

# STATEMENT OF ACCOUNTS

**Armagh City Banbridge & Craigavon Borough Council**

**For the year ended 31st March 2022**

## **Armagh City Banbridge & Craigavon Borough Council**

<b>Contents</b>	<b>Page Number</b>
Narrative Report	1
Statement of the Council's and Chief Financial Officer's Responsibilities for the Statement of Accounts	14
Annual Governance Statement	15
Remuneration Report	31
Certificate of Chief Financial Officer	38
Council Approval of Statement of Accounts	38
Independent Auditor's Report to the members	39
Comprehensive Income and Expenditure Statement	44
Movement in Reserves Statement	45
Balance Sheet	46
Cash Flow Statement	47
Notes to Financial Statements	48

# **Narrative Report**

## **Introduction**

This narrative provides an overview for Armagh City, Banbridge and Craigavon Borough Council, and is an accompanying narrative for the 2021/22 Annual Audited Accounts.

It sets the context of the Council, outlining corporate governance, performance requirements and financial performance.

The Audited Annual Accounts 2021/22 can be found in the main body of this report.

The Council's financial performance for the year ended 31st March 2022 is as set out in the Comprehensive Income and Expenditure Statement and its financial position is as set out in the Balance Sheet and Cash Flow Statement.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom for the year ended 31st March 2022 (the Code) and the Department for Communities Accounts Directions, Circular LG 02/2022. It is the purpose of this foreword to explain, in an easily understandable way, the financial facts in relation to the Council.

This Statement of Accounts explains Armagh City Banbridge & Craigavon Borough Council's finances during the financial year 2021/22 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

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

## **Group Accounts**

The Code requires Local Authorities to consider all their interests and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. Armagh City, Banbridge & Craigavon Borough 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 44, 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 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 45, shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves'. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Council's services, further details of which are shown in the Comprehensive Income and Expenditure Statement (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance for Local Tax purposes. The 'Net increase/decrease before transfers to Earmarked Reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

## The Balance Sheet

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

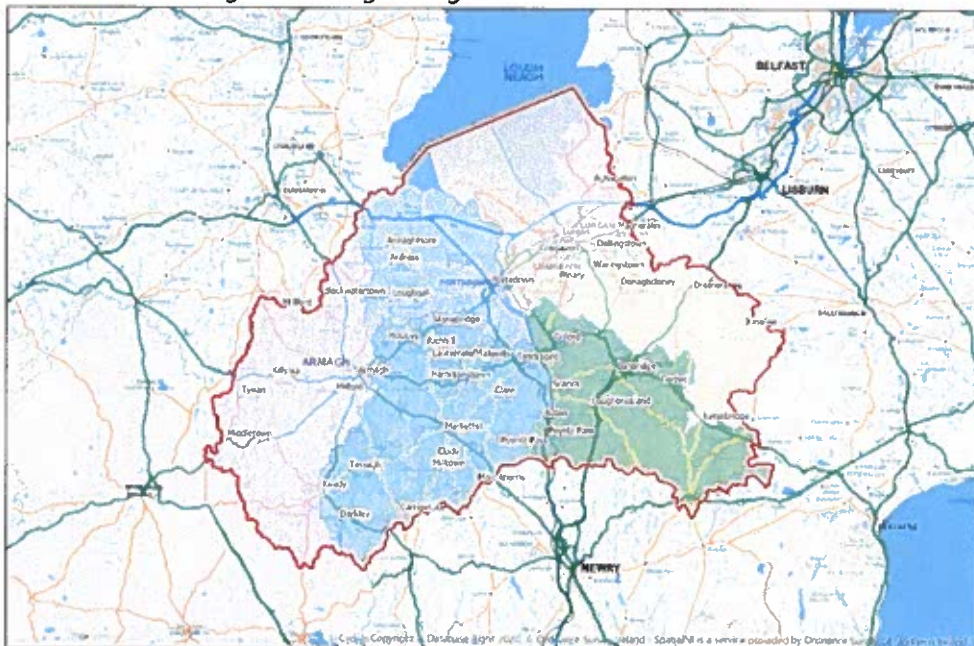
## The Cash Flow Statement

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

## Corporate Governance

- Armagh City, Banbridge and Craigavon Borough Council has 41 democratically elected members, representing 7 District Electoral Areas.

Armagh Banbridge Craigavon District Electoral Areas



The Council meets once a month to discuss, oversee and ratify decisions taken by Committees. It has 5 Committees that meet monthly and a Performance and Audit Committee that meets quarterly. An Annual General meeting is held each year when a Lord Mayor and Deputy Lord Mayor are elected. Chairs and Vice-Chairs of Committees are also elected at the annual general meeting.



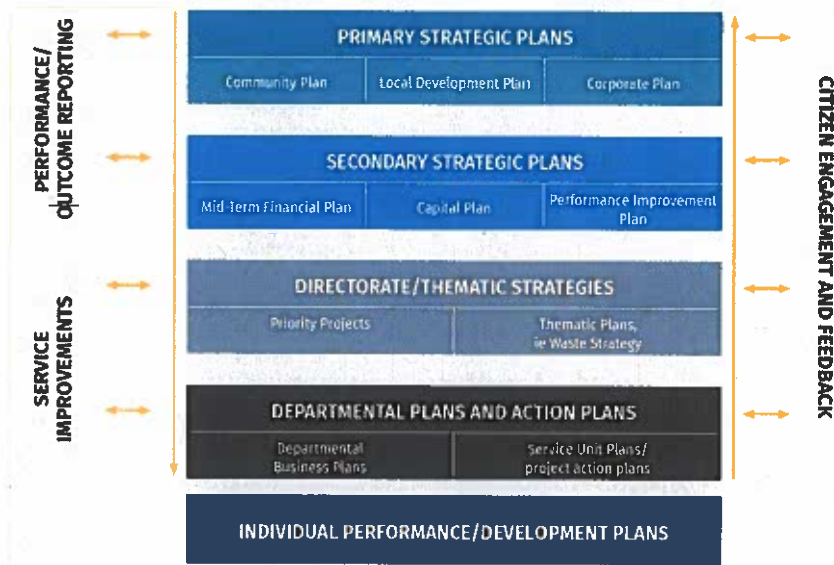
The six committees that report to full council meetings.

Council has wide ranging responsibilities, making strategically important decisions that will affect future generations, and it is in this context that everyone is encouraged to engage with their elected members so that we can co-create a borough in which we are all proud to live, work, visit, learn and invest.

Council operates within the [Strategic Planning Framework](#), which sets out the various components of the planning framework bringing together specific priorities, aims and ambitions of the Borough in the decision-making process. It links the overarching Council objectives to service and individual work plans, making clear the contribution individuals make towards achieving strategic outcomes. It provides a mechanism to establish and implement an integrated way of communicating and implementing objectives throughout Council so that all plans are clear and 'joined up', known as the '**golden thread**'. Connecting the '**golden thread**' from the Community Plan and Corporate Plan through departmental, service and individual plans shows how the plans all fit together.

This helps to ensure that there is a strong focus on the achievement of outcomes at every level of the Council for the benefit of customers, residents and communities. The '**golden thread**' is demonstrated in Diagram 1 below.

Diagram 1



The diagram above illustrates the need for connections between all levels. This golden thread is supported by engagement and improvement processes. The plans listed above are illustrative of the key plans, rather than an exhaustive list.

## Corporate Plan

The Corporate Plan 2018-2023 is the roadmap for delivering the Community Plan, the overarching strategy for the borough, which was developed by all the relevant statutory partners in consultation with local people and communities. It also sets out the strategic direction on a broader scale, outlining plans to promote the borough on a local, regional, national and global stage to attract investment to the area. It identifies 30 commitments to contribute to the vision: “a healthy, happy and connected community, a vibrant and sustainable economy and appealing places for living, working and learning.”

To achieve these commitments, and deliver on services and activities, Council focus on 4 corporate themes:

- Committed Council
- Economy
- Community
- Place

A copy of the Corporate Plan can be found at the following link:

<https://www.armaghbanbridgecraigavon.gov.uk/council/corporate-publications/>

The structure (up to 30<sup>th</sup> June 2021) adopted by Council to deliver services and activities to local ratepayers was based on four separate Directorates, namely: **Performance, People; Place, Position.**

In October 2020, Council initiated a review of its organisational structure as part of the Financial Review and Transformation Project. The purpose of this review was to create a more efficient and effective operating model for delivery of key outcomes against the following principles:

- Business and outcome focus
- Flexibility
- Building capacity
- Leadership
- Innovation

- Collaboration.

As a result, new directorates were formed and these together with their key operational services and activities are set out below:

- Deputy Chief Executive: Finance, ICT, Procurement, Chief Executive's Office, HR, OD, Transformation Hub;
- Strategy and Performance: Community Planning, Policy and Research, Strategy, Performance, Monitoring Officer;
- Community and Growth: Environmental Health, Tourism Arts and Culture, Planning, Building Control, Economic Development, Community Development;
- Neighbourhood Services: Environmental Services, Health and Recreation, Estates and Asset Management.

This past year we continue to deal with the pandemic and its financial and wider impacts, but we worked to create momentum around the recovery phase. The council's approach to recovery was set out within the Medium Term recovery plan (Link as follows:

<https://www.armaghbanbridgecraigavon.gov.uk/recoveryandgrowth/>) and included support for communities and businesses as well as setting out the council's ambition for inclusive growth within the Borough and advancing the council's green agenda of carbon reduction.

Actions within the Medium-term Recovery Plan were included within business plans in order that implementation could be mainstreamed, managed and monitored. Recovery activity and the realisation of further efficiencies were considered as part of the estimates process and built into budgets. A programme of work to drive and accelerate efficiency savings was established and is being managed through the newly established Programme Management Office.

#### Other Key Strategies:

Council has developed and implemented a number of key strategies over the years, including Recovery and Growth Framework, 'Connected' Community Plan (2017-2030), 'Transform' Tourism Strategy (2017-2022) and ABC Play Strategy (2018-2026) to improve the lives of everyone in the area.

In February 2020, the Council launched an ambitious framework aimed at helping the local economy to quickly recover and forge a path to future inclusive growth. The ABC Recovery and Growth Framework focuses on how Council can create the right social and economic conditions to help the borough recover from the pandemic and drive sustainable long-term growth for the region.

Link as follows: <https://www.armaghbanbridgecraigavon.gov.uk/abc-recovery-and-growth-framework-sets-out-roadmap-to-rejuvenate-economy/>

The council launched an ambitious agriculture strategy, the first of its kind in any council in Northern Ireland, aiming to support this vitally important sector within the Borough. Designed to be in line with the findings of the Independent Strategic Review of the Northern Ireland Agri-Food Sector (ISRAF), the Green Growth Strategy and to work alongside the Mid South West (MSW) Regional Economic Strategy amongst others, it is the objective of this strategy to provide practical recommendations to enable the council to best support agriculture, agri-food and agri tech, helping to develop long term viability in the sector. You can find the strategy here: [Agriculture Strategy - Armagh City, Banbridge and Craigavon Borough Council \(armaghbanbridgecraigavon.gov.uk\)](https://www.armaghbanbridgecraigavon.gov.uk/agriculture-strategy-armagh-city-banbridge-and-craigavon-borough-council)

The Council continues to progress the new Local Development Plan for the Borough which when finalised will allow the Borough's economy to develop further and meet the demands of a growing population. Stage 1 of this process has been completed with the publication of the Preferred Options Paper and officers are now working towards stage 2 - the Draft Plan Strategy. The Plan Strategy will set out a clear vision and growth strategy for the Borough, supported by policies

focussed on facilitating sustainable development. The 3rd and final stage of the LPP - the Local Policies Plan - which will deal with locally specific land use policies and proposals, will be prepared following the adoption of the Plan Strategy.

All strategies form a part of our day-to-day business and are set out in our Departmental Business Plans.

The Council has also an extensive capital programme, with capital funds directed at a programme of work across the Borough designed to improve quality of life and deliver on corporate plan outcomes. This is underpinned by sound capital finance planning within the context of the rate setting process. It is also delivering support for rural areas and carrying out a number of environmental improvement schemes in towns and villages throughout the Borough. This is in addition to the delivery of a digital connectivity project, to assist with the transformation of public services and increasing use of online services, EU funding to support peace and reconciliation and promote social and economic stability and funding to enhance and regenerate town centres. The council also provides grant funding every year in financial assistance to various community groups.

### Performance & Continuous Improvement:

#### Performance Requirements:

As a Council, Armagh City, Banbridge and Craigavon Borough Council has a statutory duty under the Local Government Act (Northern Ireland) 2014, to publish improvement objectives each year which set out the key improvements Council aims to deliver.

The aim of our Performance Improvement Plan is to set out what we will do in the year ahead to secure continuous improvement in service delivery and bring about improvement against at least one of the following seven improvement areas as stipulated in the Local Government Act (NI) 2014:



Essentially, improvement is about making things better, with continuous improvement focusing on ensuring sustainable, ongoing improvements to the way we as a council work and deliver our services.

Council's annual Performance Improvement Plan sits within the Strategic Planning Framework, which guides the strategic planning process and service delivery arrangements. Whilst the Performance Improvement Plan focuses specifically on key Performance Improvement Objectives, Council seeks to bring about improvement in other areas of service delivery. Planned improvements



in our day-to-day business are set out in Departmental Business Plans and in other strategic actions plans.

In August 2020, Council received confirmation from DfC that there was no requirement for Council to publish a Performance Improvement Plan for 2020/21. However, in June 2021 DfC confirmed that a Performance Improvement Plan would be required for 2021/22 with the publication date extended from the normal statutory deadline of 30 June to 30 September. This was also the date the Self-Assessment Report had to be published by. Council met its statutory obligations by publishing the 2021/22 Performance Improvement Plan and 2020/21 Annual Assessment Report in September 2021 which were subsequently subject to an NIAO Performance Audit and Assessment Audit.

Council performance related documents mentioned above and the NIAO Audit and Assessment Report and Audit Assessment Certificate of Compliance for 2021/22 can be viewed on our website: <https://www.armaghbanbridgecraigavon.gov.uk/council/performance-improvement>

### Continuous Improvement

As the second largest Council in Northern Ireland, we are now expected by Elected Members, local residents, businesses and other stakeholders to provide services which are better, more efficient and effective than they were before Local Government Reform in 2015, as we continue on our transformation journey.

Our Corporate Plan 2018-2023 outlines our ongoing commitments to provide high quality, efficient and effective public services, facilities, projects and programmes.

The Council's performance improvement processes drive and ensure that all of our services continually improve their performance in relation to what they do, how they do it and the cost involved. This will help us provide the right services in the right way to meet the needs of our customers and to improve customer experience and satisfaction. Service reviews are an important part of that journey, and a number of service reviews are ongoing.

In terms of continuous learning and improvement, Council's Performance Management Framework continues to be implemented and embedded into service delivery, as a key driver for continuous improvement across all functions, departments and service areas.

The implementation of Council's Performance Manager software system ensures a consistent '*One Council*' approach across the organisation in terms of performance and progress reporting. It provides a better alignment to the Corporate Plan 2018-2023 and our Corporate Commitments. The performance software system is now fully embedded in all departments and includes management reporting of progress against business plans.

Council's Annual Performance Self-Assessment Report provides information on Council's performance on the previous year, gives detail on issues identified through monitoring and review, as well as reference to any planned/implemented improvements.

The 2020-21 Report was published on Council's website in September 2021: [www.armaghbanbridgecraigavon.gov.uk](http://www.armaghbanbridgecraigavon.gov.uk)

### Risk:

Risk Management is about managing threats and opportunities so that the Council is in a stronger position to deliver its objectives and is an essential business tool that encourages innovation and enterprise, not risk adversity. Risk Management includes identifying and assessing risks and then responding to them to ensure effective controls are in place. Failure to manage risk effectively may result in financial losses, disruption to services, bad publicity or claims for compensation.

All organisations face risk or obstacles to achieving their objectives. In order for Armagh City, Banbridge and Craigavon Borough Council to deliver its vision of serving and leading the people of the Borough it is vitally important to:

- Understand the nature of the risks we face
- Be aware of the extent of these risks
- Identify the level of risk that we are willing to accept
- Assess our ability to control or reduce the risk
- Implement corrective actions

Risk management is explicitly linked to the business planning process to ensure it is embedded across the Council. The Council has an agreed Risk Management Policy which was reviewed during 2021-22 with corporate, departmental and project risk registers developed and reported to the Performance and Audit committee quarterly in line with the agreed policy. As with the performance management, risk management is also embedded and supported with a risk management software system, ensuring a one council approach.

An effective risk management process will:

- Improve service delivery
- Support business planning
- Improve decision making
- Improve performance and promote continuous improvement
- Enhance communication between Departments
- Improve accountability and reassure stakeholders

The management of risk within the organisation and any significant issues arising during the year and/or areas of concern are also referenced in the Annual Governance Statement.

### Annual Governance Statement:

The Council prepares a separate Annual Governance Statement, and this accompanies the financial statements. Whilst the Annual Governance Statement can be reviewed in detail it is important to reiterate that the effectiveness of the Council's internal controls is examined in detail through the work of Internal Audit. An annual Internal Audit Plan is approved by Council based on a needs and risk assessment process that focuses resources on higher risk areas and meets the professional standards required by the Public Sector Internal Audit Standards. Based on evidence from planned audits and any special investigations, Internal Audit reports to the Performance & Audit Committee on any major weaknesses that have been identified in the internal controls examined and highlights where important improvements are considered necessary. The Annual Governance Statement is included within these Accounts (Page 15).

### Expenditure and Funding Analysis

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

During the annual Estimates Process each year the Council has to ensure that it has adequate resources to deliver the services expected by the local community, both business and non-business alike. To this end in 2021/22 the Council projected a requirement of net funding in the amount of

£77.2m of which £69.2m was to be raised by way of Rates Income along with total projected Central Government grant funding of approximately £7.1m (i.e. Rates Support Grant, Transferred Functions Grants and De-Rating Grant) and a balance applied of £0.9m.

