2021</b>   | <b>24,745,291</b> | <b>108,492,505</b> | <b>438,891</b>        | <b>-</b>       | <b>22,895,450</b>           | <b>4,626,238</b> | <b>4,718,928</b>        | <b>5,741,317</b> | <b>171,658,620</b> | <b>1,027,313</b> | <b>-</b>               | <b>172,685,933</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 2020</b>  | -                 | 3,881,670          | 77,105                | -              | 17,106,312                  | -                | -                       | -                | 21,065,087         | -                | -                      | 21,065,087         |
| <b>Balance as at 1 April 2020</b>  | <b>-</b>          | <b>3,881,670</b>   | <b>77,105</b>         | <b>-</b>       | <b>17,106,312</b>           | <b>-</b>         | <b>-</b>                | <b>-</b>         | <b>21,065,087</b>  | <b>-</b>         | <b>-</b>               | <b>21,065,087</b>  |
| Depreciation Charge  | -                 | 4,000,683          | 14,810                | -              | 1,198,164                   | -                | -                       | -                | <b>5,213,657</b>   | -                | -                      | <b>5,213,657</b>   |
| Depreciation written out on Revaluation Reserve  | -                 | (1,472,900)        | -                     | -              | -                           | -                | -                       | -                | <b>(1,472,900)</b> | -                | -                      | <b>(1,472,900)</b> |
| Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services | -                 | (2,408,403)        | -                     | -              | -                           | -                | -                       | -                | <b>(2,408,403)</b> | -                | -                      | <b>(2,408,403)</b> |
| Derecognition - Disposals  | -                 | (2,260)            | -                     | -              | (253,366)                   | -                | -                       | -                | <b>(255,626)</b>   | -                | -                      | <b>(255,626)</b>   |
| <b>Balance as at 31 March 2021</b>   | <b>-</b>          | <b>3,998,790</b>   | <b>91,915</b>         | <b>-</b>       | <b>18,051,110</b>           | <b>-</b>         | <b>-</b>                | <b>-</b>         | <b>22,141,815</b>  | <b>-</b>         | <b>-</b>               | <b>22,141,815</b>  |
| <b>Net Book Values</b>   |                   |                    |                       |                |                             |                  |                         |                  |                    |                  |                        |                    |
| Balance as at 31 March 2021  | 24,745,291        | 104,493,715        | 346,976               | -              | 4,844,340                   | 4,626,238        | 4,718,928               | 5,741,317        | 149,516,805        | 1,027,313        | -                      | 150,544,118        |
| Balance as at 31 March 2022  | 24,850,291        | 106,403,399        | 769,257               | -              | 3,866,913                   | 4,818,573        | 3,938,309               | 1,883,750        | 146,530,492        | 1,027,313        | -                      | 147,557,805        |

## 11 c Property, plant and equipment

### Depreciation

The useful lives and depreciation rates applied to calculate the depreciation are outlined in note 1 xviii).

### Revaluations

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). The revaluation results for land and buildings, including an analysis of the revaluations amounts taken to the Revaluation Reserve and the Surplus or Deficit on the Provision of Services, are detailed in note 11 a.

## d Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets include both purchased licenses and internally generally software.

All software is given a finite useful life, based on assessment of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suits used by the Council are given in Note 1: Accounting Policies.

The Council also owns an Intangible Asset which relates to a Drinks Licence in Castlereagh Hills Golf club. This asset has been held at the previous value (2020/2021) due to market conditons.

| Intangible Assets                         | 2021/22        | 2020/21        |
|---|----------------|----------------|
|   | £              | £              |
| Balance at start of year:                 |                |                |
| Gross carrying amounts                    | 398,737        | 378,737        |
| Accumulated amortisation                  | 272,990        | 249,397        |
| Net carrying amount at start of year      | 125,747        | 129,340        |
| Revaluation increases or decreases        | -              | 20,000         |
| Amortisation for the period               | (32,575)       | (23,593)       |
| Additions                                 | 44,908         | -              |
| <b>Net carrying amount at end of year</b> | <b>138,080</b> | <b>125,747</b> |
| Comprising:                               |                |                |
| Gross carrying amounts                    | 443,645        | 398,737        |
| Accumulated amortisation                  | 305,565        | 272,990        |
| <b>Net carrying amount at end of year</b> | <b>138,080</b> | <b>125,747</b> |

| Intangible Assets | 31/03/2022     | 31/03/2021     |
|-------------------|----------------|----------------|
|                   | £              | £              |
| Drinks Licence    | 80,000         | 80,000         |
| Computer Software | 58,080         | 45,747         |
|                   | <b>138,080</b> | <b>125,747</b> |

## e Investment Properties

The Council has 3 Investment Properties: one situated within the Dundonald Ice Bowl complex, Lagan Navigational House and Bradford Court.

There are no restrictions on the Council's ability to realise the value of inherent in its investment property or on the authority's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

Two of the properties have been reclassified as Investments Properties in 2021/2022. All three properties classified as Investment properties are held at fair value.

| Investment Properties                            | 2021/22          | 2020/21       |
|--|------------------|---------------|
|  | £                | £             |
| Balance at start of the year                     | 75,000           | 75,000        |
| Net gains/losses from fair value adjustments     | (688,996)        | -             |
| Transfers to/ from property, plant and equipment | 4,533,996        | -             |
| <b>Balance at end of the year</b>                | <b>3,920,000</b> | <b>75,000</b> |

## Valuation Techniques

There has been no change in the valuation techniques used during the year for Investment Properties.

### f Heritage Assets

Plant & memorials consist of a memorial statue to Henry George Ferguson, an Irish engineer and inventor who is noted for his role in the development of the modern tractor, becoming the first Irishman to build and fly his own aeroplane, and for developing the first four-wheel drive Formula One car.

The Memorial is a one-off piece commissioned in 2009 to commemorate his achievements and is valued on a historical cost basis. Plant and Memorials also includes a restored vintage fire engine. In the absence of market information this is valued using its insurance valuation as the basis.

### Art Collection

The Council operates the Irish Linen Museum in Lisburn City which contains a collection of artwork and other artefacts of historical local interest. Policy is to insure all material items with a value estimated to be over £10,000. The Art collection consists of a number of valuable pieces by notable local artists including John Luke and Samuel McCloy. The major pieces in the collection are valued for insurance purposes and this valuation forms the basis of valuation for these financial statements.

### Other Artefacts

Other artefacts include an extensive range of pieces in the Museum relating to the history of the local linen industry, Civic regalia and a Vintage Plane. All items with a material value of over £10,000 are valued for insurance purposes and this valuation forms the basis of the valuation for these financial statements.

