



Fermanagh & Omagh
District Council
Comhairle Ceantair
Fhear Manach agus na hÓmaí

Audited Statement of Accounts Year Ended March 2019



Fermanagh and Omagh District Council

Audited Statement of Accounts for Year Ended 31 March 2019

<u>Contents Page</u>	Page Number
Report on Annual Statement of Accounts 2018/19	4
Statement of the Council's and Chief Financial Officer's Responsibilities for the Statement of Accounts	19
Annual Governance Statement	20
Remuneration Report.....	31
Certificate of the Chief Financial Officer.....	36
Council Approval of Statement of Accounts	36
Independent Auditor's Report to the Members.....	37
Comprehensive Income and Expenditure Statement.....	40
Movement in Reserves Statement	41
Balance Sheet.....	42
Cash Flow Statement.....	43
Notes to the Statement of Accounts.....	44
1 Accounting Policies	44
2 Expenditure and Funding Analysis	60
3 Expenditure and Income Analysed by Nature	64
4 Adjustments between an Accounting Basis and Funding Basis under Regulations..	65
5 Cost of Services on Continuing Operations.....	66
6 Operating and Finance Leases	67
7 Employee Costs and Member Allowances	69
8 Other Operating Income and Expenditure.....	70
9 Financing and Investment Income and Expenditure.....	71
10 Taxation and Non-Specific Grant Income.....	72
11 Fixed Assets.....	73
12 Capital Expenditure and Capital Financing	81
13 Future Capital Commitments.....	81
14 Inventories.....	82
15 Debtors.....	82
16 Investments	82
17 Borrowings	83
18 Creditors.....	83
19 Provisions.....	84

20	Financial Instruments	85
21	Retirement Benefits	88
22	Donated Assets Accounts	93
23	Capital Grants Received in Advance	93
24	Contingencies	93
25	Other Cash Flow Disclosures	95
26	Usable Reserves	96
27	Unusable Reserves	98
28	Agency Services	101
29	Joint Arrangements	101
30	Related Party Transactions	102
	Accounts Authorised for the Issue Certificate	104
31	Events after the Reporting Period	104

Fermanagh and Omagh District Council

Report on Annual Statement of Accounts 2018/19

Introduction

The Audited Statement of Accounts for the year ended 31 March 2019 have been prepared in a form directed by the Department for Communities in accordance with Regulations 3(7) and (8) of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 (the Regulations).

They have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom for the year ended 31 March 2019 (the Code) and the Department for Communities Accounts Direction, Circular LG 12/2019 and Circular LG 16/2019. It is the purpose of this foreword to explain, in an easily understandable way, the financial facts in relation to the Council.

This Audited Statement of Accounts explains Fermanagh and Omagh District Council's finances during the financial year 2018/19 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

The Council's financial performance for the year ended 31 March 2019 is as set out in the Comprehensive Income and Expenditure Statement and its financial position is as set out in the Balance Sheet and Cash Flow Statement.

The purpose of this narrative report is to provide information on the Council, its main objectives, strategies and the principal risks it faces, to provide context to the financial reports for the year.

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. Fermanagh and Omagh District 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, set out on page 40, shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

The Movement in Reserves Statement

This Statement, as set out on page 41, shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Summary (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance. 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 42, shows the value as at 31 March 2019 of the Council's assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those

reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

The Cash Flow Statement

The Cash Flow Statement, as set out on page 43, shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

Basis of Preparation

The Accounts have been prepared on a going concern basis, that is, the accounts have been prepared on the assumption that the functions of the Council will continue in operational existence for the foreseeable future.

Disclosures are included within the Statement of Accounts based on an assessment of their materiality. A disclosure is considered material if through an omission or a misstatement the decisions made by users of the accounts would be influenced. This could be due to the value or the nature of the disclosure.

In line with the Regulations the Unaudited Statement of Accounts were signed by the Chief Financial Officer and submitted to the Northern Ireland Audit Office and the Department for Communities before the prescribed date of 30th June 2019. The final Statement of Accounts has been considered by the Council's Audit Panel and Policy and Resources Committee. Following consideration, the Statement of Accounts has been presented for approval, signing and dating and will be published on the Council's website no later than 30th September 2019.

This report provides information about the Council including the Statement of Accounts for the year and a synopsis under the following headings:

Background information and Plans for 2018/19	1) An Introduction to Fermanagh and Omagh District Council 2) Community and Corporate Planning 3) Governance Arrangements and Organisational Model 4) Estimates of Income and Expenditure for 2018/19 5) Medium Term Financial Planning
Review of Performance for 2018/19	6) Revenue Income and Expenditure 2018/19 7) Capital Programme 2018/19 8) Reserves and Treasury Management 9) Performance against the Corporate Plan and Improvement Objectives 10) Summary Position 2018//19

1 An Introduction to Fermanagh and Omagh District Council

Fermanagh and Omagh District Council (the 'Council') was established as one of the 11 new Councils introduced via the Local Government Reform Programme on 1 April 2015.