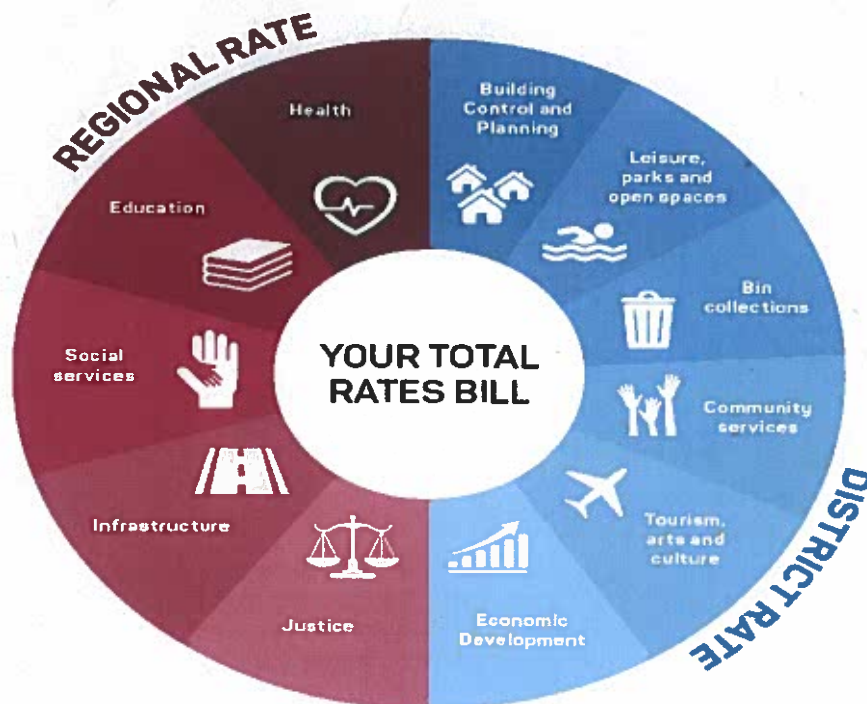
In February 2021 the Council approved budgets for the four Directorates in place at the time as follows:

- Performance Directorate: - £9.8m
- People Directorate: - £39.6m
- Place Directorate: - £6.9m
- Position Directorate: - £8.2m

However, subsequent to the budget setting process in February 2021, the Council underwent an internal restructuring process. Therefore, effective from July 2021, budgets were realigned and allocated to four new directorates as follows:

- Community & Growth - £13.9m
- Deputy CEO & CEO: - £7.4m
- Neighbourhood Services: - £40.1m
- Strategy & Performance: - £3.1m

The Council also budgeted for various capital projects across Council and set aside approximately £12.7m capital financing for this. Based on these figures, the Council set the District Rate and combined with the Central Government Regional rate, are used to calculate the Borough Rates bills. Details of the range of services provided from the rate setting process are detailed below:



## Financial Performance:

For the year ended 31 March 2022, there was an increase in the Council's total Usable Reserves from £40.1m to £47.9m. The Council's approved net budget of £77.2m was supplemented by £1.5m in year finalisation payment of district rates, additional one-off grant funding of £3.1m relating to Covid 19 and additional rates support grant of £1.6m. The total Net Operating Expenditure reported in the CIES is £85.2m (this includes amounts for depreciation, impairments and other non-budget accountancy adjustments).

- Capital expenditure during the year amounted to £7.1m. This included expenditure on a number of projects and initiatives including expenditure on Play Parks across the Borough (£1.1m), Vehicles & Equipment (£3.3m), and Council Buildings and land (£2.7m).

The Council's financial accounts for the year ended 31<sup>st</sup> March 2022 are set out on pages 44 – 109 and consist of:

- The Comprehensive Income and Expenditure Statement – the Council's main revenue account covering income and expenditure on all services.
- The Movement in Reserves Statement – this shows the movement in and the accumulated balances of reserves held by the Council at the year end. These are categorised as either 'Usable' (i.e. consideration can be given regarding utilising these amounts) or 'Unusable' (i.e. resources for which a decision has already been made by Council regarding how these are to be used e.g. the creation of specific reserves or funding towards one-off projects).
- The Balance Sheet – which sets out the Council's assets and liabilities at the year end.
- The Cash Flow Statement – this includes information regarding inflows and outflows of cash arising from transactions for both revenue and capital.
- Notes to the Accounts.

During 2021/22 the gross expenditure incurred by Council on Continuing Operations amounts to approximately £106.5m (2020/21 £108.5m). This was supplemented by income from various sources including service users and grants of £25.8m (2020/21 £16.9m) resulting in net expenditure on cost of services of £80.8m (2020/21 £91.6m). Service expenditure and income is summarised in the following table:

Service Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£'000	£'000	£'000
Community & Growth	26,517	(11,663)	14,854
Deputy CEO and CEO	8,656	(722)	7,934
Neighbourhood Services	65,860	(9,370)	56,490
Strategy & Performance	3,910	(285)	3,625
Other Services	1,590	(3,730)	(2,140)
Continuing Operations	106,533	(25,770)	80,763

Exceptional funding received in response to the COVID-19 pandemic during 2021/22 is included in the Financial Statements. Funding of £3.1m is included within the Continuing Operations above and relates directly to COVID-19 projects. The funding was received from DfC (£2.4m), DEARA (£0.7m) and HMRC (£0.03m). (2020/21 DfC (£10.6m), DFI (£0.6m), DEARA (£1.5m) and HMRC (£1.3m)).

Material assets purchased during the year included expenditure of approximately £3.3m on vehicles and equipment.

The Council utilised Capital Receipts of £0.18m to help fund short term assets. The Council has utilised some of the earmarked reserves in year and received further Covid grants resulting in a net downward movement of £0.2m on these reserves. In relation to the overall reserves there was an increase in year of £7.9m to the General Fund (from the opening balance position) and this resulted in Total Usable Reserves increasing by £7.7m over the course of the year.

Notes 2a and 2b include a breakdown of expenditure by Directorate across the Council as part of the new requirements introduced in 2017/18 regarding Telling the Story and comparative figures are included in an effort to provide as much information as possible to readers of the accounts.

The Council is required to ensure that property assets are revalued on a regular basis. This process is undertaken annually for land and buildings. Following the 2021/22 revaluation exercise and taking into consideration in year expenditure on capital additions, there was an upward movement of £9.3m, increasing from £241.0m to £250.3m, on the overall Net Book Value of fixed assets (excludes Assets Held for Sale). The main area of note was the increase due to the revaluation exercise of £5m and the additions of £7.1m. Information on Long Term Assets is included in Note 11.

The Council's net pension liability decreased by £30.9m from £106.0m to £75.1m and this is largely due to changes in financial assumptions. Whilst the Council is obligated to include this liability within its accounts there is no requirement for the Council to meet this liability immediately or to make a one-off payment or to fund this from Reserves. There is therefore no perceived risk to the financial standing of the Council resulting from this liability. Information regarding pensions is included in Note 21.

There was no material change in the Council's statutory functions during the year and there were no significant changes in accounting policies during the year.

As a result of the new directorates formed and together with their key operational services and activities the current year figures are presented as per the new structure, along with the restated prior year comparisons, where applicable. Reference to this presentation is included in Note 1.

The Council was able to continue to meet its financial liabilities through the use of reserves, and internal and external borrowing. The Council also continued to service existing debt and at the end of 2021/2022 the total borrowing as at 31 March 2022 stood at £65.0m which was a decrease of £11.5m on the 2020/2021 closing position. This was due to a reduction in short-term borrowing and cashflow requirement at year end.

## **Forward Planning**

There continues to be a number of economic factors that can impact on local councils including changes affecting the province following the departure from the European Union, long-term impact of Covid, particularly with regards income generation, reduction in grants from central government, inflation, interest rates, pay settlements and continued uncertainty globally within financial markets.

Within this challenging environment, the Council undertook a comprehensive review of expenditure and pressures to identify opportunities for efficiencies and transformation moving forward and these fed into the 2022/23 budget setting process. The Council is therefore content that the budgets for the current financial year are robust. The intensive analysis that played an important part in the 2022/23 budget setting process will be further supported and enhanced moving forward through the development of an updated Medium Term Financial Plan and this will set out a robust financial framework for proposed spending and investment over the next three financial years to support the delivery of agreed corporate objectives.

The current Medium Term Financial Plan already includes for corporate and unavoidable pressures as well as ensuring the protection of front-line services and in this regard, it is forecasting district rate increases above the current levels of inflation. Therefore, in order to ensure that the ambitious corporate programme is affordable, the proposed investment and enhanced service delivery will be supported by various measures including efficiencies, transformation and service review, securing value for money through procurement and effective treasury management and financial management.

The Council always strives to provide local businesses and householders with a first class service that is effective and efficient. In recognition of that, the Council's transformation and reform journey continues with greater renewed prioritisation to ensure our ambitions are realised.

### Business Continuity

The Council has built up a strong and healthy reserves balance which will enable it to deal with the immediate financial challenges posed by COVID-19 and recent higher inflation. The pandemic placed additional strain on the organisation and continues to do so with on-going restrictions and controls, particularly with regards to projected reductions in income from facilities and services as well as from business rates. The Council also avails of grants from Central Government and these could also be impacted upon due to pressures on the public purse. Any such reductions in funding are outside the control of Council but this will be factored into considerations during the annual Estimates process.

During the 2021/22 financial year, the council continued to make budget reductions and exercise robust budgetary control in order to protect services and to ensure the financial stability of the organisation. The council's risk management, business planning and budgetary processes have been adapted as necessary to ensure that the on-going issues related to recovery are captured and managed.

The 2022/23 budgets will be continually kept under review on a monthly basis throughout the year to determine the robustness of original projections and assumptions and whether reductions and/or realignment of budgets will be required to ensure there will be a balanced budget at the year-end. Budgetary control and financial management in the organisation has been supplemented by the establishment of an Estimates and Efficiency Working Group to help identify further opportunities to generate efficiencies and savings. This group will also play a pivotal role in the 2023/24 Estimates Process in terms of identifying areas where savings can be applied and opportunities to maximise income. Outputs from the Working Group will inform the new Medium Term Financial Plan.

The Council recognises the critical importance of identifying and managing the impact of external pressures whilst protecting the organisation's financial integrity and stability. In the current operating environment these include significant inflationary pressures in relation to energy costs, the costs of raw materials and supplies and construction, as well as the on-going impact of recovery from the Covid 19 pandemic. Therefore, there will be a continual process of review, reporting and revisions to business plans, business continuity plans, budgets and financial plans as the Council moves forward through this volatile period.

### Basis of preparation for Annual Audited Accounts 2021/22

The Council's annual accounts are prepared on an accruals basis and are intended to present to readers a true and fair view of financial activity during the 2021/22 financial year. 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 Statement of Accounts has been prepared on a 'going concern' basis.

The concept of materiality recognises that absolute accuracy in financial statements is rarely possible. Therefore, the external audit is designed to provide reasonable, rather than absolute assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would reasonably influence the decisions of the users of the financial statements.

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

The remainder of this Report provides a detailed analysis of the Annual Audited Accounts 2021/22 for Armagh City, Banbridge and Craigavon Borough Council.

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

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

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

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

These accounts were approved by resolution of the Performance & Audit Committee on 27th 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.



## **Annual Governance Statement 2021-22**

### **Scope of Responsibility**

Armagh City, Banbridge and Craigavon Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Council also has a duty under Local Government Act (Northern Ireland) 2014, Part 12: Performance Improvement to make arrangements to secure continuous improvement having regard to 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 function, 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. This statement explains how the Council meets the requirements of Regulation 4 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in relation to the publication of an Annual Governance Statement.

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

The governance framework comprises the systems and processes, and culture and values by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the 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, cost-effective services.

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

The governance framework has been in place at Armagh City, Banbridge and Craigavon Borough Council for the year ended 31 March 2022 and up to the date of approval of the financial statements.

### **The Governance Framework**

This section describes the key foundations of the Council's governance arrangements. A Council Code of Governance is in place and was last reviewed in December 2020. It is based on the seven principles set out in the CIPFA/Solace 'Delivering Good Governance in Local Government'. The key elements of the systems and processes that comprise the Council's governance arrangements are summarised below:

#### **Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users.**

The 'Strategic Planning Framework' sets out the various components of the planning framework bringing together specific priorities, aims and ambitions for the Borough. It seeks to link the overarching Council objectives to service and individual work plans, making clear the

contribution individuals make towards achieving strategic outcomes. It provides a mechanism to establish and implement an integrated way of communicating and implementing objectives throughout Council so that all plans are clear and 'joined up', known as the 'golden thread'. Connecting the 'golden thread' from the Community Plan and Corporate Plan through departmental, service and individual plans show how the plans all fit together. This helps to ensure that there is a strong focus on the achievement of outcomes at every level of the Council for the benefit of customers, residents and communities. The 'golden thread' is demonstrated in Diagram 1.

**Diagram 1**



The diagram above illustrates the need for connections between all levels. This golden thread is supported by engagement and improvement processes. The plans listed above are illustrative of the key plans, rather than an exhaustive list.

The Borough Community Plan gives us the **WHY** of what we are doing, providing a holistic view of the needs and aspirations of our Borough and articulating them in 9 long term outcomes. The Council's Corporate Plan explains **WHAT** we as the Council are doing to contribute to these outcomes as well as outlining any other key objectives for us as an organisation. And finally, **departmental business plans** detail the **HOW**.

The Corporate Plan has been developed and aligned to the Community Plan. It identifies four main themes on which Council will deliver; Committed Council, Economy, Community and Place.

The Council has a statutory duty to put arrangements in place for continuous improvement. Each year Council is required to develop a Performance Improvement Plan (PIP). The PIP identifies objectives for the year ahead, and Council's actions to meet these objectives. It is aligned to the Community Plan outcomes and Corporate Plan objectives and is subject to and informed by public consultation. In September 2021 Council published its Performance Improvement Plan (PIP) for a two year period 2021-23. A Mid-Year Performance Progress

Report for 2021-22 was completed in December 2021. An annual Self-Assessment Report for 2021-22 will be published by 30 September 2022 in line with regulatory requirements.

Council has commenced work on a new Local Development Plan (LDP) for the Borough. In March 2018 the Council published its Preferred Options Paper. It is currently preparing the draft Plan Strategy which is the second stage of the Plan. Public consultation on the draft Plan Strategy is expected to commence in the 2022-23 year.

The Council's Medium Term Financial Plan (MTFP) for 2020-2023 forms the financial framework from which the Council develops its business plans with estimates approved by Council in February each year. A review of the MTFP will be carried out in the 2022-23 year. A two year Medium Term Recovery Plan up to 2023 was developed in response and recovery to the Covid Pandemic and was incorporated into departmental business plans for 2021-22.

### **Reviewing Council's vision and its implications for the governance arrangements**

The Community Plan is led by a Community Planning Strategic Partnership made up of senior representatives from our statutory partners, elected members and representatives from the community and business sectors. There are formal processes in place to monitor the progress of the plan and ensure effective governance arrangements are in place for the successful implementation of the plan. The Community Planning Strategic Partnership published its second Statement of Progress in November 2021.

The Councils Corporate Plan is due to be reviewed by 2023 and the new Corporate Plan will take account of the new organisational structure. The corporate themes and commitments within the Corporate Plan are cascaded through the departmental business plans. The 2021-22 annual business plan progress report will be presented to the relevant service committees in June 2022 with the 2022-23 departmental business plans having been approved by the service committees in Spring 2022.

The Council Treasury Management Strategy for 2021-22 was approved by full Council on 22 February 2021 and is monitored via financial reports to the Governance, Resources and Strategy Committee twice yearly.

The progress on the development of the Local Development Plan is reported through the Planning Committee.

The Corporate Risk Register identifies the main risks associated with the achievement of the Council's commitments/objectives and cross referenced within departmental business plans. The Executive Management Team and the Performance & Audit Committee review the Corporate Risk Register quarterly. After the new Council structure was implemented in July 2021, the original departmental risk registers were mapped across to the new structures and the Risk Management Policy was amended to take account of that in terms of reporting arrangements and project risks.

### **Measuring the quality of services for users ensuring they are delivered in accordance with Council's objectives and for ensuring that they represent the best use of resources.**

The performance improvement regime requires Council to put arrangements in place to secure continuous improvement to deliver outcomes for citizens/residents. The Council's Performance Management Framework was approved by Council in November 2019.

Council developed a Customer Care Strategy in 2017 to provide direction and a framework on the Council's approach to Customer Care with external customers such as residents,

businesses, visitors, public sector partners and other stakeholders as well as internally between departments and services. The Customer Care Project Team take the lead in delivering the strategy and overseeing the implementation of an annual Customer Care Action Plan.

The 2021-22 Customer Care Action Plan was approved by the GRS Committee in September 2021 and the Committee received the mid-year progress report on the Action Plan in January 2022. The annual progress report for 2021-22 was presented to the GRS Committee in June 2022. A review of the Strategy is planned to take place in 2022-23.

The Council strives to continue to improve its methods for obtaining customer feedback and increase the numbers of service areas with baseline satisfaction levels. In 2021-22 Council developed draft service standards across departments.

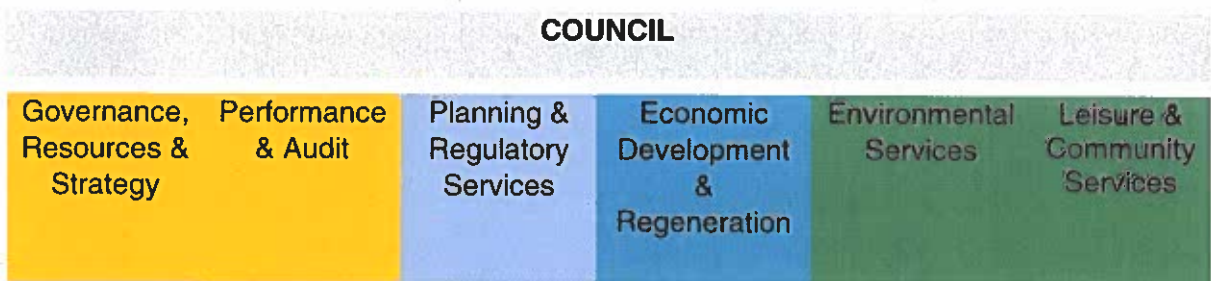
Council has an approved Corporate Complaint's Policy and procedure to deal with unsatisfactory customer/service user feedback.

The Council is subject to audit by the Local Government Auditor, within the Northern Ireland Audit Office (NIAO). The scope of the NIAO work covers not only the audit of the Council's Financial Statements, but also aspects of corporate governance, arrangements to secure the economic, efficient and effective use of resources and an audit and assessment of the Council's Performance Improvement duties. The Local Government Auditor makes an annual report on the results of both the financial audit and separately the performance assessment audit, which are published on the Council's website when received.

**Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.**

In 2021-22 the Council implemented a new organisational structure. The previous Directorates namely Performance, People, Place and Position were replaced with three new Directorates – Strategy and Performance, Community and Growth and Neighbourhood Services. In addition, a new Deputy Chief Executive Officer role was created.

The Committee structure detailed below, is designed to reflect the Council's Vision and Strategic Priorities as set out in the Corporate Plan. A key element of the structure is to ensure a 'One Council' approach by enabling cross Directorate working.



Each Committee has a defined Terms of Reference, documenting its roles and responsibilities.

The minutes and associated reports for all Council and Committee Meetings are uploaded to the Council's website with the exception of confidential minutes and reports. Full Council meetings are audio recorded and uploaded to the Council website. These actions ensure that the Council is communicating with the public in an open and transparent manner. Due to the COVID pandemic and the restrictions imposed, Council put in place a number of interim

governance arrangements in May 2020 which continued into the 2021-22 year. This enabled decisions to be taken by officers and then Council and its Committees to meet 'remotely' and the public to view the meetings online. In May 2021 the remote meeting legislation – "The Local Government (Coronavirus) (Flexibility of District Council Meetings) Regulations (Northern Ireland) 2020" expired and as a result working groups met in May and June 2021 instead of formal committees. In the absence of Committees, power was granted to the Chief Executive to use delegated authority, where appropriate, for the implementation of decisions. Full hybrid Committee meetings resumed from August 2021 onwards.

The Constitution details the rules and procedures being followed by the Council and its Committees when transacting business, primarily in accordance

with the Local Government (NI) Act 2014 and subsequent Standing Orders. The Council is conscious of the need to keep the Constitution up to date and both the Constitution and Standing Orders were reviewed in January 2021.

The Council is committed to setting and securing the highest standards in decision making and the Scheme of Delegation provides the framework for the powers delegated to Committees of Council and to Senior Managers within the Council. Decisions made by officers under the scheme are recorded and presented on a monthly basis to full Council for information.