### g Long-Term Assets - Leased Assets

| 2021/22                  | Vehicles      | Equipment        | TOTAL            |
|--------------------------|---------------|------------------|------------------|
|                          | £             | £                | £                |
| <b>Cost or Valuation</b> |               |                  |                  |
| At 1 April 2021          | 60,905        | 1,424,283        | <b>1,485,188</b> |
| <b>At 31 March 2022</b>  | <b>60,905</b> | <b>1,424,283</b> | <b>1,485,188</b> |
| <b>Depreciation</b>      |               |                  |                  |
| At 1 April 2021          | 60,905        | 1,277,229        | <b>1,338,134</b> |
| Provided for year        | -             | 42,985           | <b>42,985</b>    |
| <b>At 31 March 2022</b>  | <b>60,905</b> | <b>1,320,214</b> | <b>1,381,119</b> |
| <b>Net Book Value</b>    | <b>-</b>      | <b>104,069</b>   | <b>104,069</b>   |

| 2020/21                  | Vehicles      | Equipment        | TOTAL            |
|--------------------------|---------------|------------------|------------------|
|                          | £             | £                | £                |
| <b>Cost or Valuation</b> |               |                  |                  |
| At 1 April 2020          | 60,905        | 1,333,183        | <b>1,394,088</b> |
| Additions                | -             | 91,100           | <b>91,100</b>    |
| <b>At 31 March 2021</b>  | <b>60,905</b> | <b>1,424,283</b> | <b>1,485,188</b> |
| <b>Depreciation</b>      |               |                  |                  |
| At 1 April 2020          | 60,905        | 1,234,244        | <b>1,295,149</b> |
| Provided for year        | -             | 42,985           | <b>42,985</b>    |
| <b>At 31 March 2021</b>  | <b>60,905</b> | <b>1,277,229</b> | <b>1,338,134</b> |
| <b>Net Book Value</b>    | <b>-</b>      | <b>147,054</b>   | <b>147,054</b>   |

## 12 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under 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   |    | 2021/22            | 2020/21            |
|---|----|--------------------|--------------------|
|   |    | £                  | £                  |
| <b>Opening Capital Financing Requirement</b>                |    | 45,321,063         | 48,898,010         |
| <b>Capital Investment</b>                                   |    |                    |                    |
| Property, Plant and Equipment                               | 11 | 2,122,082          | 474,329            |
| Revenue Expenditure Funded from Capital under Statute       |    | 2,111,281          | 1,183,947          |
| <b>Sources of Finance</b>                                   |    |                    |                    |
| Capital Receipts  |    | (18,030)           | (13,300)           |
| Government Grants and Other Contributions                   | 10 | (116,212)          | (653,346)          |
| Transfers from Earmarked Reserves                           |    | (197,965)          | (162,600)          |
| <b>Sums set aside from Revenue:</b>                         |    |                    |                    |
| Direct Revenue Contributions                                |    | (535,276)          | (225,000)          |
| Minimum Revenue Provision                                   |    | (4,788,817)        | (4,180,977)        |
| <b>Closing Capital Financing Requirement</b>                |    | <b>43,898,126</b>  | <b>45,321,063</b>  |
| <b>Explanation of Movements in Year</b>                     |    | <b>2021/22</b>     | <b>2020/21</b>     |
|   |    | £                  | £                  |
| Increase in underlying need to borrow                       |    | (1,422,937)        | (3,576,947)        |
| <b>Increase/(decrease) in Capital Financing Requirement</b> |    | <b>(1,422,937)</b> | <b>(3,576,947)</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 | 1,687,327  | -         | 1,687,327 |

| Inventories                |  | 2021/22        | 2020/21        |
|----------------------------|--|----------------|----------------|
|                            |  | £              | £              |
| Central Stores             |  | 148,118        | 53,665         |
| Garage                     |  | 114,529        | 100,939        |
| Goods for resale           |  | 81,783         | 81,714         |
| Household waste/ recycling |  | 221,571        | 215,013        |
| Vending                    |  | 6,264          | 2,366          |
| Other                      |  | 36,623         | 33,753         |
| <b>Total</b>               |  | <b>608,888</b> | <b>487,450</b> |

| <b>15 Debtors</b>                   |                   |                   |   |
|-------------------------------------|-------------------|-------------------|---|
| <b>a Long Term Debtors</b>          |                   |                   |   |
|                                     | 2021/22           | 2020/21           |   |
|                                     |                   | £                 | £ |
| Government Departments              | 118,592           | 134,009           |   |
| Other Councils                      | 50,801            | 56,220            |   |
| <b>Total Long-Term Debtors</b>      | <b>169,393</b>    | <b>190,229</b>    |   |
| <b>b Short Term Debtors</b>         |                   |                   |   |
|                                     | 2021/22           | 2020/21           |   |
|                                     |                   | £                 | £ |
| Government Departments              | 2,418,076         | 1,513,447         |   |
| Other Councils                      | 267,934           | 322,148           |   |
| NIHE loans                          | 15,429            | 15,435            |   |
| Interest Receivable                 | 10,946            | -                 |   |
| Value Added Tax                     | 859,240           | 509,445           |   |
| Prepayments                         | 77,211            | 55,994            |   |
| Other                               | 255,028           | 434,112           |   |
| Trade receivables                   | 601,959           | 169,760           |   |
| Impairment loss - Trade receivables | (111,677)         | (119,717)         |   |
| <b>Total Short-Term Debtors</b>     | <b>4,394,146</b>  | <b>2,900,624</b>  |   |
| <b>Total Debtors</b>                | <b>4,563,539</b>  | <b>3,090,853</b>  |   |
| <b>16 Investments</b>               |                   |                   |   |
| <b>a Long Term Investments</b>      |                   |                   |   |
|                                     | 2021/22           | 2020/21           |   |
|                                     |                   | £                 | £ |
| Investments - general               | 2,794             | 2,608             |   |
| <b>Total Long-term Investments</b>  | <b>2,794</b>      | <b>2,608</b>      |   |
| <b>17 Borrowings</b>                |                   |                   |   |
| <b>a Short Term Borrowing</b>       |                   |                   |   |
|                                     | 2021/22           | 2020/21           |   |
|                                     |                   | £                 | £ |
| Loans re-payable within one year    | 1,112,089         | 1,809,979         |   |
| Lease Principal                     | 42,907            | 42,907            |   |
| <b>Total Short Term Borrowing</b>   | <b>1,154,996</b>  | <b>1,852,886</b>  |   |
| <b>b Long Term Borrowing</b>        |                   |                   |   |
|                                     | 2021/22           | 2020/21           |   |
|                                     |                   | £                 | £ |
| Between 1 and 2 years               | 1,175,127         | 1,154,008         |   |
| Between 2 and 5 years               | 3,714,597         | 3,443,912         |   |
| Between 5 and 10 years              | 6,557,851         | 6,601,471         |   |
| In more than 10 years               | 9,784,920         | 11,189,345        |   |
| <b>Government Loans Fund</b>        | <b>21,232,495</b> | <b>22,388,736</b> |   |
| <b>Total Borrowing</b>              | <b>22,387,491</b> | <b>24,241,622</b> |   |
| <b>18 Creditors</b>                 |                   |                   |   |
| <b>a Short Term Creditors</b>       |                   |                   |   |
|                                     | 2021/22           | 2020/21           |   |
|                                     |                   | £                 | £ |
| Government Departments              | 1,413,271         | 1,347,151         |   |
| Other Councils                      | 221,961           | 335,476           |   |
| Accumulated Absences                | 752,630           | 718,027           |   |
| Loan Interest Payable               | 244,756           | 241,449           |   |
| Capital Creditors                   | 142,831           | 199,442           |   |
| Receipts in advance                 | 2,481,051         | 975,492           |   |
| Trade creditors                     | 3,372,184         | 1,935,031         |   |
| Other                               | 995,554           | 1,152,568         |   |
| <b>Total Short Term Creditors</b>   | <b>9,624,238</b>  | <b>6,904,636</b>  |   |

This amount includes £267,900 of third party income.