The Council covers an area of 2,829 square kilometres in the South West of Northern Ireland which represents approximately 20% of the total land mass of Northern Ireland. Hence, the district is the largest, geographically, of the 11 Council areas, however it has the smallest population with about 116,000 people. The district is a place of outstanding natural beauty, with a unique mix of tranquil Lakelands, heather clad mountains, ancient boglands, forest parks, historic towns and villages and a rich cultural heritage.

The Council has responsibility for statutory and regulatory functions including the Registration of Births, Deaths, Marriages and Civil Partnerships, Building Control, Planning, Environmental Health, Off Street Car Parking and Licensing. It also delivers a range of other public services including waste management and recycling, street cleansing, recreation, sport and leisure services, the management of parks, open spaces and water recreation sites, culture and arts facilities and events, tourism and local economic development and regeneration, as well as community and good relations support.

The Council's mission is:

'Leading and serving our community, working with others to promote quality of life, quality places and quality services for all'.

The Council's mission is to establish a cohesive area, building on its' strengths to make it a place where people choose to live; a place where businesses choose to invest and a place where visitors choose to spend time.

2 Community and Corporate Planning

Community Planning

Community planning, a statutory duty under the Local Government Act (Northern Ireland) 2014 is one of the key responsibilities of the Council which brings together partner organisations from the public, private and community/voluntary sectors. As the lead partner, the Council is responsible for making arrangements for community planning in its area.

"Fermanagh Omagh 2030", the Community Plan for the district, was launched in March 2017, presenting an overarching, long-term strategy for the area, based on a thorough analysis of the district's needs and priorities. The plan brings together the knowledge, expertise and collective resources of a wide range of partners, all working towards a single agreed vision.

The Community Plan sets out three themes and eight long-term outcomes which aim to improve quality of life for local people through improved social, economic and environmental wellbeing, and to contribute to sustainable development. It is being delivered through a partnership structure involving organisations from across the public, private and community/voluntary sectors with the Council acting as lead partner. The Fermanagh Omagh 2030 Community Plan is available on the Council's website alongside an Action Plan launched in March 2018.

The Council has updated its Corporate Plan to cover the period 2017-19 to take account of the Community Plan for the area and align the Council's corporate priorities to the long-term strategic direction set out in the Community Plan. The purpose of the Corporate Plan is to demonstrate, for the period 2017-19, how the Council will fulfil its statutory and other responsibilities and its' contribution towards delivery of the Community Plan. The four themes of the Corporate Plan update are as follows:

Theme 1 People and Communities the aim of which is to improve the wellbeing of our citizens and develop thriving rural and urban communities;

- Theme 2 Economy, Infrastructure and Skills the aim of which is to improve employment opportunities for all by supporting the development and growth of a more sustainable local economy and better-connected area;
- Theme 3 Environment, the aim of which is to promote positive action on climate change, sustainable management and enhancement of natural, built and cultural environment; and
- Theme 4 Supporting Service Delivery, the aim of which is to promote the ongoing development of a well-governed and continuously improving organisation which achieves excellence in service delivery.

Work has commenced to develop a new Corporate Plan for the period 2020- 2024.

Annual Improvement Objectives

Each year the Council identifies, consults upon and publishes Improvement Objectives which set out what the Council will do in the year ahead to meet its statutory duty to secure continuous improvement. The Council’s Improvement Plan for 2018/19 was published in June 2018 setting out five Improvement Objectives. These were:

- 1) We will increase uptake of Council provided leisure and recreation opportunities and improve provision of information to support citizens in making healthier choices.
- 2) We will encourage a growth in entrepreneurship and new business starts amongst under-represented groups.
- 3) We will support our local town centre economy by making it easier for residents and visitors to park in our key towns and service centres.
- 4) We will continue to invest in environmental programmes which will reduce waste going to landfill and improve recycling efforts.
- 5) We will make it easier to communicate and do business with the Council.

At the end of the year, progress has been made in each improvement area and a separate detailed report on Performance, which is also subject to audit, will be published.

3 Governance Arrangements and Organisational Model

The District is served by 40 Councillors who were elected across seven District Electoral Areas (DEAs) in May 2014.

The political makeup of the Council during 2018/19 was as follows:

Sinn Féin	16 Councillors
Ulster Unionist Party	8 Councillors
Social Democratic and Labour Party	5 Councillors
Democratic Unionist Party	6 Councillors
Independent	5 Councillors

Council elections were held on 02 May 2019 and the political makeup of Council is currently:-

Sinn Féin	15 Councillors
Ulster Unionist Party	9 Councillors
Social Democratic and Labour Party	5 Councillors
Democratic Unionist Party	5 Councillors
Independent	4 Councillors
Alliance	1 Councillor
Cross Community Labour Alternative	1 Councillor

The policies of Fermanagh and Omagh District Council are directed by the political leadership and implemented by the senior management and employees of the Council. Council services are delivered from both Omagh and Enniskillen, and all Council and Committee meetings alternate between the Grange in Omagh and the Townhall in Enniskillen.