Council's Executive Management Team (EMT) meet regularly at least monthly to discuss issues commensurate to the aims, objectives and priorities of Council. Heads of Department also meet monthly and HoD and EMT meet jointly once per month.

Internal communication systems include Council intranet, websites, staff memo's, all user emails, social media, written correspondence, working group minutes and a combination of formal and informal team meetings. Council has a Senior Communications and Branding Manager to oversee the further development of internal and external communications. During the response and ongoing recovery phases of the pandemic Council's Communications and Branding team had been an essential element to ensure internal and external communications was targeted with improved methodology and alignment with other statutory partners.

An internal senior management structure was put in place to support a focus on recovery while maintaining the delivery of services. This included the establishment of a Recovery Co-ordination Group (RCG) of senior managers to oversee and coordinate recovery work through a number of task groups looking at Finance and Transformation, Human Resources and Organisational Development, Place Based Operational Services and wider recovery.

An emerging issues working group was also established in 2020-21 and continued to operate in 2021-22.

### **Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff.**

Codes of Conduct are in place for both staff and Elected Members and define the high ethical values and standards of behaviour expected, to make sure that public business is conducted with fairness and integrity. Both the Code of Conduct for Council Members and the Code of Conduct for staff are published on the Council's intranet and website. A revised Code of Conduct for Local Government staff was adopted in April 2021.

Councillors have received training in respect of the statutory Code of Conduct. A Register of Members Interests is maintained and updated on an annual basis, or as and when required. Conflict of interests is also a standing agenda item at each Committee and Council meeting.

Mandatory Code of Conduct training is offered twice per year for employees. A corporate Conflict of Interest Policy is being developed. The Council has a wide range of policies and procedures, which are subject to on-going review which reference the standards of behaviour expected from all employees.

**Reviewing the effectiveness of Councils' decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality**

The Constitution governs how the Council operates, how decisions are made and the procedures followed to ensure efficiency, transparency and accountability to local people. The Constitution is accessible on the Council's website. The Council's Scheme of Delegation provides the framework and guidance for the powers delegated to Committees of Council and to Senior Managers.

The Council's Financial Regulations set out the overarching financial responsibilities of the Council and its staff and provides the framework within which the Council's financial affairs are managed. A review of the Financial Regulations was completed in June 2022. A review of the Procurement Handbook was also completed in the 2021-22 year.

Good data quality is required by the Council to plan, make its key decisions, and deploy its resources for smooth operational performance. Council continues to endeavour to ensure data is accurate, valid, reliable, timely, relevant and complete.

The Council is committed to working alongside partners and local communities in order to deliver excellent services and has established and facilitated a Community Planning Strategic Partnership for the Borough. A Borough Community Engagement Strategy was published in June 2019 which sets out the Community Planning partners' aspirations, along with the steps they will take together to make sure that people can be more involved in the decisions that affect their lives.

As part of the Council's Assurance Framework, Strategic Directors and Heads of Department are required to assess the adequacy of the risk management process and to provide 6 monthly assurance statements which help inform the overall annual Governance Statement.

**Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability**

The Council has a Risk Management Policy in place which was last reviewed and updated in September 2021. The Policy forms part of Council's internal control and corporate governance framework. The Corporate Risk Register is reviewed by the Executive Management Team and presented to the Performance & Audit Committee quarterly. As outlined in the Risk Management Policy, Departmental Risk Registers for one Directorate are presented on a rolling basis to the Performance & Audit Committee. A comprehensive risk management software system is used to manage identified risks across all Departments and has assisted in the further embedding of risk management across Council.

During audit engagements, Internal Audit review risk registers and controls cited to mitigate the identified risks. Internal Audit will recommend actions to management where those actions strengthen the system of governance, risk management and control.

### **Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained**

Council have a Fraud Policy (including a fraud response plan) in place from December 2019. A review of the Fraud Policy is due to be completed in the 2022-23 year. Fraud and whistleblowing investigations are reported quarterly to the Performance & Audit Committee as a standing agenda item. Any suspected or attempted fraudulent activities are investigated and reported to the NIAO and other appropriate authorities.

The risk of fraud is identified and managed as part of the risk management process. The Council prepares an Annual Fraud Report which summarises the work the Council undertakes during the year to prevent, detect and investigate fraud and corruption.

An e-learning fraud module for all Council employees has been developed and will be rolled out across the Council in 2022-23.

### **Ensuring effective management of change and transformation**

The Senior Leadership Team and Council remain committed to ongoing harmonisation and transformation of Council services. Specific transformation and development funds are identified within estimates.

An Estimates and Efficiency Working Group and a Member Advisory Group are in place to lead the transformation agenda across Council. A number of service reviews have been completed and others are in progress with ongoing implementation plans e.g. The Indoor Leisure Transformation Project, Planning, Building Control and Health and Recreation. Service review and transformation progress reports are brought to EMT, the relevant service committee/Project Board. In 2021-22 the Environmental Services Department commissioned an independent review of delivered services. Arising from this review, a Transformation agenda and Action Plan has been agreed for the Department, including Phase 1 projects which are being progressed. A waste harmonisation programme which saw the introduction of a single harmonised waste collection approach across the Borough was delivered in November 2021, this was the first step in a wider transformation for this service function.

In October 2020, Council initiated a review of its organisational structure as part of the Financial Review and Transformation Project to enable new strategic thinking and a shared vision for the future of the Council as a high performing organisation. A new organisational structure was approved and implemented in July 2021.

The Programme Management Office ("PMO") was established in the 2021-22 year as part of the "Transforming the Future" project. The PMO sits within the Deputy Chief Executive Department with the support of two Transformation Directors. The role of the PMO is to support Officers across Council in all aspects of project delivery & facilitate the flow of information to help with effective decision making across the organisation.

The Council recognises that Climate Change represents a significant challenge for the future. A Climate Emergency Working Group was established in 2021-22 to address Climate Change concerns. One of the key objectives for 2022-23 is to commission and complete a Net Zero Carbon Road map for the Borough. A range of projects and programmes are underway across Council Departments aimed at carbon reduction, sustainability and energy management.

**Ensuring Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and, where they do not, explain why and how they deliver the same impact.**

Council has designated the Chief Executive as the Chief Financial Officer (CFO). The CIPFA Statement on The Role of the Chief Financial Officer in Local Government (the Statement) sets out five principles that define the core activities and behaviours that belong to the role of the Chief Financial Officer in public service organisations and the organisational arrangements needed to support them.

Principle 5 requires the CFO to be professionally qualified and be a member of an accountancy body. Local Regulations in Northern Ireland do not require the CFO to be a professionally qualified accountant nor for the role to be separated from that of the Chief Executive. The Council is satisfied that the Chief Executive is supported by a number of fully qualified and experienced staff within the Council who are members of various bodies within the Consultative Committee of Accountancy Bodies (CCAB) and as such ensure the decisions made by the CFO are based on sound technical knowledge and understanding.

**Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.**

Strategic Directors and Heads of Department along with Senior Managers and staff are responsible for ensuring compliance with relevant laws, regulations, internal policies and procedures. The six monthly assurance statements provided to the Chief Executive and Performance & Audit Committee provide an opportunity to reflect on this point. Council has appointed a Senior Solicitor and expanded the internal legal function in 2021-22. All employees and Elected Members are required to act in compliance with their respective Codes of Conduct while carrying out their duties and to declare any conflicts of interests. All committee reports are obliged to highlight any financial implications.

Council's Internal Audit function has a specific role in providing independent assurance to Management and the Elected Members on the internal control, risk management and governance arrangements of Council. Council also has access to advice from a range of sources, including internal senior corporate managers in area such as Legal Services, Corporate H&S, Information Governance, and Procurement, etc.

**Ensuring Council's assurance arrangements conform with the governance - requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact.**

The role referred to by CIPFA as the Head of Internal Audit has an important role in delivering the organisation's strategic aims by championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments; and giving an objective and evidence-based opinion on all aspects of governance, risk management and internal control.

The Internal Audit Manager fulfils the role of the 'Chief Audit Executive/ Head of Internal Audit' in accordance with the governance requirements of the CIPFA statement.

**Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities**

The Performance & Audit Committee which meets quarterly, comprises of seven Members of Council and two Independent Members. The Performance & Audit Committee operates in compliance with the CIPFA Audit Committee best practice guidance including an annual review of its effectiveness and performance which was deemed as effective during 2021-22. Included within the Annual Performance & Audit Committee report is an action plan to support the further development of this key Committee. Training was provided to the Performance & Audit Committee Members in March 2020 and further training is planned for the 2022-23 year.



The core functions of the Performance & Audit Committee are summarised in a Terms of Reference, which describe the arrangements in place to enable it to operate independently, robustly and effectively.

### **Whistleblowing and other processes for receiving and investigating complaints from the public**

The Council is committed to the highest possible standards of openness, probity and accountability. It expects its employees who have serious concerns about anything improper that is happening within the Council, to come forward and raise those concerns.

A new Raising Concern Policy replacing the former Whistleblowing Policy was approved in February 2022 and is available on the Council website and intranet.

As part of the Council's Customer Care Strategy, the Council is committed to providing excellent services to the residents, businesses and visitors of the Borough. A Corporate Customer Complaints Policy was developed and approved in April 2019 and is available on the Council website. The aim of the Policy is to ensure all corporate complaints are dealt with in a fair and consistent manner. Internal guidance was developed for complaint handlers and complaints handling training was delivered during 2019. The internal guidance was reviewed and updated in 2021. Compliments received are posted on the Council's intranet site which is accessible to employees. The Council's Equality Scheme contains a process for dealing with any equality related complaints.

### **Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training**

Council continued to deliver Elected Members' capacity building training throughout the 2021-22 year as part of Elected Member Development Plan. Council has achieved the highest level of Member Charter with Charter Plus level 1 and 2 being retained in April 2021 via an interim assessment. A full reassessment of the Member Charter is due to take place during 2022-23. During the year two elected Members were awarded ILM level 7 qualifications and others are working towards this.

The Council's Learning and Development Policy sets out the Council's commitment to the development and training of employees. An annual corporate training plan for both staff and elected Members was rolled out during 2021-22.

The draft People Strategy and draft Organisational Development Plan will be further developed during 2022-23, in the context of the new organisational structures. During 2021-22 Council piloted the new employee appraisal system which will be rolled out further across Council during 2022-23.

### **Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation**

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

The Communications and Branding Team will further develop Council communications strategies in 2022-23. A communications plan was established to deal with the Coronavirus pandemic to keep our communities, businesses, Elected Members and staff informed.

All Council and committee meeting minutes are available on the Council website, with audio recordings of full Council meetings available. The Local Government (Coronavirus) (Flexibility of District Council Meetings) Regulations (Northern Ireland) 2020 allowed for Council to hold remote Council meetings from May 2020 onwards and were streamed live.

Council has an Integration Strategy 2018-2022 in place which aims to support integration between Council, local communities and ethnic minorities. The Integration Strategy forms part of the Council's overall Good Relations Action Plan. The Council's Equality Scheme is a statement of the Council's commitment to the promotion of equality of opportunity and good relations and also outlines how Council meets its obligations under Section 75 of the NI Act 1998. A 5 year review of the Council's equality scheme (2015-2020) was completed in September 2020. Council publications can be requested in a number of different formats including audio, braille and large print.

The Council is committed to openness and transparency and empowering communities to contribute to decisions. A Borough Community Engagement Strategy was developed and published in June 2019 with the Community Planning Strategic Partnership. A Community and Voluntary Sector Panel was established in June 2018 as part of the Community Planning partnership. In May 2022, the Panel released an action plan around a number of key themes linked to the Borough's Corporate Plan.

Council consults with various bodies in relation to important strategic or policy development matters and a public Consultation Policy was approved during 2021-22 followed up with the development of detailed internal guidance and training. Separate formal consultation mechanisms are in place for statutory consultations specifically in relation to the Planning process including the Statement of Community Involvement.

### **Enhancing the accountability for service delivery and effectiveness of other public service providers**

Council delivers a range of services, both directly and indirectly to the residents/citizens of Council. The Council has a range of mechanisms and plans in place for delivering effective services which extend to the Community Plan, Corporate Plan, Business Plans, Strategies, Action Plans and the Performance Management Framework.

Council works with a range of partners to develop and implement the Community Plan through the Community Planning Strategic Partnership and is progressing the Local Development Plan at the second stage in conjunction with relevant stakeholders.

There are effective governance and monitoring arrangements for service delivery and accountability identified within the Performance Management Framework for Council. In addition, a range of public service providers attend Council Committees on a regular basis to present their plans/strategies and annual reports providing opportunity for Elected Member engagement on behalf of communities and local businesses. Council actively responds to a large number of other public sector consultations in relation to matters that effect services and people in the Borough.

During the Council's ongoing response to Covid 19 there has been significant engagement with local communities and other partners to ensure local priorities and needs are addressed and to help shape our approach to recovery.

### **Incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in Council's overall governance arrangements.**

The Council continuously strives to have the highest standards of governance arrangements in place and endeavours to ensure that its partners also have high standards of governance arrangements in place. The Council reviews its governance arrangements regularly to take account of best practice guidance. A peer review of Council's governance arrangements was undertaken in the 2021-22 year with an action plan put in place to further enhance governance arrangements. In addition, a further in depth review of governance was commissioned in the 2021-22 year, undertaken by the Local Government Association and the Centre for Governance and Scrutiny. The recommendations of this review will be taken forward during 2022-23.

### **Review of Effectiveness**

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 an annual review of governance, the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, Internal Audit's annual report, and also by comments made by the external auditors.

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

- Strategic Director and Head of Department 6 monthly assurance statements
- Internal Audit Reports
- Health and Safety Reports
- Finance and Budget Reports
- Risk Management Reports
- Performance Reporting
- External Reviews including NIAO
- ISO and other external accreditations

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

#### **1. The Authority**

The Council's Standing Orders and Financial Regulations provide the framework for its decision making processes and sets out the detailed procedures and codes of conduct by which Members and Officers operate to achieve Council objectives. Council meets once a month on a formal basis to set the strategic direction and monitor the service delivery of the Council. The Council has five committees that meet monthly and a Performance & Audit Committee which meets quarterly.

The Group Party Leaders Forum seeks to provide an informal sounding board on major strategic issues in advance of submission to Committee/Council, thereby facilitating and streamlining the conduct of Council business.

#### **2. The Executive**

The Executive Management Team which includes the Chief Executive, Strategic Directors and the Head of Finance, ICT & Procurement meet at least monthly and monitor the strategic direction and good governance across the Council. Strategic Directors and Heads of Department completed six monthly Assurance Statements during 2021-22 and in signing, opinions were informed over the following:

- Corporate, Departmental and relevant Project Risk Registers
- Operational policies and procedures
- Internal Audit reports
- Administrative procedures (including segregation of duties)
- Management Supervision
- Scheme of delegation and accountability.

The Interim Deputy Chief Executive left Council at the end of January 2022. This position is currently being managed jointly by the Strategic Director of Strategy and Performance & Head of Finance, ICT and Procurement. The new Deputy Chief Executive will commence post in October 2022. The Head of Health and Recreation post is also vacant with recruitment ongoing for this post.

### **3. Performance & Audit Committee**

The Council has a Performance & Audit Committee which reports to full Council. The Committee provides an independent assurance on the adequacy of the Council's risk management framework and associated control environment. It also provides an independent scrutiny of the Council's financial and non-financial performance and oversees the financial reporting process. The terms of reference (Audit Committee Charter) which sets out the purpose and roles and responsibilities was updated in December 2019.

The Performance & Audit Committee met quarterly during 2021-22 and consists of seven members and two Independent Members. The Performance & Audit Committee Annual Report 2021-22 was presented at the June 2022 meeting. The annual report included the annual Performance & Audit Committee Self-Assessment. The self-assessment highlighted the need for further training to Members and will be actioned during the 2022-23 year.

### **4. Internal Audit**

Internal Audit provide an independent assurance and advisory service to assist Council in achieving its objectives and improving the effectiveness of internal control, risk management and governance processes. Internal Audit Completed 67% of the planned audits in 2021-22. A further 2 audits were at draft report stage and have been carried into the 2022-23 plan.

Overall, Internal Audit provided a 'satisfactory' annual assurance opinion in relation to the adequacy and effectiveness of the Council's framework of governance, risk management and control based on the audit work finalised during 2021-22. This opinion is based on the following:

- For the 2021-22 year, 18 audits were completed with 14 (78%) of the audits obtaining a satisfactory assurance and 4 audits receiving a limited assurance rating (22%).
- Management responses to Internal Audit work, with particular attention to the acceptance of all recommendations and progress to address significant issues.
- Risk Management further embedded across Council in 2021-22 and the ongoing management of key corporate risks.
- Overview of managements continued response to the Covid pandemic during 2021-22 and governance processes put in place. Internal Audit consider that there has been no significant variations to internal controls, risk and governance as a result of the pandemic.
- The evidence set out in the review of the Council's Code of Governance and Assurance Statements regarding the range of assurances and governance processes in place.

However, some weaknesses and areas for improvement have been identified through internal audit work. Four audits in the 2021-22 year received a limited assurance rating in relation to Play Park Inspections & Maintenance, Pitch bookings, Events Management and South Lake Leisure Centre. The keys issues identified from audit and governance work were as follows:

- There were some issues in relation to non-compliance with procurement and a lack of a robust Contract Management Framework. Work is progressing to establish a Contract Management Policy and the development of a contract register.
- Inconsistencies in council procedures and systems in the areas of pitch bookings and play park inspections was identified.
- The audit of Events Management highlighted that events management within Council was fragmented with a lack of uniformity in the planning and delivery of events. It was recommended an overarching Events Framework be developed including an Events Strategy. Due to disparities in the recording of events spend within Departments it was recommended that Council should establish a holistic and efficient way to record event expenditure to ensure that Council can be fully transparent in its support for events.
- The audit of South Lake Leisure Centre highlighted a lack of detailed procedures for some key business processes, including business continuity. The review of the use of Legend at SLLC identified consistency issues in relation to the system as a whole which could potentially be resolved by the development of a Legend Admin Team to oversee and administer common processes across facilities with the system, e.g. invoicing, direct debits and debt management.
- Internal Audit attended the Craigavon Depot stock take in March 2022. The findings from the stock take highlighted the absence of some key controls. Inaccuracies with the stock control system were identified resulting in significant variances between the stock counted on the floor to the stock recorded on the system. This included Covid stock purchased via funding was not recorded on the stores system. Work is ongoing to resolve any system issues with the system provider. Internal Audit also note the continued absence of documented operational procedures for the Stores which has been raised in previous audits. As a result of reduced staff resources, additional plans are being brought forward for a more structured staffing complement to manage this area.

In all cases recommendations have been agreed with senior management, improvement plans have been drawn up and priority actions are required to be implemented within defined timescales. Internal Audit will undertake follow up reviews on all limited audits to verify the implementation of recommendations. The progress on the implementation of Internal and External audit recommendations will be reported twice yearly to the Performance & Audit Committee. In addition, an update on overdue priority one recommendations will be brought to each Performance & Audit Committee. Audit recommendations made in previous years continued to be followed-up in 2021-22. There were four overdue priority 1 recommendations at the end of 2021-22 that are currently being progressed by management.

Internal Audit also provided advice and guidance across Council as required during 2021-22 in relation to audit, risk and governance issues.