## 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 17,497 invoices totalling £46,044,580.

The number of disputed invoices were unknown.

The Council paid:

16,006 (91.5%) invoices with 30 calendar days target (2020/21: 87.2%);  
13,898 (79.4%) invoices within 10 working days target (2020/21: 71.3%); and  
1,491 (8.5%) invoices outside of the 30 day target (2020/21: 12.8%).

The average number of days taken to pay suppliers during the year was 14 days. (2020/21: 22 days)

| 19 Provisions            |                               |   |                         |                            |  |                                |
|--------------------------|-------------------------------|---|-------------------------|----------------------------|--|--------------------------------|
|                          | Balance as at<br>1 April 2021 | Increase in<br>provision<br>during year | Utilised during<br>year | Unused amounts<br>reversed | Interest cost<br>and/or discount<br>rate changes | Balance as at 31<br>March 2022 |
|                          | £                             | £                                       | £                       | £                          | £  | £                              |
| Landfill Closure         | 3,758,177                     | (156,162)                               | (100,877)               | -                          | (86,809)   | <b>3,414,329</b>               |
| Other - Insurance Claims | 156,461                       | 133,555                                 | (97,016)                | -                          | -  | <b>193,000</b>                 |
| <b>Total</b>             | <b>3,914,638</b>              | <b>(22,607)</b>                         | <b>(197,893)</b>        | <b>-</b>                   | <b>(86,809)</b>                                  | <b>3,607,329</b>               |
| Current Provisions       | 338,247                       | 52,646                                  | (197,893)               | -                          | 1,840  | <b>194,840</b>                 |
| Long Term Provisions     | 3,576,391                     | (75,253)                                | -                       | -                          | (88,649)   | <b>3,412,489</b>               |
| <b>Total</b>             | <b>3,914,638</b>              | <b>(22,607)</b>                         | <b>(197,893)</b>        | <b>-</b>                   | <b>(86,809)</b>                                  | <b>3,607,329</b>               |
| Comparative Year         |                               |   |                         |                            |  |                                |
| Provisions               | Balance as at<br>1 April 2020 | Increase in<br>provision<br>during year | Utilised during<br>year | Unused amounts<br>reversed | Interest cost<br>and/or discount<br>rate changes | Balance as at 31<br>March 2021 |
|                          | £                             | £                                       | £                       | £                          | £  | £                              |
| Landfill Closure         | 3,096,447                     | 613,993                                 | (116,563)               | -                          | 164,300  | <b>3,758,177</b>               |
| Other - Insurance Claims | 106,001                       | 125,674                                 | (75,214)                | -                          | -  | <b>156,461</b>                 |
| <b>Total</b>             | <b>3,202,448</b>              | <b>739,667</b>                          | <b>(191,777)</b>        | <b>-</b>                   | <b>164,300</b>                                   | <b>3,914,638</b>               |
| Current Provisions       | 280,173                       | 249,190                                 | (191,777)               | -                          | 661  | <b>338,247</b>                 |
| Long Term Provisions     | 2,922,275                     | 490,477                                 | -                       | -                          | 163,639  | <b>3,576,391</b>               |
| <b>Total</b>             | <b>3,202,448</b>              | <b>739,667</b>                          | <b>(191,777)</b>        | <b>-</b>                   | <b>164,300</b>                                   | <b>3,914,638</b>               |

### Landfill Closure

The Council has responsibility for two landfill sites which were inherited from the legacy councils on 1 April 2015, Drumlough and Moss Road. These sites are at varying stages of closure in accordance with ECC directives. The Moss Road site closed in 2001. The closure plan was approved by NIEA in November 2018. The implementation plan is currently being prepared. With regards to the landfill site at Drumlough, the final closure plan was approved by the NIEA in July 2016. The implementation plan was approved by Council in September 2018. From 2017/2018, there has been an additional effect on the Landfill provision for both sites as the discount rates used has been adjusted for inflation. The impact of this has been mitigated by the use of a negative reserve as per Accounts Direction issued in 2017/2018.

### Other - Insurance Claims

Other provisions related to pending insurance claims and the associated estimated costs. Of the provision carried forward from 2020/2021, £97,016 was utilised during the year. New provisions were created in 2021/2022 totalling £193,000

### Categories of Financial Instruments

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

#### Credit Risk

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

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

#### Liquidity Risk

As the Council has ready access to borrowings from the Department of Finance's Consolidated Fund, there is no significant risk that it will be unable to raise finance to meet its commitments under Financial Instruments. The maturity analysis of financial liabilities is included in notes 17 to 19. All trade and other payables are due for payment within one year.

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

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

The Council is in receipt of loans from the Department of Finance at concessionary interest rates that differ from the prevailing market rates. The fair value of these loans is £28,252,468 (2020/21 £37,716,411)

#### Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no 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 | 2021/22<br>£       | 2020/21<br>£       |
|--|------|--------------------|--------------------|
| Net cost of services:  |      |                    |                    |
| Current service cost   |      | 10,613,000         | 7,616,000          |
| Past service cost/(gain)   |      | 26,000             | 458,000            |
| Net Interest on net defined benefit Liability (asset)  |      | 1,335,000          | 1,119,000          |
| <b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b> |      | <b>11,974,000</b>  | <b>9,193,000</b>   |
| Movement in Reserves Statement:  |      |                    |                    |
| Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code          |      | (11,974,000)       | (9,193,000)        |
| Employers' contributions payable to scheme   |      | 4,129,000          | 4,438,000          |
| <b>Net adjustment to General Fund</b>  |      | <b>(7,845,000)</b> | <b>(4,755,000)</b> |