The Council operates the following committees which report to monthly Council Meetings:

- Environmental Services Committee
- Regeneration and Community Committee
- Policy and Resources Committee
- Planning Committee
- Brexit Committee

The Council also has an Audit Panel which meets four times per year and reports to the Policy and Resources Committee.

Management Structure

Supporting the work of Councillors is the organisational structure of the Council headed by the Senior Management Team, led by the Chief Executive, Mr Brendan Hegarty, who is the Council's Chief Financial Officer. The financial management reporting arrangements of the Council are determined by the organisational structure.

During 2018/19 the Senior Management Team comprised the Chief Executive (the Head of Paid Service) and four Directors:

- Director – Community, Health and Leisure
- Director – Corporate Services and Governance
- Director – Environment and Place
- Director – Regeneration and Planning

The Senior Management Team provides managerial leadership of the Council and supports Elected Members of the Council in developing strategies; identifying and planning resources; delivering plans and reviewing the Council's effectiveness with the overall objective of delivering on the objectives of Council's Corporate Plan.

Risk Management

The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 (the Regulations) place a responsibility on local government bodies to ensure that the financial management of the local government body is adequate and effective and that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk. The Council has in place a Risk Management Policy, the aim of which is to establish and operate appropriate risk management procedures and to promote an organisational culture which ensures that risk management is an integral part of every activity. It is supported by detailed procedures and outlines the Council's approach to risk management including roles and responsibilities.

The system of internal control is a significant part of that Council's governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The Council has a detailed risk register which outlines specific risks, mitigations and opportunities and this is regularly reviewed. The most significant external risks currently relate to uncertainties associated with the Brexit decision, reduction in overall levels of funding available and inability to raise finance, and the impact of failure to maintain an appropriate profile of services at local hospitals. The most significant internal risk is the potential failure to achieve appropriate waste management infrastructure requirements. These issues are further discussed in the Governance statement.

Annual Governance Statement

The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 places responsibility on local government bodies to conduct a review at least once in each financial year of the effectiveness of its system of internal control and for the findings of the review to be considered at a meeting, either of the local government body as a whole or a committee of the local government body whose remit

includes audit of governance functions.

Following consideration of the findings of the review of the governance arrangements, including Internal Audit's Annual Opinion, the Council approves an Annual Governance Statement which is included in the Accounts. As part of producing this statement, Directors and Heads of Service within the Council are required to produce individual, signed annual assurance statements, setting out the risk control framework in place for their area of responsibility and disclosing any significant governance issues and the actions planned to address them. The significant risk issues highlighted in the statement for 2018/19 relate to uncertainties around Brexit decision and financial uncertainty in relation to Central Government budgets including the allocation of the Rates Support Grant.

Financial Regulations

The Local Government Finance Act (Northern Ireland) 2011 (the 2011 Finance Act) makes provision for a District Council to make arrangements for the proper administration of its financial affairs. Part 1 of the 2011 Act also makes provisions for a Chief Financial Officer; accounting practices; annual budget; Council reserves and funds; Council borrowing and credit arrangements; capital expenditure and capital receipts; and investment.

To conduct its' business efficiently, the Council ensures that it has sound financial management in place by formally defining roles and responsibilities which are documented and adhered to. This process is aided by the production of the Financial Regulations; the Standing Orders; the Scheme of Delegation; and the Accounting Manual.

The Financial Regulations, which form part of the Council's Constitution, link with other internal regulatory frameworks and set out the overarching financial responsibilities of the Council and its staff and provide the framework within which the Council's financial affairs are to be managed. The Financial Regulations are available to download from the Council website.

Budget Monitoring

The Director of Corporate Services and Governance is responsible for the framework of budgetary management and control which ensures that:

- services are provided within agreed budgets unless the Council agrees otherwise;
- each Director is provided with timely information on income and expenditure on each budget heading;
- all officers responsible for committing expenditure comply with corporate guidance, Financial Regulations and Standing Orders;
- significant variances from budget are investigated on a timely basis;
- relevant training is provided to Managers responsible for budget monitoring;
- there is a scheme of budget virement; and
- reserves are adequately maintained.

Each Director is responsible for ensuring that their Departments have arrangements to receive all income due and that it does not spend more than the amount of expenditure estimated and approved. Where a Director intends to vary or undertake new policy initiatives which have significant financial consequences then he/she must consult the Director of Corporate Services and Governance before seeking approval from the Policy and Resources Committee. It is the responsibility of Directors to ensure that:

- all income and expenditure is properly recorded and accounted for;
- individual sub-budgets are not overspent;
- discretion is exercised in managing the service's budgets;
- monitoring processes are in place; and
- explanations for variations are provided to the Director of Corporate Services and Governance.