An external review of the Internal Audit function was carried out in May/June 2019 which concluded that the Internal Audit Function generally conforms to Public Sector Internal Audit

Standards (PSIAS). Implementation of recommendations made as part of this review have been implemented. An Internal Audit self-assessment against the Public Sector Internal Audit Standards was completed in May 2022 with the conclusion being that Internal Audit was substantially compliant with the standards and is therefore operating effectively.

## **5. Other explicit reviews/assurance mechanisms**

Throughout the year the Council undertook / was subject to a number of external reviews/accreditations. The following provides details of some of the more significant reviews, accreditations and awards obtained throughout the year, to provide additional assurance in respect of the Council's Governance arrangements:

- Risk Management further embedded across Council in 2021-22 and is a continuously evolving process. A risk register is developed for all significant Council projects. The Corporate Risk Register is presented quarterly to both EMT and the Performance & Audit Committee.
- Internal Health and Safety inspections by Corporate H&S Officers with regular reports to the EMT.
- External funding received throughout the year is subject to independent audits from the relevant funders including Government Departments and SEUPB.
- The Northern Ireland Audit Office provides a level of assurance through the provision of their annual audit and issuing of a management letter which includes an action plan to address issues identified and proposals of improvement in relation to Councils performance duties.
- Council participated in the 2020-21 NFI data matching exercise. The number of matches was relatively low and no fraudulent activity was identified from the investigation of the high risk matches.
- No data breaches reported to ICO during 2021-22.
- The Council retained the ISO 14001:2015 Environmental Management System accreditation.
- The Environmental Health Department retained the ISO 9001 accreditation.
- 2021 Environmental Benchmarking Survey silver award.
- 10 Green Flags for parks and open spaces.

The Chartered Institute of Public Finance and Accountancy (CIPFA) introduced a new Financial Management Code (FM Code) in 2020-21. The FM Code requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management, which is an essential part of ensuring that public sector finances are sustainable.

The Council has reviewed its compliance against the FM Code through a self-assessment exercise in 2021-22 and it was deemed that the Council is generally compliant with the standards. A number of improvements were implemented in the 2021-22 year to further strengthen compliance. A number of minor recommendations have been identified from the 2021-22 assessment and will be implemented during the 2022-23 year.

### **Significant Governance Issues**

The significant governance issues for 2021-22 were identified through a fundamental review of the Corporate Risk Register and review of the Directors' and Heads of Department Annual Assurance Statements.

Four issues were declared in last year's governance statement with two of these continuing to be declared as issues in this year's statement. The 2020-21 Annual Governance Statement

included the Covid pandemic as a significant governance issue. Whilst it is acknowledged that the pandemic has presented extraordinary challenges over the past 2 years and is ongoing, it is considered that the Councils response to the pandemic has been successful with recovery plans being successfully implemented in the 2021-22 year.

A long outstanding legacy issue dating back to May 2011 in relation to an Interreg European Funded Biomass Boiler Scheme was resolved in June 2022. The issue related to a clawback of approximately £200k requested from Council by the Department of Enterprise, Trade and Investment (DETI) (now the Department for the Economy) in relation to the scheme. In June 2022 agreement was reached on the matter.

The significant governance issues for 2021-22 are listed below:

### **1. CYBER SECURITY**

Like almost all businesses and public sector bodies, a substantial risk that the Council faces is cyber fraud. Technological advancements have over the last 10 years provided fraudsters with a powerful series of tools with which to exploit the vulnerabilities of individuals, businesses and councils alike. Cyber fraud and cyber-attacks represent the biggest and fastest growing threat to the Council. External attacks can result in files being encrypted and becoming inaccessible. Whilst the network could be restored the resulting loss of data and down time represents a key risk to Council. Cyber security risk is perceived by the National Cyber security Centre (NCSC) to have increased further in 2021-22 due to the situation in Ukraine. A new risk in relation to Cyber Security was added to the Council's Corporate Risk Register in 2021-22.

Council have made significant progress in implementing recommendations from an IT Internal Audit report which will further strengthen controls in this area. The Council is working on developing a Cyber Security Strategy which in turn will improve the resilience of ICT systems.

### **2. LEGAL CASES**

There are two ongoing judicial reviews. One is in respect of planning permission granted to the Southern Regional College. A hearing took place in February 2020 and the Judgement was issued in December 2021 with the Council being successful on all grounds. The Judicial Review Applicant has however appealed the Judgement to the Court of Appeal. The appeal was listed for hearing in June 2022 but was adjourned until October 2022.

In addition, the Council submitted an application for judicial review in 2021 in respect of the decision by the former Department for the Environment to grant planning permission for the wind turbine development at Knock Iveagh. A number of court reviews have been held at which the Judge has been asked not to list the matter yet for a leave hearing due to the parties continuing to engage on this matter. In June 2022 the Council withdrew it's application for judicial review against the Department. This is a complex ongoing matter that may result in a liability to Council.

### **3. FINANCIAL PLANNING AND RESILIENCE**

With the current world events the Council continues to face a range of significant budget pressures including general inflation, energy prices and cost pressures in waste and recycling. The covid pandemic also continues to impact budgets particularly around the loss of service income with the income generated still lower than pre-covid levels. Council is working with central government along with the other Councils to request assistance to help offset some of the costs and engagement on this is ongoing. However, with the continued impact of COVID

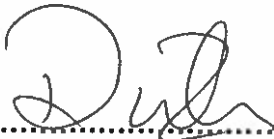
on service income and ongoing economic pressures, 2022-23 and beyond are expected to be financially challenging.


**4. RECRUITMENT CHALLENGES AND THE FILLING OF KEY POSTS**

A key challenge has been the ability to fill vacant posts across the Council in 2021-22 with the reduction in the labour market and skilled labour shortages contributing to this issue. A number of competitions have had to be run multiple times in order to fill available roles. There is a risk to service delivery in the absence of key posts being filled. Council is actively working to fill vacant posts and has introduced a number of new methods of attracting applicants such as job fairs and the offer of apprenticeships and training roles.

**5. INDUSTRIAL RELATIONS**

On 22 June 2022, the Joint Trade Unions lodged a letter of dispute with Council in relation to issues relating to pay, terms and conditions. As a result, Management have engaged with Trade Unions in negotiations; and made an offer to Joint Trade Unions in an attempt to resolve the dispute. This offer was rejected by the Joint Trade Unions and as a result on the 15<sup>th</sup> August 2022, the three trade unions commenced industrial action for an initial four week period. This has resulted in wide spread disruption to Council service delivery. Management have been committed to seeking a resolution to this dispute and engaged with Trade Union colleagues in sessions facilitated by the Labour Relations Agency. An agreement has recently been reached subject to a ballot of Trade Union Members and strike action suspended with effect from 22 September 2022.

Signed  ..... Date 27th September 2022  
Chief Financial Officer

Signed  ..... Date 27th September 2022  
Chair



## **Remuneration Report for the year ended 31 March 2022**

### **Introduction**

The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 require larger local government bodies to prepare a remuneration report as part of the statement of accounts.

### **Allowance and Remuneration Arrangements**

#### **Councillors**

Allowances are payable by councils to councillors and committee members under Part 3 of the Local Government Finance Act (Northern Ireland) 2011 and The Local Government (Payments to Councillors) Regulations (Northern Ireland) 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 the council's website at [www.ArmaghBanbridgeCraigavon.gov.uk](http://www.ArmaghBanbridgeCraigavon.gov.uk).

Following local elections on 2 May 2019, 462 councillors were elected to the 11 new councils for a four year term. Armagh City, Banbridge & Craigavon Borough Council had 41 councillors in 2021/2022.

#### **Senior Employees**

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

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 that are open-ended.

#### **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 Councillors (audited information)**

Allowance	2021/22		2020/21	
	Total Allowances £	Number of Councillors receiving Allowance	Total Allowances £	Number of Councillors receiving Allowance
Basic Allowance	631,721	42	634,304	43
Special Responsibility Allowance	107,406	29	113,790	30
Mayor's Allowance	19,541	2	19,103	2
Deputy Mayor's Allowance	8,684	2	8,490	2
Mileage Allowance	10,588	12	3,823	9
Public Transport and Other Travel	45	2	0	0
Subsistence	1,140	6	1,046	7
Courses/ Conferences visits (registration & joining fees)	7,453	0	3,817	0
Dependants' Carers Allowance	0	0	242	1
<b>TOTAL ALLOWANCES</b>	<b>786,578</b>		<b>784,615</b>	

Details of the allowances paid to individual councillors in 2021/2022 are published on the council website at [www.ArmaghBanbridgeCraigavon.gov.uk/council/councillor-information](http://www.ArmaghBanbridgeCraigavon.gov.uk/council/councillor-information).

### Independent Representatives

The Council has a contract of service with two independent representatives on the Performance and Audit Committee. The amount payable per representative per meeting is £250 on attendance. There were four meetings held during 2021/22.

### Remuneration of Senior Employees

The remuneration of senior employees covers the Executive Management Team. The position of interim Deputy Chief Executive is currently vacant but was filled through a contract for services with a recruitment business organisation during 2021-22. The total value of the contract for 2021-22 was; one hundred and eighty four thousand, nine hundred and thirty-eight pounds (2020-2021, two hundred and sixty-seven thousand pounds), inclusive of associated costs including contract fees, expenses and services. The rest of the Executive Management Team were in post for the full year and the following table provides details of the remuneration paid to those officers.

**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) £	Total £'000	Salary (Full year equivalent in brackets where applicable) £'000	Bonus Payments £'000	Benefits in kind (to nearest £100) £	Total £'000
<b>Chief Executive R Wilson</b>	125-130	0	0	125 -130	125-130	0	0	125-130
<b>Director of Community and Growth O Murtagh</b>	95 - 100	0	0	95 - 100	90 - 95	0	0	90 - 95
<b>Director of Neighbourhood Services S O'Gorman</b>	95 - 100	0	0	95 - 100	90 - 95	0	0	90 - 95
<b>Director of Strategy and Performance S McNicholl</b>	95 - 100	0	0	95 - 100	90 - 95	0	0	90 - 95

\*With reference to the new structure, Directors titles changed from Director of Place, Director of Position, Director of Performance and Director of People to the equivalent Director of Community and Growth, Director of Neighbourhood Services, Director of Strategy and Performance, and Deputy Chief Executive.

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

The banded remuneration of the highest paid member of the Executive Management Team in the financial year 2021/22 was £125k - £130k. This was 5.0 times the median remuneration of the workforce, which was £25.7k (2020/21 5.4 times).

**Table 3: Relationship between the remuneration of the highest paid member of the Executive Management Team/Senior Management Team and the median remuneration of the Councils workforce (audited information)**

	2021/22 £'000	2021/22 £'000
Salary Band of Highest Paid member of the Executive Management Team	£125-£130	£125-£130
Median Total Remuneration	£25.7	£23.5
Ratio	5.0	5.4

In 2021/22, no employees received remuneration in excess of the highest paid member of the Executive 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.

## Benefits in Kind

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

## Exit Packages for staff

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

**Table 4: Exit Packages in 2021/22 (audited information)**

Severance Package Cost Band	2021/22				2020/21			
	Number of Compulsory Redundancies	Number of other departures agreed	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band £'000	Number of Compulsory Redundancies	Number of other departures agreed	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band £'000
£0 - £20,000	1	2	3	36	0	3	3	34
£20,001-£40,000	0	0	0	0	0	7	7	230
£40,001-£60,000	0	0	0	0	0	9	9	444
£60,001-£80,000	0	0	0	0	0	4	4	282
£80,001-£100,000	0	0	0	0	0	2	2	184
£100,001-£150,000	0	0	0	0	0	2	2	251
£150,001-£200,000	0	0	0	0	0	5	5	816
£200,001-£250,000	0	0	0	0	0	2	2	477
<b>Total</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>36</b>	<b>0</b>	<b>34</b>	<b>34</b>	<b>2,718</b>

Costs of exit packages in 2021/22 relate to staff for whom decisions to grant voluntary redundancies were approved by Council prior to 31 March 2022.

## Pension Benefits

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

From 1 April 2015, a member builds up retirement pension at the rate of 1/49th pensionable pay for each year. Pension benefits in relation to membership between 1 April 2009 and 31

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

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

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

The ranges for the bands for tiered contribution rates are revised by the Department for Communities in April each year in accordance with the increase applied to a pension in payment. The bands, effective from 1 April 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 2019/2020 and set the employer contribution rates for the 3 years commencing 1 April 2020 as follows:

**Table 6: Employer Contribution Rates**

Year	Employer Contribution Rate	Deficit Funding
1 April 2020 – 31 March 2021	19.5%	£nil
1 April 2021 – 31 March 2022	19.5%	£nil
1 April 2022 – 31 March 2023	19.5%	£nil

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 this far. However, the in-year pension contributions made by the Council for all councillors during 2021/22 was £142k (2020/21 £147k).

The value of pension benefits for the Executive Management Team of the Council accrued during the year was as follows:

**Table 7: Pension Benefits of Senior Staff in 2021/2022 (audited information)**

<b>Executive Management Team Officers*</b>	<b>Accrued Pension at pension age as at 31/3/2022 and related lump sum £'000</b>	<b>Real increase (decrease) in pension and related lump sum at pension age £'000</b>	<b>CETV at 31/3/2022 £'000</b>	<b>CETV at 31/3/2021 £'000</b>	<b>Real increase in CETV £'000</b>
<b>Chief Executive R Wilson</b>	50 - 55	0 – 2.5	885	824	22
	70 – 75 (Lump Sum)	(0 – 2.5) (Lump Sum)			
<b>Director of Community and Growth O Murtagh</b>	40 – 45	0 – 2.5	787	735	20
	60 – 65 (Lump Sum)	(0 – 2.5) (Lump Sum)			
<b>Director of Neighbourhood Services S O’Gorman</b>	35 - 40	0 – 2.5	562	521	15
	45 – 50 (Lump Sum)	(0 – 2.5) (Lump Sum)			
<b>Director of Performance and Strategy S McNicholl</b>	35 – 40	0 – 2.5	675	628	17
	60 – 65 (Lump Sum)	(0 – 2.5) (Lump Sum)			

\*With reference to the new structure, Directors titles changed from Director of Place, Director of Position, Director of Performance and Director of People to the equivalent Director of Community and Growth, Director of Neighbourhood, Director of Strategy and Performance and the Deputy Chief Executive.

The Interim Deputy Chief Executive was not a member of the NI Local Government Pension Scheme and Council did not contribute to any other pension schemes on their behalf.

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

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

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

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

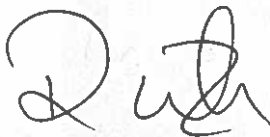
A handwritten signature in black ink, appearing to be 'D. J. H.', written in a cursive style.

**Chief Executive**  
**27th September 2022**

## **Certificate of the Chief Financial Officer**

I certify that:

- a. The Statement of Accounts for the year ended 31 March 2022 on pages 44 to 109 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 48 to 69.
  
- b. In my opinion the Statement of Accounts gives a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year ended 31 March 2022.




**Chief Financial Officer**

**Date 27th September 2022**

## **Council Approval of Statement of Accounts**

These accounts were approved by resolution of the Performance & Audit Committee on 27<sup>th</sup> September 2022.

**Chair** 

**Date 27th September 2022**



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARMAGH CITY, BANBRIDGE AND CRAIGAVON BOROUGH COUNCIL**

### **Opinion on financial statements**

I have audited the financial statements of Armagh City, Banbridge and Craigavon Borough 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 Armagh City, Banbridge and Craigavon Borough 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 Armagh City, Banbridge and Craigavon Borough 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 Armagh City, Banbridge and Craigavon Borough 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 Armagh City, Banbridge and Craigavon Borough 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 Armagh City, Banbridge and Craigavon Borough 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 Armagh City, Banbridge and Craigavon Borough 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 Armagh City, Banbridge and Craigavon Borough 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 Armagh City, Banbridge and Craigavon Borough 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 Armagh City, Banbridge and Craigavon Borough 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;
- making enquires of management and those charged with governance on Armagh City, Banbridge and Craigavon Borough 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 Armagh City, Banbridge and Craigavon Borough 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.
- 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 Council 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 Armagh City, Banbridge and Craigavon Borough 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 Armagh City, Banbridge and Craigavon Borough 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*

*29<sup>th</sup> September 2022*

**Armagh City Banbridge & Craigavon Borough 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.

	Notes	2021/22			Restated 2020/21*		
		Gross Expenditure £	Gross Income £	Net Expenditure £	Gross Expenditure £	Gross Income £	Net Expenditure £
<b>Service Expenditure</b>							
Community & Growth	2	26,517,319	(11,662,720)	14,854,599	27,739,019	(11,232,320)	16,506,699
Deputy CEO & CEO	2	8,655,509	(721,902)	7,933,607	6,996,515	(718,282)	6,278,233
Neighbourhood Services	2	65,859,650	(9,369,331)	56,490,319	66,861,758	(3,567,020)	63,294,738
Strategy & Performance	2	3,910,364	(285,379)	3,624,985	2,868,357	(274,338)	2,594,019
Other Services	2	1,589,816	(3,730,157)	(2,140,341)	4,051,715	(1,151,494)	2,900,221
<b>Cost of Services on Continuing Operations</b>		<b>106,532,658</b>	<b>(25,769,489)</b>	<b>80,763,169</b>	<b>108,517,364</b>	<b>(16,943,454)</b>	<b>91,573,910</b>
Other Operating Expenditure/ Income	8	161,173		161,173		(102,438)	(102,438)
Financing and Investment Income and Expenditure	9	4,794,799	(527,619)	4,267,180	4,392,506	(382,212)	4,010,294
<b>Net Operating Expenditure</b>		<b>111,488,630</b>	<b>(26,297,108)</b>	<b>85,191,522</b>	<b>112,909,870</b>	<b>(17,428,104)</b>	<b>95,481,766</b>
Taxation and Non-Specific Grant Income	10		(80,085,673)	(80,085,673)		(94,312,528)	(94,312,528)
<b>(Surplus)/Deficit on the Provision of Services</b>		<b>111,488,630</b>	<b>(106,382,781)</b>	<b>5,105,849</b>	<b>112,909,870</b>	<b>(111,740,632)</b>	<b>1,169,238</b>
(Surplus)/Deficit on revaluation of non-current assets	11			(12,039,373)			(1,611,795)
Remeasurements of the Net Defined Benefit Liability (Asset)	21			(43,688,000)			23,582,000
<b>Other Comprehensive Income and Expenditure</b>				<b>(55,727,373)</b>			<b>21,970,205</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>(50,621,524)</b>			<b>23,139,443</b>

\*The current year figures are presented as per the new structure, along with the restated prior year comparisons. Reference to the presentation change is included in Note 1(e)

**Armagh City Banbridge & Craigavon Borough 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' (ie those that the Council is not able to use to provide services). The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustment required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