The service cost figures include an allowance for administration expenses of £104k. (2020/2021 - £102k)

| <b>Remeasurements recognised in Other Comprehensive Income and Expenditure</b>       | <b>Note</b> | <b>2021/22<br/>£</b> | <b>2020/21<br/>£</b> |
|--|-------------|----------------------|----------------------|
| Liability gains/(losses) due to change in assumptions                                |             | 17,789,000           | (46,108,000)         |
| Liability gains/(losses) due to due to demographic changes                           |             | 2,541,000            | -                    |
| Liability experience gains/(losses) arising in the year                              |             | (545,000)            | 1,778,000            |
| Actuarial gains/(losses) on plan assets  |             | 6,874,000            | 34,110,000           |
| <b>Total gains/(losses) recognised in Other Comprehensive Income and Expenditure</b> |             | <b>26,659,000</b>    | <b>(10,220,000)</b>  |

| <b>c Assets and liabilities in relation to retirement benefits</b>   |             |                      |                      |
|--|-------------|----------------------|----------------------|
| <b>Reconciliation of present value of the scheme liabilities:</b>    |             |                      |                      |
|  | <b>Note</b> | <b>2021/22<br/>£</b> | <b>2020/21<br/>£</b> |
| Balance as at 1 April  |             | 258,201,596          | 204,232,596          |
| Current service cost   |             | 10,613,000           | 7,616,000            |
| Interest cost  |             | 5,391,000            | 4,668,000            |
| Contributions by members   |             | 1,331,000            | 1,303,000            |
| Remeasurement (gains) and losses:                                    |             |                      |                      |
| Actuarial gains/losses arising from changes in financial assumptions |             | (17,789,000)         | 46,108,000           |
| Actuarial gains/losses arising from demographic changes              |             | (2,541,000)          | -                    |
| Actuarial gains/losses arising on liabilities from experience        |             | 545,000              | (1,778,000)          |
| Past service costs/(gains)   |             | 26,000               | 458,000              |
| Estimated unfunded benefits paid                                     |             | (35,000)             | (42,000)             |
| Estimated benefits paid  |             | (4,388,000)          | (4,364,000)          |
|  |             |                      |                      |
| <b>Balance as at 31 March</b>  |             | <b>251,354,596</b>   | <b>258,201,596</b>   |

| <b>Reconciliation of present value of the scheme assets:</b> |             |                      |                      |
|--|-------------|----------------------|----------------------|
|  | <b>Note</b> | <b>2021/22<br/>£</b> | <b>2020/21<br/>£</b> |
| Balance as at 1 April  |             | 192,565,442          | 153,571,442          |
| Interest Income  |             | 4,056,000            | 3,549,000            |
| Contributions by members                                     |             | 1,331,000            | 1,303,000            |
| Contributions by employer                                    |             | 4,094,000            | 4,396,000            |
| Contributions in respect of unfunded benefits                |             | 35,000               | 42,000               |
| Remeasurement gain/(loss)                                    |             | 6,874,000            | 34,110,000           |
| Unfunded benefits paid                                       |             | (35,000)             | (42,000)             |
| Benefits paid  |             | (4,388,000)          | (4,364,000)          |
|  |             |                      |                      |
| <b>Balance as at 31 March</b>                                |             | <b>204,532,442</b>   | <b>192,565,442</b>   |

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

The actual return on scheme assets in the year was a gain of £10,930,000 (2020/21 gain of £37,659,000).

| <b>Fair Value of Plan Assets</b> | <b>2021/22<br/>£m</b> | <b>2020/21<br/>£m</b> |
|----------------------------------|-----------------------|-----------------------|
| Equity investments               | 88                    | 89                    |
| Bonds                            | 55                    | 69                    |
| Property                         | 20                    | 17                    |
| Cash                             | 8                     | 10                    |
| Other                            | 33                    | 7                     |
|                                  |                       |                       |
|                                  | <b>204</b>            | <b>192</b>            |

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

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):**

|  | 2021/22<br>£        | 2020/21<br>£        |
|--|---------------------|---------------------|
| Fair Value of Employer Assets  | 204,532,442         | 192,565,442         |
| Present value of funded defined benefit obligation                       | (251,354,596)       | (258,201,596)       |
| Pension asset/(liability) of Funded Scheme                               | (46,822,154)        | (65,636,154)        |
| <b>Net asset/(liability) arising from the defined benefit obligation</b> | <b>(46,822,154)</b> | <b>(65,636,154)</b> |
| Amount in the Balance sheet:   |                     |                     |
| Liabilities  | (251,355,000)       | (258,202,000)       |
| Assets   | 204,532,000         | 192,565,000         |
| <b>Net Asset/(Liability)</b>   | <b>(46,823,000)</b> | <b>(65,637,000)</b> |

**c Scheme History**

| Analysis of scheme assets and liabilities   | 2021/22<br>£  | 2020/21<br>£  |
|---|---------------|---------------|
| Fair Value of Assets in pension scheme      | 204,532,442   | 192,565,442   |
| Present Value of Defined Benefit Obligation | (251,354,596) | (258,201,596) |

|  |                     |                     |
|--|---------------------|---------------------|
| <b>Surplus/(deficit) in the Scheme</b> | <b>(46,822,154)</b> | <b>(65,636,154)</b> |
|--|---------------------|---------------------|

| Amount recognised in Other Comprehensive Income and Expenditure:        | 2021/22<br>£ | 2020/21<br>£ |
|---|--------------|--------------|
| Actuarial gains/(losses)  | 26,659,000   | (10,220,000) |
| Remeasurements recognised in Other Comprehensive Income and Expenditure | 26,659,000   | (10,220,000) |
| Cumulative actuarial gains and losses                                   | 15,482,000   | (11,177,000) |
| <b>History of experience gains and losses:</b>                          |              |              |
| Experience gains and (losses) on liabilities                            | 6,874,000    | 34,110,000   |

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £46,823,000 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet.

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

**Analysis of projected amount to be charged to the Comprehensive Income and Expenditure Statement for the year to 31 March 2022**

|   | 31/03/2022<br>£   | 31/03/2022<br>% |
|---|-------------------|-----------------|
| Projected current cost                                    | 10,613,000        | 88.6%           |
| Net Interest on the net defined benefit liability (asset) | 1,335,000         | 11.2%           |
| Past service cost   | 26,000            | 0.2%            |
|   | <b>11,974,000</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 2022 is £4.094m

**History of experience gains and losses**

The actuarial gains/losses identified as movements on the Pensions Reserve 2021/22 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2022.

|  | 2021/22<br>% | 2020/21<br>% |
|--|--------------|--------------|
| Experience gains and (losses) on Liabilities | -2.73%       | -13.21%      |

#### e 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 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 2022.

| Pension scheme assumptions:                   | 2021/22 | 2020/21 |
|---|---------|---------|
|   | %       | %       |
| <b>Mortality assumptions:</b>                 |         |         |
| <i>Longevity at 65 current pensioners:</i>    | Years   | Years   |
| Men   | 21.8    | 21.9    |
| Women   | 23.2    | 23.3    |
| <i>Longevity at 65 for future pensioners:</i> |         |         |
| Men   | 25.0    | 25.1    |
| Women   | 26.4    | 26.5    |
| Inflation/Pension Increase Rate               | 3.00%   | 2.70%   |
| Salary Increase Rate                          | 4.50%   | 4.20%   |
| Discount Rate                                 | 2.70%   | 2.10%   |
| Pension accounts revaluation rate             | 3.00%   | 2.70%   |