Monthly income and expenditure reports and forecasting information are included as a standing item on the agenda for meetings of the Senior Management Team and Departmental Management Teams. Quarterly reports on the Capital Expenditure and funding streams are presented separately, as part of the reporting requirements under the Prudential Indicators and in conjunction with the Funding and

Investment unit of the Council. Regular reports on financial performance are also provided to the Policy and Resources Sub-Committee of the Council.

4 Estimates of Income and Expenditure for 2018/19

The Estimates of Income and Expenditure for 2018/19 were prepared, in accordance with Local Government Finance Act (Northern Ireland) 2011. Subsection 3 of this Act requires that before 15 February each year the Council:

- a) Shall consider the estimates for the next financial year;
- b) May revise the estimates in such a manner as the Council thinks fit;
- c) Shall approve the estimates, subject to any revisions under paragraph (b);
- d) Shall authorise the expenditure included in the estimates; and
- e) Shall fix for the next financial year the amount estimated to be required to be raised by means of rates made by the Council.

The Estimates of Income and Expenditure for 2018/19 were approved by the Council on 8 February 2018 following consultation with a Members Estimates Working Group which met at agreed intervals to consider detailed aspects of the Estimates of Income and Expenditure before they were presented to the Policy and Resources Committee and a meeting of the full Council.

The overall aim of the Estimates/Rate setting process is to meet legislative requirements to ensure that there is adequate funding in place to support the Council's delivery plans, whilst ensuring that an affordable district rate is charged to the ratepayer. The objectives of the rates process include:

- Supporting the aims and objectives of the Community Plan 2030, and the Corporate Plan;
- Helping elected members to determine service and capital priorities and their timing;
- Forecasting the changes in demand for services;
- Highlighting the likely implications of changes in legislation on spending;
- Showing the future costs of alternative policies and match demand with resources;
- Supporting the overall legislative duty of continuous improvement;
- Determining how future operations and resources should be directed; and
- Providing a framework for programming activities by individual services.

The Council strikes a rate each year based on the net expenditure for running its services and to fund the Capital Plan. Other factors, including the level of general grant, transferring functions grant, de-rating grant and the estimated penny product impact on the level of rates set.

Central Government Support is provided to the Council by way of the following financial allocations:

- The Rate Support Grant is determined by the Department for Communities based on a formula laid down in the Local Government (Rates Support Grant) Regulations (Northern Ireland) 2011 and considers both Entitlement and Proportion of Rates Support Grant. The formula considers the wealth and needs of the Council area relative to other Council districts in Northern Ireland. There is further information in the report about adjustments to the amount of this grant received by Fermanagh and Omagh District Council.
- Under Part 2 of the Local Government Finance Act (NI) 2011 – Grants to Councils, the Department for Communities shall for each year make a De-Rating Grant to the Council, which represents the difference between the amount of the product (rates income) of the district rate for a year within the Rates (Northern Ireland) Order 1977 and the amount which, but for provisions of Articles 31B and 42 paragraph 4 of Schedule 7 of that Order, would have been the amount of that rates income. The property types that receive a reduction of rates under the Rates (Northern Ireland) Order 1977 include industrial, freight and transport, sport and recreation and community amateur sports clubs; and
- Section 114 of the Local Government Act (Northern Ireland) 2014 makes provision for the mechanism of the Transferred Functions Grant (TFG) with the quantum of the grant set out in The Local Government (Transferred Functions) Grant Regulations (Northern Ireland) 2015, in the form of a Net Annual Valuation (NAV) which reflects the funding for functions which transferred from Northern Ireland Executive Departments to the new Councils on 1 April 2015.
- There are a number of other ear-marked grants which are related to specific areas of service

delivery.

The Estimated Penny Product (EPP) is the value of the Council's tax base i.e. the value of non-domestic (net annual valuation) and domestic properties (capital value) in the district area. Land and Property Services (LPS) manage the tax base of the Council by providing rateable values for properties, collecting rates from ratepayer, calculating Gross Rate Income from properties and calculating the Estimated and Actual Penny Product for each year.

In formulating the Estimates for 2018/19 consideration was given to the Council's Corporate Priorities, strategic reviews, appraisals needed to support Capital Plans, the penny product and budget available within central government for the Rates Support Grant and other grant support.

The Summary Revenue Estimates for 2018/19 are detailed in the following table which includes approved transfers to and from the Council's Reserves. The increase in domestic and non-domestic rate was 3.00% on the 2017/18 year.