	General Fund Summary	Other Fund Balances and Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£
<b>Balance as at 1 April 2020</b>	<b>17,834,270</b>	<b>8,827,931</b>	<b>-</b>	<b>26,662,201</b>	<b>66,683,193</b>	<b>93,345,394</b>
<b>Movement in reserves during the year</b>						
Surplus/ (Deficit) on the provision of services	(1,169,238)	-	-	(1,169,238)	-	(1,169,238)
Other Comprehensive Income and Expenditure	-	-	-	-	(21,970,205)	(21,970,205)
<b>Total Comprehensive Income and Expenditure</b>	<b>(1,169,238)</b>	<b>-</b>	<b>-</b>	<b>(1,169,238)</b>	<b>(21,970,205)</b>	<b>(23,139,443)</b>
Adjustments between accounting basis & funding under regulations	12,910,775	1,812,332	-	14,723,107	(14,723,107)	-
<b>Net increase before transfers to Statutory and Other Reserves</b>	<b>11,741,537</b>	<b>1,812,332</b>	<b>-</b>	<b>13,553,869</b>	<b>(36,693,312)</b>	<b>(23,139,443)</b>
Transfers to / from Statutory and Other Reserves	(9,695,408)	9,695,408	-	-	-	-
<b>Increase/ Decrease in year</b>	<b>2,046,129</b>	<b>11,507,740</b>	<b>-</b>	<b>13,553,869</b>	<b>(36,693,312)</b>	<b>(23,139,443)</b>
<b>Balance as at 31 March 2021</b>	<b>19,880,399</b>	<b>20,335,671</b>	<b>-</b>	<b>40,216,070</b>	<b>29,989,881</b>	<b>70,205,951</b>
<b>Movement in reserves during the year</b>						
Surplus/ (Deficit) on the provision of services	(5,105,849)	-	-	(5,105,849)	-	(5,105,849)
Other Comprehensive Income and Expenditure	-	-	-	-	55,727,373	55,727,373
<b>Total Comprehensive Income and Expenditure</b>	<b>(5,105,849)</b>	<b>-</b>	<b>-</b>	<b>(5,105,849)</b>	<b>55,727,373</b>	<b>50,621,524</b>
Adjustments between accounting basis & funding under regulations	14,126,959	(1,337,476)	-	12,789,483	(12,789,483)	-
<b>Net increase before transfers to Statutory and Other Reserves</b>	<b>9,021,110</b>	<b>(1,337,476)</b>	<b>-</b>	<b>7,683,634</b>	<b>42,937,890</b>	<b>50,621,524</b>
Transfers to / from Statutory and Other Reserves	(1,146,564)	1,146,564	-	-	-	-
<b>Increase in year</b>	<b>7,874,546</b>	<b>(190,912)</b>	<b>-</b>	<b>7,683,634</b>	<b>42,937,890</b>	<b>50,621,524</b>
<b>Balance as at 31 March 2022</b>	<b>27,754,945</b>	<b>20,144,759</b>	<b>-</b>	<b>47,899,704</b>	<b>72,927,771</b>	<b>120,827,475</b>

**Armagh City Banbridge & Craigavon Borough 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	250,260,701	241,049,537
Long Term Debtors	15	1,033,504	1,164,322
<b>LONG TERM ASSETS</b>		<b>251,294,205</b>	<b>242,213,859</b>
Inventories	14	357,989	394,858
Short Term Debtors	15	11,870,561	13,455,018
Cash and Cash Equivalents	25	11,216,817	11,981,553
Assets Held for Sale	11	943,000	390,000
<b>CURRENT ASSETS</b>		<b>24,388,367</b>	<b>26,221,429</b>
Short Term Borrowing	17	8,219,686	15,503,575
Short Term Creditors	18	11,095,007	10,578,796
Provisions	19	272,695	500,183
<b>CURRENT LIABILITIES</b>		<b>19,587,388</b>	<b>26,582,554</b>
Long Term Creditors	18	29,889	29,889
Provisions	19	3,420,960	4,397,348
Long Term Borrowing	17	56,765,860	60,985,546
Other Long Term Liabilities	21	75,051,000	106,234,000
<b>LONG TERM LIABILITIES</b>		<b>135,267,709</b>	<b>171,646,783</b>
<b>NET ASSETS</b>		<b>120,827,475</b>	<b>70,205,951</b>
<b>USABLE RESERVES</b>			
Capital Grants Unapplied Account	26	623,717	1,812,332
Capital Fund	26	3,530,940	3,848,079
Renewal and Repairs Fund	26	-	-
Other Balances and Reserves	26	15,990,102	14,675,260
General Fund	26	27,754,945	19,880,399
		<b>47,899,704</b>	<b>40,216,070</b>
<b>UNUSABLE RESERVES</b>			
Capital Adjustment Account	27	52,394,680	49,557,754
Revaluation Reserve	27	97,209,873	88,241,629
Pensions Reserve	27	(75,051,000)	(106,234,000)
Accumulated Absences Account	27	(1,210,067)	(966,754)
Provisions Discount Rate Reserve	27	(415,715)	(608,748)
		<b>72,927,771</b>	<b>29,989,881</b>
<b>NET WORTH</b>		<b>120,827,475</b>	<b>70,205,951</b>



**Armagh City Banbridge & Cragavon Borough 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		(5,105,849)	(1,169,238)
Adjustment for non-cash movements	25	24,407,865	17,732,752
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	25	(1,231,802)	(6,689,619)
<b>Net cash flows from operating activities</b>	<b>25</b>	<b>18,070,214</b>	<b>9,873,895</b>
Cash flows from Investing Activities	25	(7,331,375)	(2,903,017)
<b>Net Cash flows from Financing Activities</b>	<b>25</b>	<b>(11,503,575)</b>	<b>3,492,982</b>
<b>Net increase or decrease in cash and cash equivalents</b>		<b>(764,736)</b>	<b>10,463,860</b>
Cash and cash equivalents at the beginning of the reporting period		11,981,553	1,517,693
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>11,216,817</b>	<b>11,981,553</b>

**Armagh City Banbridge & Craigavon Borough 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 2022. 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.
- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial

instrument rather than the cash flows fixed or determined by the contract.

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

**ii. Acquisitions and Discontinued Operations**

Council has neither acquired nor discontinued operations (or transferred operations under machinery of government arrangements) during the financial year.

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

Council has made a provision for the costs of outstanding job evaluations arising from the Council's Single Status review.

**iv. Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

**v. Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

**vi. Contingent Liabilities**

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

## **vii. Employee Benefits**

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

### **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:

- a) when the Council can no longer withdraw the offer, or
- b) when the related restructuring costs are incurred.

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 of 2.1% (based on the Aon Hewitt GBP Select AA Curve, using the constituents of the iBoxx index of AA rated corporate bonds and the duration of the Employer's liabilities).

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

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

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

- Within the Cost of Services

(a) Current Service Cost – the increase in the present value of the defined benefit obligation (liabilities) resulting from employee service in the current period

(b) 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

(c) Net interest on the net defined benefit liability (asset) – the change in the net defined benefit liability (asset) that arises from the passage of time.

- Within Other Comprehensive Income and Expenditure (Remeasurements)

(d) 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.

(e) 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

(f) 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).

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

### **viii. Events After the Balance Sheet Date**

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

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

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

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

**ix. Exceptional Items**

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

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

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

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

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

**xi. Financial Instruments**

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

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was

remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the CIES in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the CIES is spread over the life of the loan by an adjustment to the effective interest rate.

### **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 Amortised Cost**

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

The Council has made a loan to a voluntary organisation at less than market rates (soft loan). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be forgone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the District Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required



against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Accounts in the Movement in Reserves Statement.

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

### **Expected Credit Loss Model**

The Council recognises expected credit losses on all of its financial assets held at amortised cost [or where relevant FVOCI], either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses

### **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.

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

## **xii. Foreign Currency Translation**

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

## **xiii. Government Grants and Contributions**

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

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

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

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

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

## **xiv. Intangible Assets**

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available)

and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure is not capitalised).

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market and therefore in practice are carried at revalued cost. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £5,000) the Capital Receipts Reserve.

#### **xv. Inventories & Long Term Contracts**

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

#### **xvi. Investment Property**

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

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

Rentals received in relation to investment properties are credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement and result in

a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

#### **xvii. Landfill Allowance Scheme**

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

#### **xviii. Leases**

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

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

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

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

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

Lease payments are apportioned between:

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

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease

term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

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

### **Operating Leases:**

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

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

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

Lease rentals receivable are apportioned between:

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

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

for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

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

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

### **xix. Disposals and Non-Current Assets Held for Sale**

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

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

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

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

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

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

## **xx. 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 over £5k 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. Assets are grouped under Land, Buildings, Infrastructure, Vehicle Plant & Equipment, Community, Surplus and shown within Note 11a and b. Further groupings are Intangible and Investment properties that are shown in note 11d and e respectively.

### **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 fair value are revalued on a 5 year rolling basis with the aim of having 20% of assets being subject to a physical valuation each year and the remaining 80% having a desktop revaluation carried out (Subject to any agreement to change the % each year to ensure that, by the end of the five year cycle, 100% of assets will have been physically inspected). Increases in valuations are matched by credits to the Revaluation Reserve to recognised unrealised gains. However, gains are credited to the CIES 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), with any excess charged to the service line in the Comprehensive Income and Expenditure Statement.
- 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.

The same accounting treatment is applied to revaluation losses as a result of a general fall in asset prices across the board as opposed to a consumption of economic benefit specific to an asset as is in the case of impairment losses.

## **Depreciation**

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

Depreciation is calculated on the following basis:

- buildings & infrastructure are depreciated on a straight line basis up to 50 years; based on their carrying value over the estimated remaining useful life of the asset as advised by a suitably qualified person.
- plant and equipment, vehicles and ICT are depreciated on a straight line basis on their historic cost using a percentage of the value of each class of asset in the Balance Sheet.

The estimated useful life of high value vehicles is reviewed each year and, where material, adjustments are made to extend the useful life.

- infrastructure - straight line allocation up to 25 years.
- a full year's depreciation is charged in the year of acquisition and none 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.

Componentisation is only applicable to larger value land and buildings or equipment assets.

## **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.

## **xxi. Heritage Assets**

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

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

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

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on fixed assets. The Council's collections of heritage assets are as follows:

- modern art sculptures in towns and parks.
- mayoral regalia.
- works of art and antique furnishings held by council.
- range of art and antiquities held in council museums.

A range of categories of Heritage assets held at various council locations including FE McWilliam Gallery and Studio, the Civic Buildings and some Town Halls were last valued as at 31 March 2019.

## **xxii. 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.

#### **xxiii. 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, accumulated absences and provisions discount rate and do not represent usable resources for the Council – these reserves are explained in the relevant note to the accounts.

#### **xxiv. Charges to Revenue for Non-Current Assets**

Charges to revenue for non-current assets e.g. services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed 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 provision 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 amortisations are therefore replaced by minimum revenue provision (MRP) 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.

#### **xxv. 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.

**xxvi. 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.

**xxvii. The Carbon Reduction Commitment Scheme (CRC)**

Due to its low levels of energy consumption, there is no requirement for the Council to participate in the Carbon Reduction Commitment Energy Efficiency Scheme.

**xxviii. 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:

- in the principal market for the asset or liability, or
- 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.

For 2021/22, the accounting policy changes that need to be reported are:

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

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

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

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

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

The items in the Council's Balance Sheet at 31 March 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.

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

Valuation exercises are carried out by an independent valuer from Land and Property Services (LPS). These are carried out with based on information as at 31 March each year and subject to assumptions at that time.

**ii. Heritage assets**

Valuation exercise of categories of Heritage assets are carried out by an independent valuer. These are carried out with based on information as at 31 March each year and subject to assumptions at that time.

**iii. Fair Value Measurement**

The Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value.

**iv. Provisions**

The Council has not made a provision for bad debt arising from non-collection of rate income by Land & Property Services (LPS) in future years at this point due to the absence of sufficiently detailed information and uncertainty regarding how much uncollected rates will be written off by LPS in future years. However, a prudent reserve has been created to help mitigate against the lower level of debt write-offs processed by LPS during the pandemic – this debt still exists and has still to be processed by LPS and will therefore be a hit to Council finances in the future. Also, Council has not made a provision for the settlement of claims arising from Equal Pay settlements due to the uncertainty of the amounts involved.

Provisions are inherently uncertain, however the details included in note 19 have been carried out based on information as at 31 March each year and subject to assumptions at that time, and/or independent valuations were applicable.

**v. 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.

**vi. Arrears**

A collective assessment of the outstanding debt balances was completed based on the Council's credit control procedures and an allowance for impairment loss for trade receivables has been included.

**e) Change of presentation to the Financial Statements due to a restructure of the Organisation.**

Council initiated a review of its organisational structure as part of the Financial Review and Transformation Project. The structure (up to 30<sup>th</sup> June 2021) adopted by Council to deliver services and activities to local ratepayers was based on four separate Directorates, namely: Performance, People, Place, Position.

As a result, new directorates were formed with effect from 1 July 2022 as set out below:

- Deputy Chief Executive & Chief Executive
- Strategy and Performance
- Community and Growth
- Neighbourhood Services

The current year figures are presented as per the new structure, along with the restated prior year comparisons, where applicable. This complies with section 3.4.2.32 and 3.4.2.34 Code of Practice.

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.

	2021/22			Restated 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
Community & Growth	10,171,706	4,682,893	14,854,599	11,711,045	4,795,654	16,506,699
Deputy CEO & CEO	6,806,084	1,127,523	7,933,607	5,708,147	570,086	6,278,233
Neighbourhood Services	40,728,795	15,761,524	56,490,319	43,845,616	19,449,122	63,294,738
Strategy & Performance	3,035,859	589,126	3,624,985	2,295,050	298,970	2,594,019
Other Services	(2,912,528)	772,187	(2,140,341)	2,810,830	89,391	2,900,221
<b>Net Cost of Services</b>	<b>57,829,916</b>	<b>22,933,253</b>	<b>80,763,169</b>	<b>66,370,687</b>	<b>25,203,223</b>	<b>91,573,910</b>
<b>Other Income and Expenditure</b>	<b>(65,704,460)</b>	<b>(9,952,860)</b>	<b>(75,657,320)</b>	<b>(68,416,816)</b>	<b>(21,987,856)</b>	<b>(90,404,672)</b>
<b>Surplus or Deficit</b>	<b>(7,874,544)</b>	<b>12,980,393</b>	<b>5,105,849</b>	<b>(2,046,129)</b>	<b>3,215,367</b>	<b>1,169,238</b>
<b>Opening General Fund</b>			<b>19,880,399</b>			<b>17,834,270</b>
<b>Surplus/ (Deficit) on General Fund Balance in Year</b>			<b>7,874,546</b>			<b>2,046,129</b>
<b>Closing General Fund</b>			<b>27,754,945</b>			<b>19,880,399</b>

A review of the presentation of local authority financial statements resulted in changes to the Code of Accounting Practice. Councils are required to report on the basis of how they are structured and how they operate, monitor and manage financial performance. The purpose of the Expenditure and Funding Analysis (EFA) is to bring together the funding framework and the accounting framework by service. The EFA takes net expenditure chargeable to taxation, reconciling this to the CIES surplus or deficit on the Provision of Services. There is no impact on the balance sheet as a result of this change in accounting policy and as such a third balance sheet is not required.

The "Other Services" heading in 2021/22 CIES relates to amounts pertaining to decisions made on Council Services that are not attributed to the Directorate Services, such as expenditure on other reserve projects, transformation, provisions and Covid 19 costs.

\*The current year figures are presented as per the new structure, along with the restated prior year comparisons. Reference to the presentation change is included in Note 1(e)



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
	£	£	£	£	£
Community & Growth	2,212,394	2,426,417	44,082	-	4,682,893
Deputy CEO & CEO	9,371	1,082,969	35,183	-	1,127,523
Neighbourhood Services	9,395,162	6,218,159	148,203	-	15,761,524
Strategy & Performance	-	567,836	21,290	-	589,126
Other Services	723,013	54,619	(5,445)	-	772,187
<b>Net Cost of Services</b>	<b>12,339,940</b>	<b>10,350,000</b>	<b>243,313</b>	<b>-</b>	<b>22,933,253</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(10,768,263)	2,155,000	(193,033)	(1,146,564)	(9,952,860)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	1,571,677	12,505,000	50,280	(1,146,564)	12,980,393

Adjustments between Funding and Accounting Basis  
Restated 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
	£	£	£	£	£
Community & Growth	3,296,370	1,513,460	(14,176)	-	4,795,654
Deputy CEO & CEO	9,367	562,378	(1,659)	-	570,086
Neighbourhood Services	16,160,976	3,311,223	(23,077)	-	19,449,122
Strategy & Performance	-	310,737	(11,767)	-	298,970
Other Services	-	83,202	6,189	-	89,391
<b>Net Cost of Services</b>	<b>19,466,713</b>	<b>5,781,000</b>	<b>(44,490)</b>	<b>-</b>	<b>25,203,223</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(14,068,252)	1,659,000	116,804	(9,695,408)	(21,987,856)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	5,398,461	7,440,000	72,314	(9,695,408)	3,215,367

\*The current year figures are presented as per the new structure, along with the restated prior year comparisons. Reference to the presentation change is included in Note 1(e)

### Adjustments for Capital Purposes

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

- i) Other operating expenditure - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- ii) Financing and investment income and expenditure - the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from financing and investment income and expenditure as these are not chargeable under generally accepted accounting practices.
- iii) Taxation and Non Specific Grant Income and Expenditure - Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

### Net change for the Pensions Adjustments

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

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

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

### Other statutory differences

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

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

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

### Other non-statutory adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other Income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

- For financing and investment income and expenditure the other non-statutory adjustments column recognises adjustments to service segments, eg for interest income and expenditure and changes in the fair values of investment properties.

- For taxation and non-specific grant income and expenditure the other non-statutory adjustments column recognised adjustments to service segments, eg for unringfenced government grants.

- Transfer to and from reserves.

3 a Expenditure and Income Analysed by Nature

Expenditure		2021/22	2020/21
	Notes	£	£
Employee Benefits Expenses	7	45,058,387	46,519,103
Other Services Expenditure		54,609,339	48,072,704
Depreciation, Amortisation, Impairment	11	9,019,932	13,925,557
Interest Payments	9	2,572,513	4,346,666
Loss on the Disposal of Assets	8b	161,173	-
Other Expenditure	9d	67,286	45,840
<b>Total Expenditure</b>		<b>111,488,630</b>	<b>112,909,870</b>
Income		2021/22	2020/21
	Notes	£	£
Fees, Charges and other service Income		(25,954,489)	(16,943,454)
Interest and Investment Income	9	(101,755)	(104,615)
District rate income	10	(70,733,356)	(69,258,065)
Government grants and Contributions	10	(9,252,317)	(25,054,463)
Gain on the Disposal of Assets	8b	-	(102,438)
Investment Property Income	9d	(340,864)	(277,597)
<b>Total Income</b>		<b>(106,382,781)</b>	<b>(111,740,632)</b>
<b>(Surplus) or Deficit on the Provision of Services</b>		<b>5,105,849</b>	<b>1,169,238</b>

Exceptional funding received in response to the COVID-19 pandemic during 2021/2022 is included in the Financial Statements. Funding of £3.1m is included within the Continuing Operations above and relates directly to COVID-19 projects. The funding was received from DfC (£2.4m), DEARA (£0.7m) and HMRC (£0.03m). (20/21 DfC (£10.6m), DFI (£0.6m), DEARA (£1.5m) and HMRC (£1.3m)).