#### 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 2022 is set out below.

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

#### **Funded Pension Scheme Benefits**

| Discount Rate Assumption  |                  |                  |
|---|------------------|------------------|
| Adjustment to discount rate   | <b>+0.1%p.a.</b> | <b>-0.1%p.a.</b> |
| Present value of the total obligation                                   | 246,112,000      | 255,897,000      |
| % change in the present value of the total obligation                   | -1.90%           | 2.00%            |
| Projected service cost  | 9,602,000        | 10,268,000       |
| Approximate % change in projected service cost                          | -3.30%           | 3.40%            |
| Rate of General Increase in Salaries                                    |                  |                  |
| Adjustment to salary increase rate                                      | <b>+0.1%p.a.</b> | <b>-0.1%p.a.</b> |
| Present value of the total obligation                                   | 251,883,000      | 249,875,000      |
| % change in the present value of the total obligation                   | 0.40%            | -0.40%           |
| Projected service cost  | 9,930,000        | 9,930,000        |
| Approximate % change in projected service cost                          | 0.00%            | 0.00%            |
| Rate of Increase to Pensions in Payment and Deferred Pension Assumption |                  |                  |
| Adjustment to pension increase rate                                     | <b>+0.1%p.a.</b> | <b>-0.1%p.a.</b> |
| Present value of the total obligation                                   | 254,893,000      | 247,116,000      |
| % change in the present value of the total obligation                   | 1.60%            | -1.50%           |
| Projected service cost  | 10,268,000       | 9,602,000        |
| Approximate % change in projected service cost                          | 3.40%            | -3.30%           |
| Post Retirement Mortality Assumption                                    |                  |                  |
| Adjustment to mortality age rating assumption*                          | <b>- 1 Year</b>  | <b>+1 Year</b>   |
| Present value of the total obligation                                   | 259,660,000      | 242,098,000      |
| % change in the present value of the total obligation                   | 3.50%            | -3.50%           |
| Projected service cost  | 10,327,000       | 9,543,000        |
| Approximate % change in projected service cost                          | 4.00%            | -3.90%           |

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

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

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

|                    | 31/03/2022<br>% | 31/03/2021<br>% |
|--------------------|-----------------|-----------------|
| Equity investments | 42.90%          | 46.30%          |
| Government Bonds   | 24.70%          | 23.60%          |
| Corporate Bonds    | 2.20%           | 12.10%          |
| Property           | 10.00%          | 8.90%           |
| Cash               | 4.00%           | 5.30%           |
| Other              | 16.20%          | 3.80%           |
| <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 carried out in March 2019 was based on data 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 2022.

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 Note 2021/22 2020/21

The Council did not hold any donated assets during the year ending 31 March 2022.

| 23 Capital Grants Received in Advance  | Note | 2021/22<br>£ | 2020/21<br>£ |
|--|------|--------------|--------------|
| Opening balance  |      | 34,852       | 1,919,358    |
| Add: new capital grants received in advance (condition of use not met)       |      | 365,572      | (1,231,160)  |
| Less: amounts released to the Comprehensive Income and Expenditure Statement |      | (116,212)    | (653,346)    |
|  |      | 284,212      | 34,852       |

#### Analysis of Capital Grants Receipts in Advance Balance

The balance of Capital Grants Receipts in Advance represents grants received that have yet to be recognised as income, as they have conditions attached to them, which will require the grant to be repaid, if conditions are not met. The balances at the year end are as follows:

| Capital Grants Receipts in Advance | Note | 2021/22<br>£ | 2020/21<br>£ |
|------------------------------------|------|--------------|--------------|
| Hilden                             |      | 3,852        | 3,852        |
| Dundonald International Ice Bowl   |      | 255,360      |              |
| West Lisburn Development           |      | -            | 6,000        |
| Carryduff Greenway                 |      | 25,000       | 25,000       |
|                                    |      | 284,212      | 34,852       |

In accordance with the Code (and IAS 37), Councils should disclose by way of note if there is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the authority, or a present obligation that arises from past events but is not recognised because:

- a) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or
- b) the amount of the obligation cannot be measured with sufficient reliability.

The ARC 21 Joint Committee has with the approval of the Participant Councils, entered into a Contingent Liability Undertaking with the bidding consortium in the procurement for the Residual Waste treatment Project. Payments made, if any in accordance with this undertaking will be funded by the Participant Councils. No further information on this agreement can be disclosed due to the commercial sensitivity of the procurement process.

Council (and the former legacy councils) has invested significant amounts to reduce the amount of BMW landfilled waste and is committed to meeting relevant targets. However, with the overall quantity of waste set to rise by approximately 2.5% per year and with the exponential targeted decrease in the amount of BMW to be landfilled, further significant investment will be needed by Council (either individually or in conjunction with other neighbouring councils) in order to deliver upon the target.

Unfortunately current market conditions are such that recycling costs have increased dramatically and this, together with the projected increases in overall waste arisings and forthcoming legislation on the separate collection of recyclates (paper, glass, metals and plastics) and that relating to the separate collection of food waste, will make it increasingly challenging for councils to achieve relevant targets and sustain performance.

On 17 October 2020, the First-tier Tribunal issued its decision in relation to a dispute concerning the VAT liability of charges paid by members of the public for access to sport and leisure facilities provided by Mid-Ulster District Council. HMRC contended that the charges should bear VAT at the standard rate, while Mid-Ulster District Council contended that the charges in dispute did not attract VAT. The appeal by Mid-Ulster District Council was allowed and now the quantum has to be agreed between both parties. However, pursuant to Rule 39 of the Tribunal Procedure (First-tier Tribunal) (Tax Chamber) Rules 2009, any party dissatisfied with the decision has a right to apply for permission to appeal not later than 56 days after the date of this decision. HMRC lodged an appeal which was heard in June 2022. The outcome of this appeal has not been released therefore there is no assessment of financial impact at this time.

There is a small number of ongoing Tribunal cases involving the Council as at 31st March 2022. Due to the uncertainty of outcome of these cases, there has been no provision provided within the financial statements.