Revenue Estimates 2018/19	Total Expenditure	Total Income	Net Expenditure
	£	£	£
Community Planning and Performance	356,050	0	356,050
Policy and Strategic Services	439,907	-109,162	330,745
Corporate Management	1,504,798	0	1,504,798
Environmental Health	2,308,595	-1,011,555	1,297,040
Community Services	2,278,148	-1,121,351	1,156,797
Arts and Heritage	3,349,180	-815,240	2,533,940
Leisure, Recreation and Sport	5,082,125	-2,280,700	2,801,425
Finance	1,205,550	-26,900	1,178,650
Operations and Estates	2,948,400	-474,827	2,473,573
Democratic and Customer Services	1,980,700	-167,000	1,813,700
Human Resources and Organisational Development	808,950	-40,200	768,750
Building Control and Licensing	2,291,212	-1,956,685	334,527
Waste and Recycling	9,106,654	-395,970	8,710,684
Contracts and Operation Management	706,677	-2,000	704,677
Parks and Open Spaces	4,632,533	-57,150	4,575,383
Funding and Investment	673,050	0	673,050
Planning	1,778,250	-1,050,000	728,250
Tourism and Economic Development	3,677,636	-2,303,958	1,373,678
Bank Interest and Investment Income	0	-35,000	-35,000
Total	45,128,415	-11,847,698	33,280,717
Transfers to/from Reserves			
Renewal and Repairs Fund (net)			476,500
Transformational Fund			-150,000
Capital Fund			456,760
Total			783,260
Financing of Capital Expenditure			
Minimum Revenue Provision/Capital Fund			2,175,000
Direct Revenue Financing			715,000
Total			2,890,000
Total expenditure to be funded			36,953,977
Estimated Central Government Support			3,575,023
Estimated Amount to be raised from Rates Base			33,378,954

5 Medium-Term Financial Planning

A Medium-Term Financial Plan was approved by Council in conjunction with the Revenue Estimates for 2018/19 which included the Capital Expenditure Programme for 2018-2021 as well as setting out the Council's overall Financial Strategy. The Capital Plan for 2018/19 was subsequently revised and a summary, together with proposed funding, is detailed below.

2018/19 Capital Estimates (Revised)	Gross Spend	Grant	Net Cost
	£	£	£
Projects subject to external funding deemed priority	2,097,450	1,733,910	363,540
Council funded projects approved through Business Case/Economic Appraisal/Condition Surveys and likely to be delivered	4,573,500	125,000	4,448,500
Council funded projects at feasibility stage with some possibility of delivery	469,500	0	469,500
General allocations to support in year works planned	640,000	0	640,000
Total	7,780,450	1,858,910	5,921,540
Funded by:			
Repairs and Renewals Fund			954,500
Capital Fund			571,000
Leisure Fund			185,000
Transformational Reserve			700,000
Economic Development Reserve			131,000
Revenue Transfers			692,040
Capital Receipts			50,000
Internal Borrowing			2,638,000
Total Council Funding and Proposed Borrowing			5,921,540

A Medium-Term Financial Plan for the period 2018/19 to 2020/21 was approved by Council in February 2019 which includes proposed capital spending plan in the table below:

Capital Estimates	2019/20	2020/21	2021/22
	£	£	£
Projects subject to external funding deemed priority	5,369,600	3,420,000	2,425,000
Council funded projects approved through Business Case/Economic Appraisal/Condition Surveys and likely to be delivered	3,084,000	1,515,000	850,000
Council funded projects at feasibility stage with some possibility of delivery	2,155,500	5,254,000	6,697,000
General allocations to support in year works planned	1,955,000	875,000	780,000
Total	12,564,100	11,064,000	10,752,000
Anticipated Funding	4,305,000	2,657,500	2,282,500
Council Funding and Proposed Borrowing	8,259,100	8,406,500	8,469,500

The major expenditure included in the Capital Plan involves enhancement of Council properties and facilities, including play parks, recycling facilities and civic buildings. Investment is also proposed in provision of enhanced access to the countryside; upgrading information technology; replacement fleet, plant and equipment. Key projects which will be progressed during this period include leisure facilities and Theatre at Enniskillen, tourism facilities re-development, completion of the park development at Gortin Glen, Enniskillen Public Realm Scheme and roll-out of Village Renewal Schemes.

Prudential Indicators

Prudential Indicators for 2018 - 21 have been prepared in line with CIPFA's Prudential Code and they include the impact of the financing strategy for the 2018/2021 capital plans on the Council's borrowing levels. The main objective of Prudential Indicators is to ensure that the Council's capital plans are affordable, prudent and sustainable and that treasury management decisions are taken in accordance

with good professional practice. In order to account for the repayment of the Council's borrowing, irrespective of when the timing of loan receipts and payments might take place, the Council is required to make an annual prudent provision for the repayment of borrowing through a charge to its General Fund referred to as Minimum Revenue Provision (MRP). The Council's approved MRP policy is based on the asset life method for borrowing. Quarterly reports on Prudential Indicators are presented to the Policy and Resources Committee.