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:

	Notes	2021/22		2020/21	
		£	£	£	£
<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	11a	771,168		5,217,326	
Depreciation charged in the year on non-current assets	11a	8,248,764	9,019,932	8,708,231	13,925,557
Net Revenue expenditure funded from capital under statute	12		3,235,010		5,541,156
Carrying amount of non current assets sold	8	342,523		50,827	
Proceeds from the sale of PP&E, investment property and intangible assets	8	(181,350)	161,173	(153,265)	(102,438)
Net charges made for retirement benefits in accordance with IAS 19	21		19,803,000		14,194,000
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	21		(7,298,000)		(6,754,000)
Capital Grants and Donated Assets Receivable and Applied in year	10b		(950,452)		(4,724,022)
Capital Grants Receivable and Unapplied in year	10c		(100,000)		(1,812,332)
Adjustments in relation to Short-term compensated absences	27g		243,313		(44,491)
Provisions Discount Rate Reserve Adjustment	27h		(193,033)		116,804
<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		(5,551,886)		(5,768,147)
Direct revenue financing of Capital Expenditure	12		(4,242,098)		(1,661,312)
			14,126,959		12,910,775

b Net transfers (to)/from statutory and other earmarked reserves:

	Notes	2021/22		2020/21	
		£	£	£	£
<b>Capital Fund</b>					
Interest		-	-	-	-
From Capital		-	-	-	-
Other	23	-	-	-	-
<b>Renewal and Repairs Fund</b>					
Interest		-	-	-	-
Other	27	-	-	-	-
<b>Capital Receipts Reserve</b>					
Interest		-	-	-	-
Other	27	-	-	-	-
<b>Other Funds and earmarked reserves</b>					
Interest		-	-	-	-
From Other funds		-	-	-	-
Other	26e	(1,146,564)	(1,146,564)	(9,695,408)	(9,695,408)
<b>Unusable reserves</b>					
Capital Adjustment Account		-	-	-	-
			(1,146,564)		(9,695,408)

## 5 Cost of Services on Continuing Operations

### a General power of competence

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

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

There was a funded scheme agreed by Council under the general power of competence for a Community Support programme for the provision of crisis support for food and fuel. This programme was fully funded by the Department and therefore the impact was that actual expenditure under the power of competence was 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 Council's external auditors.

	2021/22	2020/21
	£	£
External Audit Fees	75,000	75,000
Performance Audit Fees	22,000	5,250
National Fraud Initiative (NFI) Audit Fees	-	1,244
	97,000	81,494

## 6 Operating and Finance Leases Council as Lessor

### a Finance leases (Council as lessor)

The Council has leased out property to Banbridge Enterprise Limited on a finance lease with a remaining term of 86 years.

The present value of lease payments receivable under the finance lease arrangements is recognised as a receivable and included in both short and long term debtors. The difference between the gross amount receivable and the present value of the amounts receivable is recognised as unearned finance income.

The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years while the debtor remains outstanding. The gross investment is made up of the following amounts:

	31st March 2022	31st March 2021
	£	£
Current	959	952
Non-current	113,483	114,442
Gross Investment in the lease	114,442	115,394

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	31st March 2022	31st March 2021	31st March 2022	31st March 2021
	£	£	£	£
Not later than one year	959	952	959	952
Later than one year and not later than five years	3,906	3,878	3,906	3,878
Later than five years	109,577	110,564	109,577	110,564
	114,442	115,394	114,442	115,394

The unguaranteed residual values of the assets leased under finance leases at the end of the year are estimated at £nil (Previous year £nil).

The accumulated allowance for uncollectable minimum lease payments receivable is £nil (comparative year £nil).

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average interest rate contracted is approximately 0.73% (comparative year 0.73%).

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

The Council, in accordance with its statutory and discretionary responsibilities, 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 small local businesses
- any other purposes

Rental income recognised in the CIES in the current year amounts to £514,233 (2020/21 £338,449).

The lease contracts are all non-cancellable and do not include an extension option. The lease terms are between 1 and 17 years. Future minimum lease income is set out below:

	31st March 2022	31st March 2021
	£	£
Not later than 1 year	265,305	274,422
Later than 1 year and no later than 5 years	752,598	900,528
Later than 5 years	169,385	114,791
	<b>1,187,288</b>	<b>1,289,741</b>

**Council as Lessee**

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

A number of Council's vehicles were held under finance leases. The assets are included under Vehicles, Plant & Equipment which form an integral part of property, plant and equipment (see note 11h-leased assets).

The vehicles and equipment acquired under these leases were carried in the Balance Sheet at the following net amounts:

	31st March 2022	31st March 2021
	£	£
Vehicles, Plant, Furniture and Equipment	-	-

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

	31st March 2022	31st March 2021
	£	£
Finance leases liabilities (net present value of minimum lease payments):		
Current	-	-
Non- Current	-	-
<b>Minimum Lease Payments</b>	<b>-</b>	<b>-</b>

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	-	-	-	-
Later than one year and not later than five years	-	-	-	-

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

The Council has acquired photocopiers and land under operating leases.  
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	60,345	85,084
Later than 1 year and no later than 5 years	44,700	73,164
Later than 5 years	347,877	288,000
	452,922	446,248

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

	2021/22	2020/21
	£	£
Minimum lease payments	155,981	139,623
Total	155,981	139,623

**7 Employee Costs and Member Allowances**

**a Staff Costs**

	2021/22	Restated 2020/21*
	£	£
Salaries and Wages	35,127,916	36,853,381
Employers NIC	3,132,954	3,145,194
Employers Superannuation	6,797,517	6,520,528
Total staff costs	45,058,387	46,519,103

In addition, agency costs during the year amounted to £694,520 (2020/21 £596,173). Investment salary expenses of £24,518 is included in both the salary note above and the expenses in note 11c.

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

At last actuarial valuation dated 31st March 2019 there was a surplus of £836.9m relative to the liabilities. The funding level was 112%.

\*The current year figures are presented as per the new structure, along with the restated prior year comparisons. Reference to the presentation change is included in Note 1(e)

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

**b Average Number of Employees**

	2021/22	Restated 2020/21*
	FTE	FTE
Community & Growth	296	316
Deputy CEO & CEO	95	88
Neighbourhood Services	758	741
Strategy & Performance	32	24
Total Number	1,181	1,169

	2021/22	2020/21
	Actual Numbers	Numbers
Full-time numbers employed	960	944
Part-time numbers employed	399	391
Total Number	1,359	1,335

**c Senior Employees' Remuneration**

	2021/22	2020/21
	£	£
£50,001 to £60,000	16	12
£60,001 to £70,000	10	13
£70,001 to £80,000	3	1
£80,001 to £90,000	-	-
£90,001 to £100,000	3	3
£100,001 to £110,000	-	-
£110,001 to £120,000	-	-
£120,001 to £130,000	1	1
Total Number	33	30

#### c Members' Allowances

	2021/22	2020/21
	£	£
Basic allowance	631,721	634,304
Mayor's & Deputy Mayor's Allowance	28,225	27,593
Special Responsibility Allowances	107,406	113,790
Dependents' carers allowance	-	242
Employer costs	198,564	205,039
Mileage	10,588	3,823
Conferences and Courses	7,453	3,817
Travel & Subsistence Costs	1,185	1,046
Miscellaneous Costs	-	-
<b>Total</b>	<b>985,142</b>	<b>989,654</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 £419,400 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. 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.

#### f Ill Health Retirements

During the year 7 officers retired early on ill-health grounds at nil cost to Council.



## 8 Other Operating Income & Expenditure

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

	2021/22	2020/21
	£	£
Proceeds from sale	(181,350)	(153,265)
Carrying amount of non-current assets sold (excl Investment Properties)	342,523	50,827
	161,173	(102,438)

### b Other Operating Expenditure

	2021/22	2020/21
	£	£
(Surplus) / Deficit on Non Current Assets	161,173	(102,438)
	161,173	(102,438)

## 9 Financing and Investment Income and Expenditure

### a Interest Payable and Similar Charges

	2021/22	2020/21
	£	£
Lease/hire purchase interest	-	711
Bank interest	9,028	6,024
Government Loan Interest	2,563,485	2,680,931
	2,572,513	2,687,666

### b Interest and Investment Income

	2021/22	2020/21
	£	£
Bank Interest	9,827	4,806
Employee car loan interest	-	-
NIHE Loan interest receivable	90,666	99,073
Investment income on Fund Balances	-	-
Other Investment income	1,262	736
	101,755	104,615

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

	2021/22	2020/21
	£	£
Net interest on the net defined benefit liability (asset)	2,155,000	1,659,000
	2,155,000	1,659,000

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

	2021/22	2020/21
	£	£
<b>Income/Expenditure from Investment Properties:</b>		
Income including rental income	(340,864)	(277,597)
Expenditure	67,286	45,840
<i>Net income from investment properties</i>	(273,578)	(231,757)
Investment Properties	(85,000)	-
	(358,578)	(231,757)

	2021/22			2020/21		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Interest Payable and Similar Charges	2,572,513	-	2,572,513	2,687,666	-	2,687,666
Interest and Investment Income	-	(101,755)	(101,755)	-	(104,615)	(104,615)
Pensions Interest cost	2,155,000	-	2,155,000	1,659,000	-	1,659,000
Other investment income	67,286	(340,864)	(273,578)	45,840	(277,597)	(231,757)
Changes in Fair Value of Investment Properties	-	(85,000)	(85,000)	-	-	-
	4,794,799	(527,619)	4,267,180	4,392,506	(382,212)	4,010,294

**10 Taxation and Non Specific Grant Income**

**a Revenue Grants**

	2021/22	2020/21
	£	£
General	(8,301,865)	(8,027,133)
Other	-	(10,490,976)
	(8,301,865)	(18,518,109)

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

	2021/22	2020/21
	£	£
Government & Other Grants - Conditions met and applied in year	(950,452)	(4,724,022)
	(950,452)	(4,724,022)

**c Capital Grants - Unapplied**

	2021/22	2020/21
	£	£
Government & Other Grants - Conditions met and not applied in year	(100,000)	(1,812,332)
	(100,000)	(1,812,332)

**d District Rates**

	2021/22	2020/21
	£	£
District Rates	(70,733,356)	(69,258,065)
	(70,733,356)	(69,258,065)

Taxation and Non Specific Grant Income	2021/22	2020/21
	£	£
District Rate Income	(70,733,356)	(69,258,065)
Revenue Grants	(8,301,865)	(18,518,109)
Capital Grants and Contributions	(1,050,452)	(6,536,354)
	(80,085,673)	(94,312,528)

**Armagh City Banbridge & Craigavon Borough 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>	46,196,600	164,578,543	8,360,992	-	16,405,700	1,609,536	1,190,975	4,040,000	<b>242,382,346</b>	7,954,621	390,000	<b>250,726,967</b>
Adjustments between cost/value & depreciation/impairment												
<b>Balance as at 1 April 2021</b>	<b>46,196,600</b>	<b>164,578,543</b>	<b>8,360,992</b>	<b>-</b>	<b>16,405,700</b>	<b>1,609,536</b>	<b>1,190,975</b>	<b>4,040,000</b>	<b>242,382,346</b>	<b>7,954,621</b>	<b>390,000</b>	<b>250,726,967</b>
Additions	-	1,040,918	114,108	-	3,274,550	-	2,657,670	-	<b>7,087,246</b>	-	-	<b>7,087,246</b>
Donations	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) to Revaluation Reserve	604,600	3,337,226	(134,726)	-	-	-	-	464,556	<b>4,271,656</b>	-	761,128	<b>5,032,784</b>
Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services	(13,000)	(484,745)	3,000	-	-	-	-	(361,423)	<b>(856,168)</b>	-	-	<b>(856,168)</b>
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(2,120,943)	-	-	-	<b>(2,120,943)</b>	-	(70,000)	<b>(2,190,943)</b>
Derecognition - Other	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications & Transfers	(191,872)	716,738	-	-	-	-	(1,593,605)	1,206,867	138,128	-	(138,128)	-
Reclassified to(-) / from(+) Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>46,596,328</b>	<b>169,188,680</b>	<b>8,343,374</b>	<b>-</b>	<b>17,559,307</b>	<b>1,609,536</b>	<b>2,255,040</b>	<b>5,350,000</b>	<b>250,902,265</b>	<b>7,954,621</b>	<b>943,000</b>	<b>259,799,886</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>	-	-	-	-	11,922,611	505,749	-	-	12,428,360	139,070	-	12,567,430
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 1 April 2021</b>	-	-	-	-	11,922,611	505,749	-	-	12,428,360	139,070	-	12,567,430
Depreciation Charge	-	6,690,484	316,105	-	1,192,004	50,171	-	-	8,248,764	-	-	8,248,764
Depreciation written out on Revaluation Reserve	-	(6,690,484)	(316,105)	-	-	-	-	-	(7,006,589)	-	-	(7,006,589)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(1,848,420)	-	-	-	(1,848,420)	-	-	(1,848,420)
Derecognition - Other	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications & Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2022</b>	-	-	-	-	11,266,195	555,920	-	-	11,822,115	139,070	-	11,961,185
<b>Net Balance as at 31 March 2022</b>	46,596,328	169,188,680	8,343,374	-	6,293,112	1,053,616	2,255,040	5,350,000	239,080,150	7,815,551	943,000	247,838,701

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>	45,433,631	129,407,108	8,674,837	-	16,450,229	1,609,536	39,530,047	3,725,000	<b>244,830,388</b>	7,954,621	-	<b>252,785,009</b>
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2020	45,433,631	129,407,108	8,674,837	-	16,450,229	1,609,536	39,530,047	3,725,000	<b>244,830,388</b>	7,954,621	-	<b>252,785,009</b>
Additions	2,313	458,257	-	-	545,408	-	8,820,988	-	<b>9,826,966</b>	-	-	<b>9,826,966</b>
Donations	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/decreases to Revaluation Reserve	940,333	(6,995,375)	(318,845)	-	-	-	-	315,000	<b>(6,058,887)</b>	-	-	<b>(6,058,887)</b>
Revaluation increases/ decreases to Surplus or Deficit on the Provision of Services	(11,818)	(1,087,869)	5,000	-	-	-	-	-	<b>(1,094,687)</b>	-	-	<b>(1,094,687)</b>
Impairment to Surplus or Deficit on the Provision of Services	-	(4,122,639)	-	-	(589,937)	-	-	-	<b>(4,122,639)</b>	-	-	<b>(4,122,639)</b>
Derecognition - Disposals	-	-	-	-	-	-	(18,858)	-	<b>(18,858)</b>	-	-	<b>(18,858)</b>
Derecognition - Other	-	-	-	-	-	-	(47,141,202)	-	<b>(47,141,202)</b>	-	-	<b>(47,141,202)</b>
Reclassifications & Transfers	52,141	47,089,061	-	-	-	-	-	-	-	-	-	-
Reclassified to(-) / from(+) Held for Sale	(220,000)	(170,000)	-	-	-	-	-	-	<b>(390,000)</b>	-	390,000	-
Balance as at 31 March 2021	46,196,600	164,578,543	8,360,992	-	16,405,700	1,609,536	1,190,975	4,040,000	<b>242,382,346</b>	7,954,621	390,000	<b>250,726,967</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>	-	-	-	-	11,474,812	455,577	-	-	11,930,389	138,602	-	12,068,991
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2020	-	-	-	-	11,474,812	455,577	-	-	11,930,389	138,602	-	12,068,991
Depreciation Charge	-	7,353,780	316,902	-	986,909	50,172	-	-	<b>8,707,763</b>	468	-	<b>8,708,231</b>
Depreciation written out on Revaluation Reserve	-	(7,353,780)	(316,902)	-	-	-	-	-	<b>(7,670,682)</b>	-	-	<b>(7,670,682)</b>
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	(539,110)	-	-	-	<b>(539,110)</b>	-	-	<b>(539,110)</b>
Derecognition - Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Other	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications & Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	-	-	-	-	11,922,611	505,749	-	-	12,428,360	139,070	-	12,567,430
Net Balance as at 31 March 2021	46,196,600	164,578,543	8,360,992	-	4,483,089	1,103,787	1,190,975	4,040,000	229,953,986	7,815,551	390,000	238,159,537
<b>Net Book Values</b>												
Balance as at 31 March 2021	46,196,600	164,578,543	8,360,992	-	4,483,089	1,103,787	1,190,975	4,040,000	229,953,986	7,815,551	390,000	238,159,537
Balance as at 31 March 2022	46,596,328	169,188,680	8,343,374	-	6,293,112	1,053,616	2,255,040	5,350,000	239,080,150	7,815,551	943,000	247,838,701

11 c Property, plant and equipment

Impairment

Council has no impairment for 2021/22.

Revaluations

The last valuation of freehold and leasehold properties was carried out as at 31 March 2022 by an independent valuer from Land and Property Services (LPS). Please refer to Note 1a(xx) for further information on revaluation and depreciation policies. Assets included in the Balance Sheet at fair value are revalued on a 5 year rolling basis and under normal circumstances was originally proposed at 20% of assets being subject to a physical valuation each year and the remaining 80% having a desktop revaluation carried out. However due to Covid 19 restrictions during 2019/20 year these physical inspections were reduced and noted in last year's accounts. It was agreed with LPS that an enhanced inspection regime would be undertaken in Year 4 (2020/21) and Year 5 (2021/22) of the rolling programme to ensure that by the end of the five year cycle 100% of assets will have been physically inspected (in line with relevant NI Assembly and PHA regulations and guidance). Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. However, gains are credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Intangible Assets, which relate solely to market rights, were also valued by LPS as at 31 March 2019.

A range of categories of heritage assets held at various council locations including FE McWilliam Gallery and Studio, the Civic Buildings and some Town Halls were valued as at 31 March 2019.

LPS Valuation Report Caveat Declaration Extract included in their report to Council

"The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy - with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied to varying degrees and to reflect further "waves" of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at, or returning to, levels where an adequate quantum of market evidence exists upon which to base opinions of value. This is true of the relevant local property market sectors relating to each of the assets types identified and valued herein.

Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation - Global Standards."

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

The Council holds a number of non operational properties included under Surplus Assets in note 11.

d Intangible Assets

The Council also owns Intangible Assets which relate solely to market rights. The assets are not amortised.

Intangible Assets	2021/22	2020/21
	£	£
Balance at start of year:		
Gross carrying amounts	10,000	10,000
Accumulated amortisation	-	-
Net Carrying amount at start of year	10,000	10,000
Net carrying amount at end of year	10,000	10,000
Comprising:		
Gross carrying amounts	10,000	10,000
Intangible Assets	31/03/2022	31/03/2021
	£	£
Market Trading Rights	10,000	10,000
	10,000	10,000

## e Investment Properties

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

Investment Properties	31/03/2022	31/03/2021
	£	£
Rental Income from Investment Activities	340,864	277,597
Direct Operating expenses arising from investment properties	(67,286)	(45,840)
<b>Net gain/(loss)</b>	<b>273,578</b>	<b>231,757</b>

The Council Investment properties consist of shop units and offices.  
Investment property salary expenses of £24,518 is included in both the expenses above and Salary note 7a.  
The following table summarises the movement in the fair value of investment properties over the year:

Investment Properties	2021/22	2020/21
	£	£
Balance at start of the year	3,270,000	3,270,000
Additions	-	-
Disposals	-	-
Net gains/losses from fair value adjustments	85,000	-
Transfers to/ from inventories	-	-
Transfers to/ from property, plant and equipment	-	-
Other changes	-	-
<b>Balance at end of the year</b>	<b>3,355,000</b>	<b>3,270,000</b>

### Valuation process for Investment Properties

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

## f Heritage Assets

A range of categories of Heritage assets held at various council locations including FE McWilliam Gallery and Studio, the Civic Buildings and some Town Halls were last valued as at 31 March 2019.

Other heritage asset disclosures are included at note 1a(xxi).