**LISBURN AND CASTLEREAGH CITY COUNCIL**  
**Notes to the Financial Statements**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**25 Other cash flow disclosures**  
**a Analysis of Adjustments to Surplus/Deficit on the Provision of Services**

| Adjustment to surplus or deficit on the provision of services for noncash movements | Notes | 2021/22           | 2020/21           |
|---|-------|-------------------|-------------------|
|   |       | £                 | £                 |
| Depreciation  | 11    | 5,284,712         | 5,237,250         |
| Impairment & downward revaluations (& non-sale derecognitions)                      | 11    | 689,859           | (82,277)          |
| (Increase)/Decrease in inventories  |       | (121,438)         | (92,466)          |
| (Increase)/Decrease in Debtors  |       | (1,453,707)       | 2,504,093         |
| (Increase)/Decrease in Interest Debtors   |       | (10,946)          | 13,595            |
| Increase/(decrease) in impairment provision for bad debts                           |       | (8,040)           | 8,762             |
| Increase/(Decrease) in Creditors  |       | 3,022,266         | (3,022,051)       |
| Increase/(Decrease) in Interest Creditors   |       | 3,307             | (14,560)          |
| Payments to NILGOSC   | 21    | 7,845,000         | 4,755,000         |
| Carrying amount of non-current assets sold  | 8     | 80,600            | 12,005            |
| Contributions to Other Reserves/Provisions  |       | (307,656)         | 711,723           |
|   |       | <b>15,023,957</b> | <b>10,031,074</b> |

| Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing | Notes | 2021/22          | 2020/21          |
|---|-------|------------------|------------------|
|   |       | £                | £                |
| Proceeds from the sale of PP&E, investment property and intangible assets   |       | (18,030)         | (13,300)         |
| Capital grants included in "Taxation & non-specific grant income"   |       | (116,212)        | (653,346)        |
|   |       | <b>(134,242)</b> | <b>(666,646)</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:

|   | 2021/22           | 2020/21           | 2019/20          |
|---|-------------------|-------------------|------------------|
|   | £                 | £                 | £                |
| Cash and Bank balances                                  | 10,137,710        | 15,364,832        | 11,618,938       |
| Short Term Deposits (considered to be Cash Equivalents) | 15,253,196        | 7,251,021         | 9,250,092        |
| Bank Overdraft  | -                 | (1,226,978)       | (12,421,126)     |
|   | <b>25,390,906</b> | <b>21,388,875</b> | <b>8,447,904</b> |

**c Cash Flow Statement: Operating Activities**

|   | 2021/22   | 2020/21   |
|---|-----------|-----------|
|   | £         | £         |
| The cash flows from operating activities include: |           |           |
| Interest received                                 | (35,287)  | (46,905)  |
| Interest paid                                     | 3,421,923 | 2,645,320 |

**d Cash flows from Investing Activities**

|   | 2021/22          | 2020/21          |
|---|------------------|------------------|
|   | £                | £                |
| Purchase of PP&E, investment property and intangible assets               | 2,178,693        | 547,147          |
| Proceeds from the sale of PP&E, investment property and intangible assets | (18,030)         | (13,300)         |
| Capital Grants and Contributions Received                                 | (116,212)        | (653,346)        |
| <b>Net Cash flows from Investing Activities</b>                           | <b>2,044,451</b> | <b>(119,499)</b> |

| e Cash flows from Financing Activities  |  | 2021/22          | 2020/21          |
|---|--|------------------|------------------|
|   |  | £                | £                |
| Cash payments for the reduction of the outstanding liability relating to a lease and on-Balance Sheet PFI contracts |  | 42,907           | 38,358           |
| Repayment of Short and Long Term Borrowing  |  | 1,811,108        | 1,689,409        |
| <b>Net Cash flows from Financing Activities</b>   |  | <b>1,854,015</b> | <b>1,727,767</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 | 31/03/2022       | 31/03/2021       |
|--|-------|-------|------------------|------------------|
|  |       |       | £                | £                |
| <b>At 1 April</b>                                    |       |       | 1,090,582        | 1,090,582        |
| <b>Movement</b>                                      |       |       |                  |                  |
| Disposal of Assets/Capital proceeds                  |       |       | 18,030           | 13,300           |
| Capital Receipts used to finance capital expenditure | 3, 11 |       | (18,030)         | (13,300)         |
| <b>At 31 March</b>                                   |       |       | <b>1,090,582</b> | <b>1,090,582</b> |

### b Capital Grants Unapplied Account

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

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

Lisburn and Castlereagh City Council have no unapplied capital grants at this time.

### c Capital Fund

This fund was established in 2019/2020 to fund future capital projects within the Council.

| Capital Fund  |    | Notes | 31/03/2022       | 31/03/2021       |
|---|----|-------|------------------|------------------|
|   |    |       | £                | £                |
| <b>At 1 April</b>   |    |       | 7,935,265        | 6,500,000        |
| Transfers between statutory & other reserves & the General Fund     |    |       | 879,266          | 1,597,865        |
| Transfers between Capital Fund & CAA to finance Capital Expenditure | 12 |       | (197,965)        | (162,600)        |
| <b>At 31 March</b>  |    |       | <b>8,616,567</b> | <b>7,935,265</b> |

**d Renewal and Repairs Fund**

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

| Renewal and Repairs Fund  | Notes | 31/03/2022       | 31/03/2021       |
|---|-------|------------------|------------------|
|   |       | £                | £                |
| At 1 April  |       | 1,121,000        | 820,385          |
| Transfers between statutory & other reserves & the General Fund |       | (27,041)         | 300,615          |
| <b>At 31 March</b>  |       | <b>1,093,959</b> | <b>1,121,000</b> |

**e Other Balances & Reserves**

| Other Balances & Reserves                                       | Notes | 31/03/2022        | 31/03/2021        |
|---|-------|-------------------|-------------------|
|   |       | £                 | £                 |
| At 1 April  |       | 10,364,531        | 5,965,720         |
| Transfers between statutory & other reserves & the General Fund | 4     | 1,937,061         | 4,398,811         |
| <b>At 31 March</b>  |       | <b>12,301,592</b> | <b>10,364,531</b> |

These reserves contain the following: reserve for the settlement of future long term liabilities arising from previous capital investments (£5.98m), reserve to mitigate risk of penny product adverse outturns (£2m), reserve to fund DEA projects (£1.03m), reserve to fund Community Investment projects (£2.25m), reserve to fund waste expenditure in future years (£220k), reserve to fund Regeneration and Economy (£440K) reserve to fund elections in future years (£225k), other investment fund (£104k), reserve for grounds maintenance works (£35k) and reserve built from donations for the purchase of museum artifacts (£22k).

**f 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        | 31/03/2022        | 31/03/2021        |
|--|--------------|-------------------|-------------------|
|  |              | £                 | £                 |
| At 1 April   |              | 15,944,541        | 10,649,778        |
| Applied Capital Grants   | 10, 12       | (116,212)         | (653,346)         |
| Direct Revenue Financing   | 4, 12        | (535,276)         | (225,000)         |
| Depreciation and Impairment adjustment   | 4            | 5,974,571         | 5,154,973         |
| Statutory Provision for financing Capital Investment   | 4            | (4,788,817)       | (4,180,977)       |
| Net Revenue expenditure funded from capital under statute  | 4, 12        | 2,111,281         | 1,183,947         |
| Surplus/(Deficit) on the Provision of Services   | CIES         | (6,989,219)       | 5,184,811         |
| Transfers between Statutory and Other Reserves and the General Fund  | 4            | (2,789,286)       | (6,297,291)       |
| Net movements on Pension Reserve   | 4, 21        | 7,845,000         | 4,755,000         |
| Disposal of Fixed Assets/Capital Sales   | 3, 4, 11, 23 | 62,570            | (1,295)           |
| Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements |              | 34,603            | 209,642           |
| Other Movements  |              | (86,809)          | 164,300           |
| <b>At 31 March</b>   |              | <b>16,666,947</b> | <b>15,944,541</b> |