The Council is satisfied that it has adequate cashflow to meet future revenue expenditure through existing working capital and income streams.

6 Revenue Income and Expenditure 2018/19

The Net Cost of Services (on Continuing Operations) for 2018/19 reported in the Comprehensive Income and Expenditure Statement is £43.99m. The Net Cost of Services is adjusted for differences in the Funding and Accounting Basis (Note 2a) which results in a Net Cost of Services chargeable to the General Fund of £32.09m.

The Council's financial performance for the 2018/19 year has resulted in an overall surplus (underspend against budget) and this has been contributed to by:

- additional income of £710k generated in a number of areas including Leisure Centres, Building Regulations, Planning, Off-Street Car-Parking, Tourism facilities and Theatres, Planning and Trade Waste Income;
- non-utilisation of a provision (£200k) included in Corporate Management budget for 2018/19 Estimates as a prudent response to the uncertainty, at that time, relating to the availability of Central Government grants;
- bank interest received in excess of budget (£90k) due to increases in interest rates and new investment opportunities;
- underspends in transformation and accommodation review budgets (70k);
- underspend in Members Allowances (£45k); and
- efficiencies generated in year and general underspends in some budget areas.

The reported surplus for the year also includes some overspends against budget, as previously reported to the Policy and Resources Committee. These have arisen due to variation in income levels and expenditure not anticipated at the time of setting the 2018/19 budgets.

Rates Income of £33.4m, has been supplemented by an additional £742k of Rates finalisation which results in total Rates Income for 2018/19 of £34.1m (Note 10e).

The Department for Communities (DfC) updated the allocation of De-Rating Grant for 2018/19. The Council received £1.79m of grant and the indicative year end grant position amounts to £1.83m which results in a further amount from the Department of £37k. Transferred Functions Grant of £535k was received during 2018/19 and this is in line with the Estimated amount.

Rates Support Grant (RSG) of £622k was received in 2018/19 which is the amount calculated by Department for Communities (DfC) as part of its redistribution of RSG following a Court Judgement in relation to this Grant. This amount is £628k less than the amount included in the Estimates for 2018/19 and £703k less than the original amount notified by DfC as being due to the Council. During 2018/19 DfC made a Special Payment of £703k to the Council as a result of the unforeseen and sudden financial impact on the Council following the action taken by the DfC to redistribute the available RSG. Overall Central Government Grant received (including the Special Payment from DfC) amounted to £3.32m (note 10a)

The Expenditure and Funding Analysis at Note 2 shows how annual expenditure is used and funded from resources (Government Grants and Rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's Directorates. Income and expenditure accounted for under generally accepted accounting practices is

presented more fully in the Comprehensive Income and Expenditure Statement.

Fermanagh and Omagh District Council provides a Regional Property Certificate (RPC) service on behalf of all Councils following transfer of this service from the Department for Communities (DfC) on 1st April 2015. The grant for this service and the related expenditure is included in the Summary position above. Transactions relating to this service including the Transferred Functions Grant received from the DfC are not included in the Statement of Accounts but are disclosed in Note 28.

Fermanagh and Omagh District Council has an interest in waste disposal site at Tullyvar Road, Aghnacloy, Co Tyrone. This comprises a landfill site, a recycling centre and associated services which is jointly owned and operated with Mid Ulster District Council. On the basis of technical advice, the Council's share of financial results for this operation is accounted for as a joint arrangement, the details of which are set out in Note 29.

A summary of the actual income and expenditure (excluding technical accounting adjustments, and Tullyvar and including finance & investment income and expenditure Note 9) for 2018/19 compared with the Estimates for the year is shown below.

	2018/19		
	Actual (£)	Estimated (£)	Variance (£)
Net Income and Expenditure *	32,132,393	33,280,717	1,148,324
Transfers to/from Reserves	2,962,868	783,260	(2,179,608)
Financing of Capital Expenditure			
Minimum Revenue Provision	1,154,386	1,700,000	545,614
Loan interest	442,082	475,000	32,918
Direct Revenue Financing	807,545	715,000	(92,545)
Total net expenditure to be funded	37,499,274	36,953,977	(545,297)
Central government support	(2,984,215)	(3,575,023)	590,808
Special Payment (DfC)	(702,650)	-	(702,650)
Rates income	(34,120,733)	(33,378,954)	(741,779)
Total Grant and Rates Income	(37,807,598)	(36,953,977)	853,621
Surplus for the year	308,324	-	(308,324)