## g Assets Held for Sale

There are a number of assets that have been transferred to the Assets Held for Sale category within note 11a.

## h Long-Term Assets - Leased Assets

	Vehicles £	Equipment £	TOTAL £
<b>Cost or Valuation</b>			
At 1 April 2021	276,775	7,000	283,775
Additions	-	-	-
Disposals	(202,790)	-	(202,790)
<b>At 31 March 2022</b>	<b>73,985</b>	<b>7,000</b>	<b>80,985</b>
<b>Depreciation</b>			
At 1 April 2021	245,151	5,880	251,031
Disposals	(174,080)	-	(174,080)
Provided for year	1,457	1,120	2,577
<b>At 31 March 2022</b>	<b>72,528</b>	<b>7,000</b>	<b>79,528</b>
<b>Net Book Value</b>	<b>1,457</b>	<b>-</b>	<b>1,457</b>



	Vehicles £	Equipment £	TOTAL £
<b>Cost or Valuation</b>			
At 1 April 2020	276,775	86,465	363,240
Additions	-	-	-
Disposals	-	(79,465)	(79,465)
<b>At 31 March 2021</b>	<b>276,775</b>	<b>7,000</b>	<b>283,775</b>
<b>Depreciation</b>			
At 1 April 2020	229,340	39,527	268,867
Disposals	-	(34,766)	(34,766)
Provided for year	15,811	1,119	16,930
<b>At 31 March 2021</b>	<b>245,151</b>	<b>5,880</b>	<b>251,031</b>
<b>Net Book Value</b>	<b>31,624</b>	<b>1,120</b>	<b>32,744</b>

#### I Fair Value Hierarchy for Surplus Assets

##### Valuation Process for Surplus Assets

The fair value of the Council's Surplus Assets is measured annually by external valuers. All valuations were carried out externally by Land & Property Services, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

#### 12 Capital Expenditure and Capital Financing

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

Capital Expenditure		2021/22 £	2020/21 £
<b>Opening Capital Financing Requirement</b>		103,640,155	100,597,637
<b>Capital Investment</b>			
Property, Plant and Equipment	11	7,087,246	9,826,966
Revenue Expenditure Funded from Capital under Statute		3,235,010	5,541,156
Derecognition- Other	11	-	(18,858)
<b>Sources of Finance</b>			
Capital Receipts	26	(181,350)	(153,265)
Government Grants and Other Contributions	10	(950,452)	(4,724,022)
Unapplied Capital Grants transferred to CAA in year	27	(920,337)	-
Transfers from Earmarked Reserves	26	(517,139)	-
<b>Sums set aside from Revenue:</b>			
Direct Revenue Contributions		(4,242,098)	(1,661,312)
Minimum Revenue Provision		(5,551,886)	(5,768,147)
<b>Closing Capital Financing Requirement</b>		<b>101,599,149</b>	<b>103,640,155</b>
<b>Explanation of Movements in Year</b>		<b>2021/22 £</b>	<b>2020/21 £</b>
Decrease in underlying need to borrow		(2,041,006)	3,042,518
Increase/(decrease) in Capital Financing Requirement		(2,041,006)	3,042,518

### 13 Future Capital Commitments

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

Schemes underway at year end amounted to £1.2m, the majority of which relates to the delivery of the Play Park Strategy and a number of smaller Public Realm schemes at contract stage.

	Gross Cost £	Grant Aid £	Net Cost £
Schemes underway	1,753,527	522,427	1,231,100
Total	1,753,527	522,427	1,231,100

### 14

Inventories	2021/22 £	2020/21 £
Oil and Fuel	86,381	54,809
Stores	181,236	262,248
Other Stock	90,372	77,801
Total	357,989	394,858

The cost of inventories written down, recognised as an expense and included in 'services' amounted to £88,348.

15 Debtors		
a Long Term Debtors		
	2021/22	2020/21
	£	£
Government Departments	-	-
Other Councils	-	-
Public corporations and trading funds	-	-
Bodies external to general government	-	-
Employee car loans	-	-
Revenue Grants	-	-
Capital Grants	-	-
Interest Receivable	-	-
Capital Debtors	-	-
Loans and advances	-	-
lease debtors	-	-
Trade debtors	-	-
NIHE Loans	898,829	1,024,615
Other	134,675	139,707
Impairment of loans and receivables	-	-
Contract Receivables	-	-
<b>Total Long-Term Debtors</b>	<b>1,033,504</b>	<b>1,164,322</b>

b Short Term Debtors		
	2021/22	2020/21
	£	£
Government Departments	6,934,488	8,984,891
Other Councils	103,656	150,306
Public corporations and trading funds	-	-
Bodies external to general government	403,137	236,129
NIHE loans	125,786	124,856
Employee car loans	-	-
Revenue Grants	942,148	-
Capital Grants	847,781	1,253,013
Interest Receivable	3,723	501
Capital Debtors	-	-
Value Added Tax	1,271,349	1,876,496
Prepayments	425,749	339,964
lease debtors	959	952
Other	6,466	40,372
Trade receivables	989,128	649,005
Impairment loss - Trade receivables	(183,809)	(201,467)
Contract Receivables	-	-
<b>Total Short-Term Debtors</b>	<b>11,670,561</b>	<b>13,455,018</b>
<b>Total Debtors</b>	<b>12,904,065</b>	<b>14,619,340</b>

16 Investments		
a Long Term Investments		
	2021/22	2020/21
	£	£
Investments - general	-	-
Investments - repairs and renewals	-	-
Investments - capital fund	-	-
Investments - other	-	-
<b>Total Long-term Investments</b>	<b>-</b>	<b>-</b>
Analysed over:		
	2021/22	2020/21
	£	£
Money market deposits	-	-
Other deposits	-	-
<b>Total Long-term Investments</b>	<b>-</b>	<b>-</b>

b Short-Term Investments		2021/22	2020/21
		£	£
Investments - general		-	-
Investments - repairs and renewals		-	-
Investments - capital fund		-	-
Investments - other		10,000,000	11,000,000
<b>Total Short-term Investments</b>		<b>10,000,000</b>	<b>11,000,000</b>

Analysed over:		2021/22	2020/21
		£	£
Money market deposits		10,000,000	9,000,000
Other deposits		-	2,000,000
<b>Total Short-term Investments</b>		<b>10,000,000</b>	<b>11,000,000</b>

**Total Long Term and Short-term Investments** 10,000,000 11,000,000

Note: Short term investments are included within Cash and Cash Equivalents

17 Borrowings		2021/22	2020/21
a Short Term Borrowing		£	£
Loans re-payable within one year		8,219,686	15,503,575
Finance lease Principal		-	-
<b>Total Short Term Borrowing</b>		<b>8,219,686</b>	<b>15,503,575</b>

b Long Term Borrowing		2021/22	2020/21
		£	£
Between 1 and 2 years		5,267,292	4,219,686
Between 2 and 5 years		10,622,076	11,821,568
Between 5 and 10 years		15,389,211	15,544,480
In more than 10 years		25,487,281	29,399,812
<b>Government Loans Fund</b>		<b>56,765,860</b>	<b>60,985,546</b>
<b>Total Borrowing</b>		<b>64,985,546</b>	<b>76,489,121</b>

18 Creditors		2021/22	2020/21
a Short Term Creditors		£	£
Government Departments		1,095,429	1,377,786
Other Councils		145,407	283,849
VAT		321,312	218,632
Remuneration due to employees		459,528	1,319,532
Accumulated Absences		1,210,067	966,754
Receipts in advance		923,457	888,475
Other		6,939,807	5,523,768
<b>Total Short Term Creditors</b>		<b>11,095,007</b>	<b>10,578,796</b>

b Long Term Creditors		2021/22	2020/21
Other creditors falling due after more than one year		£	£
Government Departments		-	-
Other Councils		-	-
Public corporations and trading funds		-	-
Bodies external to general government		-	-
Rates clawback		-	-
Remuneration due to employees		-	-
Accumulated Absences		-	-
Receipts in advance		-	-
Trade creditors		-	-
Other		29,889	29,889
Contract Payables		-	-
<b>Total Long Term Creditors</b>		<b>29,889</b>	<b>29,889</b>
<b>Total Creditors</b>		<b>11,124,896</b>	<b>10,608,685</b>

#### c 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 21,712 invoices totalling £59,114,176. (2020/21 18,970 invoices totalling £61,216,699).

The number of disputed invoices were 146.

The Council paid:

20,659 (95.2%) invoices with 30 calendar days target; (17,204 (90.7%)-2020/21)

11,957(55.1%) invoices within 10 working days target; (9,272 (48.9%)-2020/21)

1,053(4.8%) invoices outside of the 30 day target; (1,766 (9.3%)-2020/21)

The average number of days taken to pay suppliers during the year was 10.76 days. (12.24 days 2020/21)

19

Provisions	Balance as at	Increase/ (decrease) in	Utilised during	Unused	Interest cost	Balance as at 31
	1 April 2021	provision during year	year	amounts reversed	and/or discount rate changes	March 2022
	£	£	£	£	£	£
Landfill Closure-Craigavon	2,487,818	(137,903)	(191,545)	-	(193,033)	<b>1,965,337</b>
Single Status	500,183	(227,488)	-	-	-	<b>272,695</b>
Legal Issues	1,909,530	196,093	-	(650,000)	-	<b>1,455,623</b>
<b>Total</b>	<b>4,897,531</b>	<b>(169,298)</b>	<b>(191,545)</b>	<b>(650,000)</b>	<b>(193,033)</b>	<b>3,693,655</b>
Current Provisions	500,183	(227,488)	-	-	-	<b>272,695</b>
Long Term Provisions	4,397,348	58,190	(191,545)	(650,000)	(193,033)	<b>3,420,960</b>
<b>Total</b>	<b>4,897,531</b>	<b>(169,298)</b>	<b>(191,545)</b>	<b>(650,000)</b>	<b>(193,033)</b>	<b>3,693,655</b>

#### Comparative Year

Provisions	Balance as at	Increase/ (decrease) in	Utilised during	Unused	Interest cost	Restated Balance
	1 April 2020	provision during year	year	amounts reversed	and/or discount rate changes	as at 31 March 2021
	£	£	£	£	£	£
Landfill Closure-Craigavon	2,410,430	29,052	(68,468)	-	116,804	<b>2,487,818</b>
Single Status	465,075	35,108	-	-	-	<b>500,183</b>
Legal Issues	1,400,000	609,530	(80,000)	(20,000)	-	<b>1,909,530</b>
<b>Total</b>	<b>4,275,505</b>	<b>673,690</b>	<b>(148,468)</b>	<b>(20,000)</b>	<b>116,804</b>	<b>4,897,531</b>
Current Provisions	465,075	35,108	-	-	-	<b>500,183</b>
Long Term Provisions	3,810,430	638,582	(148,468)	(20,000)	116,804	<b>4,397,348</b>
<b>Total</b>	<b>4,275,505</b>	<b>673,690</b>	<b>(148,468)</b>	<b>(20,000)</b>	<b>116,804</b>	<b>4,897,531</b>

### Landfill Closure- Craigavon

NI Environment Agency required that an adequate provision is made for landfill aftercare costs. This was formally revalued in 2019/20 by an external company to ensure that the provision is an adequate estimate for the landfill cost liability. During 2017/18 the Council sought independent external professional advice from its financial advisors, Arlingclose regarding discount rates for landfill. Based on the advice provided, discount rates based on PwLB borrowing rates factored for inflation have been applied. These have been updated for 2021/22 rates. The movement relating to the discount rates has been mitigated via the Provision Discount Rates Reserves in the unusable reserves in Note 27h.

### Single Status

This provision is set aside to provide for costs associated with a review of salaries and wages. This process should be completed during the 2022/23 financial year.

### Legal Issues

The provision is set aside for potential legal costs and repayment claims that are currently on-going.

## 20 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. A collective assessment of the outstanding debt balances, was completed based on the Council's credit control procedures and an allowance for impairment loss for trade receivables has been included.

### 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 16 to 18. All trade and other payables are due for payment within one year.

### Interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments and deposits but the potential risk and exposure is minimal during 2020/21. 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.

### Interest Rate Benchmarking

The Council has considered Interest Rate Benchmarking and considers there is no impact on payments, cash or fair values on Council loans or contracts.

### Foreign Exchange Risk

The Council has a Euro bank account for payments however due to the size of the bank balance this would not be considered a material exposure to loss arising from movements in exchange rates.

### Fair Value of Soft Loans and Government Loans

The Council is in receipt of loans from the Department of Finance and other local authorities at concessionary interest rates that differ from the prevailing market rates. The fair value of these loans is £71,518,954 broken down as follows:

	£
Long Term Government Loans	61,977,571
Short Term Local Authority Loans	3,997,178
Market Loans	5,544,205
Total	71,518,954

The fair value of these loans is not included in the provision of services.

The Council made a loan to an organisation at less than market rates (soft loans). Thus the fair value of the loan would be less than the amount of the cash lent. The fair value is included below, however the amount taken to the provision of services is immaterial.

Voluntary Body in Receipt of Loan	Amount	Amount	Repayment Due
	£	£	
	2021/22	2020/21	
Armagh Business Centre	24,777	28,783	30/06/2028

## 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 £	2020/21 £
Net cost of services:			
Current service cost		16,822,000	11,959,000
Past service cost/(gain)		826,000	576,000
Net interest on net defined benefit liability (asset)		2,155,000	1,659,000
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>		<b>19,803,000</b>	<b>14,194,000</b>
Movement in Reserves Statement:			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(19,803,000)	(14,194,000)
Actual amount charged against the general fund balance for pensions in the year:			
Employers' contributions payable to scheme		7,298,000	6,754,000
<b>Net adjustment to General Fund</b>		<b>(12,505,000)</b>	<b>(7,440,000)</b>

The service cost figures include an allowance for administration expenses of £0.164M (1.0%).

Remeasurements recognised in Other Comprehensive Income and Expenditure	Note	2021/22 £	2020/21 £
Liability gains/(losses) due to change in assumptions		(26,311,000)	67,686,000
Liability gains/(losses) due to demographic changes		(3,610,000)	-
Liability experience gains/(losses) arising in the year		814,000	(2,431,000)
Actuarial gains/(losses) on plan assets		(14,581,000)	(41,673,000)
<b>Total gains/(losses) recognised in Other Comprehensive Income and Expenditure</b>		<b>(43,688,000)</b>	<b>23,582,000</b>

c Assets and liabilities in relation to retirement benefits			
Reconciliation of present value of the scheme liabilities:			
	Note	2021/22 £	2020/21 £
Balance as at 1 April		365,240,000	284,670,000
Current service cost		16,822,000	11,959,000
Interest cost		7,633,000	6,513,000
Contributions by members		2,061,000	2,029,000
Remeasurement (gains) and losses:			
Actuarial (gains)/losses arising from changes in financial assumptions		(26,311,000)	67,686,000
Actuarial (gains)/losses arising from demographic changes		(3,610,000)	-
Actuarial (gains)/losses arising on liabilities from experience		814,000	(2,431,000)
Other (if applicable)		-	-
Past service costs/(gains)		826,000	576,000
Estimated unfunded benefits paid		(89,000)	(90,000)
Estimated benefits paid		(5,705,000)	(5,672,000)
<b>Balance as at 31 March</b>		<b>357,681,000</b>	<b>365,240,000</b>

Reconciliation of present value of the scheme assets:			
	Note	2021/22 £	2020/21 £
Balance as at 1 April		259,006,000	209,458,000
Interest income		5,478,000	4,854,000
Contributions by members		2,061,000	2,029,000
Contributions by employer		7,209,000	6,664,000
Contributions in respect of unfunded benefits		89,000	90,000
Remeasurement gain/(loss)		14,581,000	41,673,000
Unfunded benefits paid		(89,000)	(90,000)
Benefits paid		(5,705,000)	(5,672,000)
<b>Balance as at 31 March</b>		<b>282,630,000</b>	<b>259,006,000</b>

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

The actual return on scheme assets in the year was a gain of £20.059m (2020/21 gain of £46.527m).

Fair Value of Plan Assets	2021/22 £	2020/21 £
Equity Investments	121,248,270	119,919,778
Bonds	76,027,470	92,465,142
Property	28,263,000	23,051,534
Cash	11,305,200	13,727,318
Other	45,786,060	9,842,228
	<b>282,630,000</b>	<b>259,006,000</b>

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

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

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



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

	2021/22	2020/21
	£	£
Fair Value of Employer Assets	282,630,000	259,006,000
Present value of funded defined benefit obligation	(356,630,000)	(364,063,000)
<b>Pension asset/(liability) of Funded Scheme</b>	<b>(74,000,000)</b>	<b>(105,057,000)</b>
Present Value of unfunded defined benefit obligation	(1,051,000)	(1,177,000)
<b>Net asset/(liability) arising from the defined benefit obligation</b>	<b>(75,051,000)</b>	<b>(106,234,000)</b>
Amount in the Balance sheet:		
Liabilities	(75,051,000)	(106,234,000)
<b>Net Asset/(Liability)</b>	<b>(75,051,000)</b>	<b>(106,234,000)</b>

d Scheme History		
Analysis of scheme assets and liabilities	2021/22	2020/21
	£	£
Fair Value of Assets in pension scheme	282,630,000	259,006,000
Present Value of Defined Benefit Obligation	(357,681,000)	(365,240,000)
<b>Surplus/(deficit) in the Scheme</b>	<b>(75,051,000)</b>	<b>(106,234,000)</b>

Amount recognised in Other Comprehensive Income and Expenditure:		
	2021/22	2020/21
	£	£
Actuarial (gains)/losses	(29,107,000)	65,255,000
Expected Return on Plan Assets	(14,581,000)	(41,673,000)
Remeasurements recognised in Other Comprehensive Income and Expenditure	(43,688,000)	23,582,000
Cumulative actuarial gains and losses	(3,152,000)	40,536,000
<b>History of experience gains and losses:</b>		
Experience (gains) and losses on assets	(14,581,000)	(41,673,000)
Experience (gains) and losses on liabilities	(29,107,000)	65,255,000

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £75.051m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a net liability of £75.051m.

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 2023**

	31/03/2023	31/03/2023
	£	%
Projected current cost	15,677,000	45.8%
Net interest on the net defined benefit liability (asset)	1,936,000	5.7%
	<b>17,613,000</b>	<b>51.5%</b>

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the council in the year to 31 March 2023 is £6.762m, of which £0.092m relates to unfunded benefits.

#### 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 %	2020/21 %
Experience gains and losses on Assets	-5.16%	-16.09%
Experience gains and losses on Liabilities	8.14%	-17.87%

#### 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 Hewitt Limited, an independent firm of actuaries, estimates for the Council Fund being based on data pertaining to the latest full valuation of the scheme as at 31 March 2022.

Pension scheme assumptions:	2021/22 %	2020/21 %
Equity investments	42.9%	46.3%
Bonds	26.9%	35.7%
Property	10.0%	8.9%
Cash	4.0%	5.3%
Other	16.2%	3.8%
<b>Mortality assumptions:</b>		
<i>Longevity at 65 current pensioners:</i>	Years	Years
Men	21.8	21.9
Women	25.0	25.1
<i>Longevity at 65 for future pensioners:</i>		
Men	23.2	23.3
Women	26.4	26.5
Inflation/Pension Increase Rate	3.00%	2.70%
Salary Increase Rate	4.50%	4.20%
Expected Return on Assets	-2.10%	-1.70%
Discount Rate	2.70%	2.10%
Pension accounts revaluation rate	3.00%	2.70%
<b>Take-up of option to convert annual pension into retirement lump sum:</b>		
Service to April 2009	75%	75%
Service post April 2009	75%	75%

#### 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 (£356.63m) of the funded defined benefit obligation as at 31 March 2022 and the projected service cost (£15.677m) for the period ending 31 March 2023 is set out below.