## 27 Unuseable Reserves

### a Capital Adjustment Account

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

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

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

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

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

| Capital Adjustment Account  | Notes  | 31/03/2022        | 31/03/2021        |
|---|--------|-------------------|-------------------|
|   |        | £                 | £                 |
| At 1 April  |        | 57,040,965        | 56,591,822        |
| Applied Capital Grants  | 10, 12 | 116,212           | 653,346           |
| Direct Revenue Financing  | 4, 12  | 535,276           | 225,000           |
| Depreciation & Impairment adjustment  | 11     | (5,974,571)       | (5,154,973)       |
| Statutory Provision for financing Capital Investment                                      | 4, 12  | 4,788,817         | 4,180,977         |
| Net Revenue expenditure funded from Capital under statute                                 | 4, 12  | (2,111,281)       | (1,183,947)       |
| Disposal of Fixed Assets/ Capital Sales   | 4, 11  | (80,600)          | (12,005)          |
| Capital Receipts used to finance capital expenditure                                      | 4, 12  | 18,030            | 13,300            |
| Other Movements   |        | 1,676,275         | 1,564,844         |
| Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure | 12     | 197,965           | 162,600           |
| <b>At 31 March</b>  |        | <b>56,207,089</b> | <b>57,040,965</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 | 31/03/2022        | 31/03/2021        |
|--------------------------|-------|-------------------|-------------------|
|                          |       | £                 | £                 |
| At 1 April               |       | 48,382,536        | 49,492,352        |
| Revaluation & Impairment | 11    | 4,804,056         | 455,028           |
| Other Movements          |       | (1,676,275)       | (1,564,844)       |
| <b>At 31 March</b>       |       | <b>51,510,317</b> | <b>48,382,536</b> |

**c Available for Sale Financial Instruments Adjustment Reserve and Financial Instruments Revaluation Reserve**

The Council did not hold any financial instruments during the financial year ending 31st March 2022.

**d Pension Reserve**

| Pension Reserve                  | Notes | 31/03/2022          | 31/03/2021          |
|----------------------------------|-------|---------------------|---------------------|
|                                  |       | £                   | £                   |
| At 1 April                       |       | (65,637,000)        | (50,662,000)        |
| Net Movements on Pension Reserve | 4, 21 | (7,845,000)         | (4,755,000)         |
| Revaluation & Impairment         | 21    | 26,659,000          | (10,220,000)        |
| <b>At 31 March</b>               |       | <b>(46,823,000)</b> | <b>(65,637,000)</b> |

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

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

**e Deferred Capital Receipts Account**

The Deferred Capital Receipts Account holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve. The Council did not hold any deferred capital receipts during the financial year ending 31 March 2022.

**f 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 | 31/03/2022       | 31/03/2021       |
|--|-------|------------------|------------------|
|  |       | £                | £                |
| At 1 April   |       | (718,027)        | (508,385)        |
| Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements |       | (34,603)         | (209,642)        |
| <b>At 31 March</b>   |       | <b>(752,630)</b> | <b>(718,027)</b> |

## g Provisions Discount Rate Reserve

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

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

| Provisions Discount Rate Reserve   | Notes | 31/03/2022       | 31/03/2021       |
|--|-------|------------------|------------------|
|  |       | £                | £                |
| At 1 April   |       | (542,490)        | (378,190)        |
| Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements |       | 86,809           | (164,300)        |
| <b>At 31 March</b>   |       | <b>(455,681)</b> | <b>(542,490)</b> |

## 28 Significant Trading Operations

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 when compared with the Council's net revenue budget
- the risk of financial loss the Council may be exposed to in providing the service to the user.

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

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

In applying the aforementioned criteria, the Council considers that it is engaging in the following significant trading operations:

| Significant Trading Operations      | 2021/22        |                | 2020/21        |               |
|-------------------------------------|----------------|----------------|----------------|---------------|
|                                     | Turnover       | Profit/(Loss)  | Turnover       | Profit/(Loss) |
|                                     | £              | £              | £              | £             |
| Irish Linen Centre Shop             | 3,791          | (2,977)        | -              | (1,731)       |
| Provision of Car Parking Facilities | 572,380        | 302,336        | 313,623        | 56,933        |
| <b>Total</b>                        | <b>576,171</b> | <b>299,359</b> | <b>313,623</b> | <b>55,202</b> |

## 29 Agency Services

The Council provides specialist payroll services and financial services to other bodies namely Lagan Valley Regional Park. Service level agreements exist for each of the bodies and at 31 March 2022 no monies relating to management fees were outstanding.

LCCC is the 'Host Council' and all 11 Councils participate in the Local Government Training Group. Lisburn and Castlereagh City Council has delegated authority via a Service Level Agreement, to apply the rules of the LGTG and to manage financial transactions on behalf of the LGTG. Lisburn and Castlereagh City Council administered payments of £253,115 (FY 20/21 £176,192) and received income from the other Councils of £165,933 (FY 20/21 £118,195) as reimbursement of its outlay. Further details are provided on pages 90 and 91 of this report.

## 30 Related Party Transactions

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

Central government has significant influence over the general operations of the council - it is responsible for providing the statutory framework within which the council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties.

The Council is a member of the ARC 21 Joint Committee which is established for the purposes of managing waste. The ARC 21 Joint Committee is a partnership of 6 councils established to collaborate in implementing the Waste Management Plan to develop an integrated network of regional waste management facilities which would be cost effective to the public. For the year ending 31st March 2022, the Council made payments of £5.43m (2021: £5.38m) to ARC 21. At 31st March 2022, the Council owed £62k (2021: £109k) to ARC 21 and were due £28k (2021: £50k) from ARC 21.

The Joint Committee accounts for its funding by the provision of a statement of accounts which is prepared under Local Government (Northern Ireland) order 2005 and subject to a statutory audit by a local government auditor.

Members of the council have direct control over the council's financing and operating policies. The total of members' allowances paid in 2021/22 is shown in Note 7d. During 2021/22, works and services were commissioned from companies in which members had control or influence in a decision-making capacity and the council paid grants to organisations in which members had positions within. Details are below:

| ORGANISATION  | No. of Elected Members | 2021/2022 | 2020/2021 |
|---|------------------------|-----------|-----------|
|   |                        | £         | £         |
| Arc 21  | 4                      | 5,426,540 | 5,380,783 |
| Belfast Region City Deal Eng Forum                  | 9                      | 133,636   | 243,378   |
| Belfast Hills Partnership                           | 1                      | 15,971    | 15,971    |
| Belfast Regional Tourism Partnership                | 1                      | 32,500    | 34,500    |
| Lagan Navigation Trust                              | 2                      | 29,336    | 114,477   |
| Lagan Valley Rural Transport                        | 1                      | 18,720    | 17,784    |
| Lisburn & Castlereagh Local Sports Advisory Council | 4                      | 25,000    | 39,000    |
| Lisburn Commerce Against Crime                      | 2                      | 219,778   | 270,345   |
| Lough Neagh Partnership                             | 1                      | 3,500     | 3,500     |
| National Association of Councillors                 | 8                      | 3,200     | 3,200     |
| NILGA   | 2                      | 65,057    | 55,040    |
| NI Museums Council                                  | 1                      | 300       | 300       |
| Somme Advisory Council                              | 2                      | 1,000     | 1,000     |
| Pantridge Trust                                     | 1                      | 500       | 500       |

### 31 Third Party Asset

The Council holds £33.4k ( 2020/2021 £7.9k) balance at the year end for Mayor's Charities. This money will be paid to the Mayor's nominated charity at the end of the current Mayor's term.