* Includes Finance and Investment Income and RPC expenditure

Significant Transactions in 2018/19

i) Provisions

The Council has an obligation for the closure of Drummee Landfill Site and for the aftercare of both Drummee and Glassmullagh Landfill Sites. Provisions are required in the Annual Statement of Accounts for the Council for both landfill sites for 60 years post closure which have been agreed by the Northern Ireland Environment Agency on 31 March 2014 and are assessed annually by a suitably qualified civil engineer. Discount rates are used to discount the cash flows in the provisions and reliance is placed on the rates provided by the Council's Treasury Management Advisors. The provisions are detailed in Note 19 to the Statement of Accounts.

ii) Valuation of Council Property

A valuation exercise was carried out by Land and Property Services as at 31 March 2019 on the Council's Land and Buildings. The overall movement is an increase of £2.3m and is included in Note 11 to the accounts.

iii) Joint Operation - Tullyvar Waste Disposal Site

Tullyvar Joint Committee is the body responsible for a waste disposal site jointly owned and managed by Mid Ulster District Council and Fermanagh and Omagh District Council.

The Joint Committee is considered to be a Joint Operation. To ensure compliance with accounting standard IFRS 11 Joint Arrangements the Council's share of Tullyvar income and expenditure is

included within the Environmental Services reporting line in the Comprehensive Income and Expenditure Account and the Council's rights to assets and obligations for liabilities are included in the relevant reporting lines on the Balance Sheet. A summary of the accounting adjustments to reflect the Council's share of Tullyvar Waste Disposal site is detailed in Note 29.

iv) Transactions Relating to Retirement Benefits

The Council participates in the Northern Ireland Local Government Officers' Pension Fund. The Scheme, which is administered by Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC), is accounted for as a defined benefit scheme and reliance is placed on the accounting schedules for this Scheme which are provided by an independent firm of Actuaries. 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. Full detail included within Note 21. 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. A loss of £672k (Note 9c) resulting from the measurement of the net defined liability is included in the Comprehensive Income and Expenditure Statement. The actuarial valuation of the Council's pension scheme liabilities shown on the Balance Sheet has increased by £3.644m to £31.747m. There are a number of issues currently under consideration in respect of public sector pension schemes some of which have been subject to court judgements and these are further discussed in Retirement Benefits – Note 21.

The Council also participates in the Northern Ireland Civil Service Pension Scheme which is an unfunded multi-employer defined benefit scheme. The Council is unable to identify its' share of the underlying assets and liabilities of this scheme and it is not included in the Annual Statement of Accounts.

7 Capital Programme 2018/19

The revised planned spend for the Capital Programme in 2018/19 was £7.78m. The Council incurred gross expenditure of £5.58m for capital purposes during the year. The remainder of the programme is reprofiled for future years.

The capital expenditure for year was funded by Government grants, revenue contributions, transfers from the Council's usable funds, internal borrowings and capital receipts. The funding of the capital programme is detailed in the Note 12 to the Accounts.

The most significant spends on capital programmes were:-

Vehicles, plant and equipment	£1.33m
Omagh Riverwalk Development	£1.13m
Refurbishment of Civic/Administration facilities	£623k
Landfill Site Development	£337k
Upgrades to play areas, pitches and Multi-use games areas	£330k
Community Centre enhancements	£218k
Revitalisation Projects in Omagh and Enniskillen	£192k
Park Development at Gortin Glen	£160k
Road Name signage	£146k
Upgrades to Tourism Facilities	£135k
Public Conveniences at Fintona	£112k

The Council's total Fixed assets amounted to £135.7m as at 31 March 2019 (Note 11). Included in this amount are intangible assets valued at £115k (Note 11c) which relates solely to market rights. Also included are investment properties valued at £6.1m (Note 11d) which comprise assets held for rental income, valued at £3.6m and assets held for future market appreciation of £2.5m.

A valuation of freehold and leasehold properties was carried out as at 31 March 2019 by an independent valuer from Land and Property Services. This valuation resulted in an overall increase in value of Land and Buildings of £2.3m of which £4m was credited to the Revaluation Reserve and £1.7m of impairment

losses were charged to the Comprehensive Income and Expenditure Statement in the year.

8 Reserves and Treasury Management

The Local Government Finance Act (Northern Ireland) 2011 requires the Chief Financial Officer to submit a report to Council on the adequacy of the financial reserves for a financial year. In arriving at his recommendation on the minimum prudent level of reserves, strategic, operational and financial risks were taken into account. The minimum general reserve balance set by the Council for 2018/19 was £3.2m. The position will increase the Council's General Reserve balance by £308k to £3.50m which exceeds the minimum general reserve balance set for 2018/19 of £3.2m but which is considered prudent in light of the current economic climate.

The financial position includes transfers (Note 4b) for the year 2018/19 to the Council's specified Usable Reserves and Funds of £2.96m (inclusive of an interest transfer of £86k but exclusive of Tullyvar movement of £230k):

Capital Fund	£1,100k
Renewal and Repairs Fund	£727k
General Contingency Reserve	£600k
Economic Development Reserve	£350k
Election Reserve	£100k

Details of Council's Reserves are included in the Movement in Reserves Statement (page 41).