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

### Funded Pension Scheme Benefits

Discount Rate Assumption		
Adjustment to discount rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation	349,497,000	363,763,000
% change in the present value of the total obligation	-2.0%	2.0%
Projected service cost	15,144,000	16,226,000
Approximate % change in projected service cost	-3.4%	3.5%
Rate of General Increase in Salaries		
Adjustment to salary increase rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation	358,413,000	354,847,000
% change in the present value of the total obligation	0.5%	-0.5%
Projected service cost	15,677,000	15,677,000
Approximate % change in projected service cost	0.0%	0.0%
Rate of Increase to Pensions in Payment and Deferred Pension Assumption		
Adjustment to pension increase rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation	361,979,000	351,281,000
% change in the present value of the total obligation	1.5%	-1.5%
Projected service cost	16,226,000	15,144,000
Approximate % change in projected service cost	3.5%	-3.4%
Post Retirement Mortality Assumption		
Adjustment to mortality age rating assumption*	- 1 Year	+ 1 Year
Present value of the total obligation	369,112,000	344,148,000
% change in the present value of the total obligation	3.5%	-3.5%
Projected service cost	16,304,000	15,066,000
Approximate % change in projected service cost	4.0%	-3.9%

\* 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:

	2021/22	2020/21
	%	%
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 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.

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. It was found that there was an inequality of benefits between male and female members who have GMP. The Government has consulted on its approach to compensate affected members and announced on 23 March 2021 that it would adopt a long term policy of uprating GMPs in line with CPI inflation for members whose SPA is on or after 6 April 2016. This methodology has been included in the above figures. The consultation response recognised however that this solution will not address all sex inequalities for the minority of members. Further guidance is expected from Government on how they propose to deal with this. The expectation is that any remaining sex inequalities to be small and the approach included within figures above, in line with Government policy, is a reasonable estimate. In October 2020 a second ruling clarified that compensation would be required to members who transferred benefits out since May 1990. At this time Government has not yet acknowledged a liability in public service schemes nor indicated an approach to rectify this. The impact of any liabilities outstanding 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 £
Opening balance		-	-
Add: new donated assets received (condition of use not met)		-	-
Less: amounts released to the District Fund - Comprehensive Income and Expenditure		-	-

#### Analysis of Donated Assets Account

The Council has no donated assets.

23

Capital Grants Received in Advance	Note	2021/22 £	2020/21 £
Opening balance		-	-
Add: new capital grants received in advance (condition of use not met)		-	-
Less: amounts released to the Comprehensive Income and Expenditure Statement		-	-

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

The Council utilised all Capital Grants received in year.

24

#### Contingencies

In accordance with the Code (and IAS 37), Councils should disclose by way of note if there is a possible obligation/asset 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/asset 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.

#### Contingent Liability

##### Legal:

The Council has a number of ongoing outstanding legal cases, the outcomes of which are unclear at this point in time and are difficult to predict.

#### Contingent Asset

##### Legal:

On 17 October 2020, the First-tier Tribunal issued its decision in relation to a dispute concerning the VAT liability in respect of charges 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, however pursuant to Rule 39 of the Tribunal Procedure (First-tier Tribunal) (Tax Chamber) Rules 2009, HMRC applied for permission to appeal. Permission to go to appeal was granted and the appeal was heard by the Upper Tier Tax Tribunal in May 2022. The Tribunal has yet to release its decision and therefore, at this stage, it is too early to assess any associated financial impact.

Armagh City Banbridge & Craigavon Borough 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	8,248,764	8,708,231
Impairment & downward revaluations (& non-sale derecognitions)	11	771,168	5,217,326
Amortisation (included with depreciation above)		-	-
(Increase)/Decrease in inventories	14	36,869	68,664
(Increase)/Decrease in Debtors	15	1,732,933	(1,806,527)
Increase/(Decrease) in impairment provision for bad debts	15	(17,658)	(44,261)
Increase/(Decrease) in Creditors	18	1,992,142	(2,542,392)
Payments to NILGOSC	21	12,505,000	7,440,000
Carrying amount of non-current assets sold	8	342,523	50,827
AIC/WIP written off to Net Cost of Services	11	-	18,858
Contributions to Other Reserves/Provisions	19	(1,203,876)	622,026
		24,407,865	17,732,752

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities			
	Notes	2021/22	2020/21
		£	£
Purchase of short-term (not considered to be cash equivalents) and long-term investments (Includes investments in associates, joint ventures and subsidiaries)		-	-
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (Includes investments in associates, joint ventures and subsidiaries)		-	-
Proceeds from the sale of PP&E, investment property and intangible assets	8	(181,350)	(153,265)
Capital grants included in "Taxation & non-specific grant income"	10	(1,050,452)	(6,536,354)
		(1,231,802)	(6,689,619)

**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	1,216,817	981,553	1,517,693
Short Term Deposits (considered to be Cash Equivalents)	-	2,000,000	-
Short Term Investments (considered to be Cash Equivalents)	10,000,000	9,000,000	-
Bank Overdraft	-	-	-
	11,216,817	11,981,553	1,517,693

Council holds monies on behalf of Anderson Trust, a third party Coal Fund which Council administers and makes annual contributions to the charity on its behalf. As at 31 March 2022 third party investments totalled £29,889 (2020-21 £29,889).

Council administers and operates an Oil Stamp Savings Scheme as part of a Public Health Agency funded project in which retailers supply saving stamps to individuals, lodge the funds and Council reimburses the Oil Companies on redemption of the stamps.

**c Cash Flow Statement: Operating Activities**

		2021/22	2020/21
		£	£
The cash flows from operating activities include:			
Interest received	9b	101,755	104,614
Interest paid	9a	2,572,513	2,687,665

**d Cash flows from Investing Activities**

		2021/22	2020/21
		£	£
Purchase of PP&E, investment property and intangible assets	11	(8,563,177)	(9,592,636)
Purchase of Short Term Investments (not considered to be cash equivalents)		-	-
Purchase of Long Term Investments		-	-
Other Payments for Investing Activities		-	-
Proceeds from the sale of PP&E, investment property and intangible assets	8a	181,350	153,265
Proceeds from Short Term Investments (not considered to be cash equivalents)		-	-
Proceeds from Long Term Investments		-	-
Capital Grants and Contributions Received	10	1,050,452	6,536,354
Other Receipts from Investing Activities		-	-
<b>Net Cash flows from Investing Activities</b>		<b>(7,331,375)</b>	<b>(2,903,017)</b>

e Cash flows from Financing Activities			2021/22	2020/21
			£	£
Cash Receipts from Short and Long Term Borrowing			-	-
Other Receipts from Financing Activities			-	-
Cash payments for the reduction of the outstanding liability relating to a lease and on-Balance Sheet PFI contracts			-	-
Increase/ (Repayment) of Short and Long Term Borrowing			(11,503,575)	3,492,982
Other payments for Financing Activities			-	-
<b>Net Cash flows from Financing Activities</b>			<b>(11,503,575)</b>	<b>3,492,982</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>		-	-
<b>Movement</b>			
Proceeds from sale of Property, Plant and Equipment	8	181,350	153,265
Capital Receipts used to finance capital expenditure		(181,350)	(153,265)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		-	-
Other Movements		-	-
<b>At 31 March</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.

Capital Grants Unapplied account	Notes	31/03/2022	31/03/2021
		£	£
<b>At 1 April</b>		1,812,332	
<b>Movement</b>			
Unapplied Capital Grants received in year		100,000	1,812,332
Unapplied Capital Grants transferred to general reserves		(368,278)	
Unapplied Capital Grants transferred to CAA in year		(920,337)	-
<b>At 31 March</b>		623,717	1,812,332

#### c Capital Fund

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

Capital Fund	Notes	31/03/2022	31/03/2021
		£	£
<b>At 1 April</b>		3,848,079	3,848,079
Transfers between statutory & other reserves & the General Fund		-	-
Transfers between Capital Fund & CAA to finance Capital Expenditure	12	(317,139)	-
<b>At 31 March</b>		3,530,940	3,848,079

	£
<b>Analysis</b>	
Capital Programme	3,530,940
	-
<b>Total</b>	<b>3,530,940</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
		£	£
<b>At 1 April</b>		-	515,517
Transfers between statutory & other reserves & the General Fund		-	-
Transfer between Renewal and Repair fund and backlog maintenance		-	(515,517)
Transfers between Renewal & Repair Fund & CAA to finance Capital Expenditure	12	-	-
<b>At 31 March</b>		-	-

	£
Project A	-
Project B	-
General	-
<b>Total</b>	<b>-</b>



#### e Other Balances & Reserves

Other Balances & Reserves	Notes	31/03/2022	31/03/2021
		£	£
At 1 April		14,675,260	4,464,335
Transfers between statutory & other reserves & the General Fund	4b	1,146,564	9,695,408
Transfer between Renewal and Repair fund and backlog maintenance			515,517
Transfer between capital grants unapplied & other reserves		368,278	-
Transfers between statutory, other reserves, the Capital Adjustment Account & the Capital Fund		(200,000)	-
<b>At 31 March</b>		<b>15,990,102</b>	<b>14,675,260</b>

Analysis	31/03/2022	31/03/2021
	£	£
Development Fund	3,105,057	3,161,638
Transformation Fund	1,367,689	2,111,635
Backlog Maintenance	1,901,806	1,975,426
Financial Assistance	1,292,783	1,035,783
Covid Grants	5,322,767	4,890,778
Insurance Fund	1,500,000	1,500,000
Future Investment in the Borough	1,000,000	-
Outstanding collectable rates	500,000	-
<b>Total</b>	<b>15,990,102</b>	<b>14,675,260</b>

#### 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		19,880,399	17,834,270
Applied Capital Grants	10, 12	(950,452)	(4,724,022)
Unapplied Capital Grants received in year	26b	(100,000)	(1,812,332)
Direct Revenue Financing	4, 12	(4,242,098)	(1,661,312)
Depreciation and Impairment adjustment	4	9,019,932	13,925,557
Statutory Provision for financing Capital Investment	4	(5,551,886)	(5,768,147)
Net Revenue expenditure funded from capital under statute	4, 12	3,235,010	5,541,156
Surplus/(Deficit) on the Provision of Services	CIES	(5,105,849)	(1,169,238)
Transfers between Statutory and Other Reserves and the General	4	(1,146,564)	(9,695,408)
Net movements on Pension Reserve	4, 21	12,505,000	7,440,000
Disposal of Fixed Assets/Capital Sales	4, 8	161,173	(102,438)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	27g	243,313	(44,491)
Other Movements	27h	(193,033)	116,804
<b>At 31 March</b>		<b>27,754,945</b>	<b>19,880,399</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 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		49,557,754	53,654,837
Applied Capital Grants	10, 12	950,452	4,724,022
Unapplied Capital Grants transferred to CAA in year	12	920,337	-
Direct Revenue Financing	4, 12	4,242,098	1,661,312
Depreciation & Impairment adjustment	11	(9,019,932)	(13,925,557)
Statutory Provision for financing Capital Investment	4, 12	5,551,886	5,768,147
Net Revenue expenditure funded from Capital under statute	4, 12	(3,235,010)	(5,541,156)
Disposal of Fixed Assets/ Capital Sales	4, 11	(272,523)	(50,827)
Capital Receipts used to finance capital expenditure	4, 12	181,350	153,265
Other Movements-CAA Revaluation	27c	3,001,129	3,113,711
Transfers between Capital Fund/Other Reserves & CAA to finance capital expenditure	12	517,139	-
<b>At 31 March</b>		<b>52,394,680</b>	<b>49,557,754</b>

b Financial Instruments Adjustment Account

Financial Instruments Adjustment Account	Notes	31/03/2022	31/03/2021
		£	£
At 1 April		-	-
Transfers in / out on adoption of IFRS9 - Financial Instruments		-	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	3	-	-
<b>At 31 March</b>		<b>-</b>	<b>-</b>

The Council has no transactions that would require use of this account.

### c 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		88,241,629	89,743,545
Revaluation & Impairment	11	12,039,373	1,611,795
Revaluation movement on disposal	11	(70,000)	-
Movements from associates & joint ventures		-	-
Other Movements	27a	(3,001,129)	(3,113,711)
<b>At 31 March</b>		<b>97,209,873</b>	<b>88,241,629</b>

### d Available for Sale Financial Instruments Adjustment Reserve and Financial Instruments Revaluation Reserve

The Council has no transactions that would require use of this account.

Available for Sale Financial Instruments Adjustment Reserve	Notes	31/03/2022	31/03/2021
		£	£
At 1 April		-	-
Transfers out on adoption of IFRS 9 - Financial Instruments		-	-
Revaluation & Impairment		-	-
<b>At 31 March</b>		<b>-</b>	<b>-</b>

Financial Instruments Revaluation Reserve	Notes	31/03/2022	31/03/2021
		£	£
At 1 April		-	-
Transfers in on adoption of IFRS 9 - Financial Instruments		-	-
Revaluation & Impairment		-	-
<b>At 31 March</b>		<b>-</b>	<b>-</b>

**e Pension Reserve**

Pension Reserve	Notes	31/03/2022	31/03/2021
		£	£
At 1 April		(106,234,000)	(75,212,000)
Net Movements on Pension Reserve	4, 21	(12,505,000)	(7,440,000)
Revaluation & Impairment	21	43,688,000	(23,582,000)
<b>At 31 March</b>		<b>(75,051,000)</b>	<b>(106,234,000)</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.

**f 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.

Capital Receipts Deferred Account	Notes	31/03/2022	31/03/2021
		£	£
At 1 April		-	-
Other Movements		-	-
<b>At 31 March</b>		<b>-</b>	<b>-</b>

**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.

**g Accumulated Absences Account**

Accumulated Absences Account	Notes	31/03/2022	31/03/2021
		£	£
At 1 April		(966,754)	(1,011,245)
Difference between finance and other costs and income calculated		(243,313)	44,491
<b>At 31 March</b>		<b>(1,210,067)</b>	<b>(966,754)</b>

## h 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.

Provisions Discount Rate Reserve	Notes	31/03/2022	31/03/2021
		£	£
At 1 April		(608,748)	(491,944)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		193,033	(116,804)
Other Movements		-	-
At 31 March		(415,715)	(608,748)

## 28 Significant Trading Operations

The Council does not have any significant trading operations.

## 29 Agency Services

The Council does not engage in any agency services.

## 30 Joint Arrangements

The Council does not have any transactions in this area.

## 31 Related Party Transactions

A Related Party Transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related Party Transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the Council or the Government of which it forms part. A related party is one that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes cases where the related party entity and another entity are subject to common control but excludes providers of finance in the course of their normal business with the Council and Trade Unions in the course of their normal dealings with the Council. In addition where the relationship with the Council and the entity is solely that of an Agency (see note 29) these are not deemed to be Related Party Transactions.

Council received an annual operating grant and a special one off payment from the Department for Communities. During 2021/22 it received £8.3m (2020/21 £8.03m) in grant as reported in note 10a.

Council received Covid 19 grants and funding from the Department from DfC (£2.4m), DAERA (£0.7m) and HMRC (£0.03m), (20/21 DfC (£10.6m), DfI (£0.6m), DAERA (£1.5m) and HMRC (£1.3m)).

The Council have a Service Level Agreement (SLA) that agrees to provide financial and administrative services as necessary for Armagh Economic Development Group (AEDG).

Transactions with related parties not disclosed elsewhere in these financial statements are set out below, where a description of the nature, the amount of the transaction is as follows:

The Council paid grants of £305,557 to a number of organisations in which Councillors and Council officers had an interest. These grants were made with proper consideration of declaration of interests.

**Membership of External Bodies**

	No	Grants £	Other £
Armagh, Banbridge and Craigavon Sports Forum	6	60,000.00	
East Border Region Board	3	20,000.00	
Education Authority Meetings	11	11,500.00	15,429.77
ICBAN	4	15,000.00	
National Association of Councillors	8		3,280.00
NILGA	8		68,150.40
Portadown 2000	2	17,820.45	265.50
Reserve Forces & Cadets Association NI	1		115.00
Ancre Somme Association	2		2,925.00
The Somme Association	2		1,200.00
Lough Neagh Partnership	6	24,500.00	2,266.00
PCSP	10	117,569.32	
Chief Executive Forum Ltd	1		2,700.00
Ulster Orchestra Society Ltd	1		3,940.69
Greenhill YMCA	1		2,145.00
Portadown YMCA	1	22,716.79	
Lurgan YMCA	1	6,450.35	
Richhill Buildings Preservation Trust	1	10,000.00	
Royal School Armagh			200.00
	69	305,556.91	102,617.36

Council is represented by 10 Councillors on the Policing & Community Safety Partnership, one of which acts as Chairperson. During 2021/22 Council provided £117k of funding to the Partnership and annually provides legal, financial and personnel services for which it received £nil grant in 2021/22 (2020/21 £nil).

Councillors and Council officers were also associated with the following organisations to which no payments were made during 21/22.

**Membership of External Bodies**

	No
Armagh City Centre Management Committee	6
Armagh City Centre Townscape Heritage Partnership	5
Armagh Economic Development Group	1
Brownlow Regeneration Group	11
Community Development Member Reference Group	11
Community Planning Strategic Partnership	5
Diversity Champions	2
East Border Region Members Forum	6
Lurgan Townscape Heritage Partnership	5
NI Amenity Council	2
NI Local Government Partnership on Traveller Issues	3
Northern Ireland Housing Council	1
Northern Ireland Strategic Migration Partnership	1
Partnership Panel for Northern Ireland	1
Peace IV Partnership	10
Soar Local Action Group (LAG)	12
St Patricks Parade Discussion Group	11
NILGA Planning and Regeneration Policy and Learning Network ( Local Economic Development, Investment and International Affairs)	1
NILGA Planning and Regeneration Policy and Learning Network ( Elected Member Development)	1
NILGA Planning and Regeneration Policy and Learning Network ( Health, Social and Environmental Well-being)	1
NILGA Planning and Regeneration Policy and Learning Network ( Place Shaping and Infrastructure)	1
NILGA Planning and Regeneration Policy and Learning Network ( Reform, Devolution and Improvement)	1
Statistics Advisory Committee	1
	99

**Payments were also made during 21/22 to the following Local Authorities**

	<b>Payment</b>
	<b>£</b>
Ards and North Down Borough Council	3,399
Mid and East Antrim Borough Council	10,200
Lisburn and Castlereagh City Council	62,284
Mid Ulster District Council	126,843
Belfast City Council	145,724
Fermanagh and Omagh District Council	73,602
Derry City and Strabane District Council	50,700
Antrim and Newtownabbey Borough Council	6,959
Newry and Mourne District Council	59,243
	<hr/> <b>538,954</b> <hr/>

**32 Prior Year Re - statement**

The current year figures are presented as per the new structure, along with the restated prior year comparisons. Reference to the presentation change is included in Note 1(e)

**33 Events after the Reporting Period**

Council has no events to report

**34 Date of authorisation for issue**

The Chief Financial Officer authorised these financial statements for issue on 29th September 2022