### 32 Events after the Reporting Period

The Statement of Accounts was authorised for issue on September 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements have been adjusted in all material respects to reflect the impact of this information.

There were no events occurring after the 31 March 2022 which require adjustment to the Council's financial statements.

### Date of authorisation for issue

The Chief Financial Officer authorised these financial statements for issue on September 2022

**LOCAL GOVERNMENT TRAINING GROUP  
RECEIPTS AND PAYMENTS ACCOUNT  
for the year ended 31 March 2022  
Unaudited**

|                                    | Notes    | Year Ended<br>31 March 2022 | Year Ended<br>31 March 2021<br>£ | Year Ended<br>31 March 2020<br>£ |
|------------------------------------|----------|-----------------------------|----------------------------------|----------------------------------|
| <b>Recurrent Transactions</b>      | <b>1</b> |                             |                                  |                                  |
| Contributions                      |          | 183,251                     | 130,895                          | 220,135                          |
| Operating Receipts                 |          | <u>461</u>                  |                                  | <u>20,730</u>                    |
|                                    |          | 183,712                     | 130,895                          | 240,865                          |
| Less Operating Costs               | <b>4</b> | <u>253,115</u>              | <u>176,192</u>                   | <u>334,980</u>                   |
| Surplus/(Deficit)                  |          | <u>(69,403)</u>             | <u>(45,297)</u>                  | <u>(94,115)</u>                  |
| <b>APPROPRIATION ACCOUNT</b>       |          |                             |                                  |                                  |
| Balance brought forward            |          | 167,065                     | 212,362                          | 306,477                          |
| Surplus/(Deficit) for the Year     |          | <u>(69,403)</u>             | <u>(45,297)</u>                  | <u>(94,115)</u>                  |
| Balance carried forward            |          | <u>97,661</u>               | <u>167,065</u>                   | <u>212,362</u>                   |
| <b>Represented by:-</b>            |          |                             |                                  |                                  |
| Lisburn & Castlereagh City Council |          | 97,661                      | 167,065                          | 212,362                          |
|                                    |          | <u>97,661</u>               | <u>167,065</u>                   | <u>212,362</u>                   |

Signed:

**Chairman, Local Government Training Group**

**Chief Financial Officer (LCCC)**

**LOCAL GOVERNMENT TRAINING GROUP**  
**NOTES TO THE ACCOUNTS**  
**for the year ended 31 March 2022**

**1. BASIS OF ACCOUNTS**

These accounts have been prepared and are included within Lisburn and Castlereagh City Council Annual Accounts.

|   | Year Ended<br>31 March 2022 | Year Ended<br>31 March 2021<br>£ | Year Ended<br>31 March 2020<br>£ |
|---|-----------------------------|----------------------------------|----------------------------------|
| <b>2. CONTRIBUTIONS RECEIVED</b>                  |                             |                                  |                                  |
| District Councils & DoC CBF                       | <u>183,251</u>              | <u>130,895</u>                   | <u>220,135</u>                   |
| <b>3. OPERATING RECEIPTS</b>                      |                             |                                  |                                  |
| Bank Interest                                     |                             |                                  |                                  |
| Course Fees                                       | 461                         |                                  | 20,730                           |
|   | <u>461</u>                  | <u>-</u>                         | <u>20,730</u>                    |
| <b>4. OPERATING COSTS</b>                         |                             |                                  |                                  |
| <b>Strategic Framework Implementation</b>         |                             |                                  |                                  |
| <b>1.1: Leadership &amp; Talent Management</b>    |                             |                                  |                                  |
| Chief Executive support                           |                             |                                  | 70,808                           |
| Leadership Development                            | 33,000                      | 9,875                            | 28,337                           |
|   | <u>33,000</u>               | <u>9,875</u>                     | <u>99,145</u>                    |
| <b>1.2: Performance Culture</b>                   |                             |                                  |                                  |
| Performance Culture Toolkit                       |                             |                                  |                                  |
| Performance Culture eLearning Module              |                             |                                  |                                  |
| OD Projects                                       |                             |                                  |                                  |
|   |                             |                                  |                                  |
| <b>1.3: Learning Organisation</b>                 |                             |                                  |                                  |
| In house programme support/Master classes         | 40,490                      | 43,828                           | 26,671                           |
| Regional training Programmes/Cluster courses      | 21,700                      |                                  | 70,098                           |
| Transformation Initiative                         | 6,486                       | 20,000                           |                                  |
|   | <u>68,676</u>               | <u>63,828</u>                    | <u>96,769</u>                    |
| <b>1.4: Equality and Diversity</b>                |                             |                                  |                                  |
| Equality and Diversity/community relations        |                             | 480                              | 1,000                            |
|   | <u>-</u>                    | <u>480</u>                       | <u>1,000</u>                     |
| <b>1.5: Capacity Building for Elected Members</b> |                             |                                  |                                  |
| Capacity Building for Elected Members             |                             | 4,495                            |                                  |
|   | <u>-</u>                    | <u>4,495</u>                     | <u>-</u>                         |
| <b>1.6: Miscellaneous Initiatives</b>             |                             |                                  |                                  |
| Procurement costs                                 |                             |                                  |                                  |
| Meetings Costs/Quality standards/IIP              | 43,465                      | 8,500                            | 4,232                            |
|   | <u>43,465</u>               | <u>8,500</u>                     | <u>4,232</u>                     |
| TRANSFORMATION                                    |                             |                                  |                                  |
|   |                             |                                  |                                  |
| <b>1.7: Administration</b>                        |                             |                                  |                                  |
| LGSC Administration                               | 10,000                      | 10,000                           | 7,000                            |
| LGTG Officer/Agency Costs                         | 42,663                      | 37,335                           | 25,049                           |
| Printing and Stationery                           | 1,000                       |                                  | 180                              |
| Advertising                                       |                             |                                  |                                  |
| Commissioning and support                         | 37,091                      | 37,091                           | 66,682                           |
| Phase 2   | 17,220                      | 4,589                            | 34,923                           |
|   | <u>107,974</u>              | <u>89,015</u>                    | <u>133,835</u>                   |
| <b>Total Operating Costs</b>                      | <u>253,115</u>              | <u>176,192</u>                   | <u>334,980</u>                   |