Treasury Management

A Treasury Management Policy (incorporating Treasury Management practices) which sets out the expected treasury management activities and treasury management practices was approved by the Council for 2018/19 and it is linked to the Council's Corporate and Capital Plans. The Council aims to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity giving priority to security first, liquidity second and then return.

The Council appointed Treasury Management Advisors during the year 2015/16 and use the services of these advisors to continually assess and monitor the credit quality of Financial Institutions within which short-term investments are held. At the end of the financial year 31 March 2019, the Council had £18.77m of short-term investments and deposits (includes Tullyvar investment - Note 25b). The return on investments in the year was £125k.(Note 9b)

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded from loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure (this is known as the Councils Internal Borrowings). This strategy is prudent as investment returns are low and counterparty risk is relatively high.

There were no new loans or leases taken out during the year. The total level of borrowing at 31 March 2019 is £7.22m (Note 17). The Minimum Revenue Provision charge to the General Fund was £1.15m (Note 12). Interest paid on loans during the year was £442k. (Note 9a)

9 Performance Against the Corporate Plan and the Council's Improvement Objectives

Performance against the Council's Improvement Objectives is monitored quarterly and the Council's performance against its Corporate Plan is monitored on a six-monthly basis. Comprehensive details of how the Council performed are published annually through an Annual Performance Report published in September each year and reflecting on the previous financial year. The Annual Report for 2017/18, published in September 2018 reported that:

- a) 83% of the Theme 1 (People and Communities) actions programmed for that year were achieved.
- b) 95% of the actions programmed under Theme 2 (Economy, Infrastructure and Skills) were

achieved.

- c) 82% of the actions programmed under Theme 3 (Environment) were achieved.
- d) 87% of the actions programmed under Theme 4 (Supporting Service Delivery) were achieved.

Three Improvement Objectives were progressed during the 2017/18 year concerned with:-

- (i) contributing positively to environmental wellbeing;
- (ii) improving local services through a more efficient and innovative approach; and
- (iii) further developing and growing our local economy.

All three objectives were satisfactorily progressed with each being given an overall self-evaluation of 'Good' where strengths outweighed areas for improvement. The Annual Report for 2017/18 is available on the Council website. The Northern Ireland Audit Office (NIAO) audit the Council's Annual Improvement Performance annually and the NIAO Annual Improvement Reports for each year are also available on the Council website. To date, these have provided a satisfactory rating. The Annual Report for 2018/19 will be available and published on the Council's website in September 2019.

10 Summary Position 2018/19

The financial standing of the Council continues to be robust and this is demonstrated by this Statement of Accounts. There is evidence of good financial management disciplines, processes and procedures and a strong governance system. However, it is recognised that the Council operates in an environment of change, and therefore seeks to improve and seek efficiencies to maintain this position.

In addition to meeting statutory functions, during 2018/19, the Council completed a route optimisation project for waste management and produced a draft Local Development Plan which is currently undergoing consultation. A draft strategy for Leisure, Recreation and Sport in the district has been produced by the Council and increased participation in recreation, leisure and sporting activities is noted. A comprehensive programme of economic development work, including revitalisation projects and other funded capital schemes has been delivered and there has been considerable time and effort devoted to partnership working with other agencies and bodies to support the delivery of effective services in our district.

Performance improvement is an important consideration across all service areas. It is recognised by the Council that challenges exist around resourcing to meet public expectations in certain service areas; working to implement advances in technology in a cost-effective manner and timely delivery of projects in conjunction with multiple partners.

The Council's financial performance in 2018/19 generated an overall revenue surplus of £308k (after the transfer to earmarked reserves) which was in line with in-year expectations. The Council has sufficient reserves and balances to provide financial resilience for 2019/20, to progress with key investment projects and to take advantage of the opportunities offered. There are risks and challenges as well as opportunities as highlighted throughout this report, but there are established risk management processes in place and, together with robust financial management and reporting, the Council is in a satisfactory position as it moves into 2019/20.

The Council recognises that having completed the initial programme of transition to a new organisation following the Review of Public Administration, the focus for the future is on transformational work to develop long-term strategies to ensure continued effective delivery of services. This is being approached through a structured programme which will also incorporate financial review to inform medium term planning.

Receipt of Further Information

If you would like to receive further information about these accounts, please do not hesitate to contact the Council.

Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptionally hard work and dedication of staff across the Council. I would like to express my gratitude to all colleagues, from the Finance team and other services, who have assisted in the preparation of this document. I would also like to thank them for all their support during the financial year.

Celine McCartan
Director of Corporate Services and Governance

Fermanagh and Omagh District 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 audited accounts were approved by the Chief Executive, as Chief Financial Officer of Fermanagh and Omagh District Council, on 24 September 2019.

Signed:  Date: 24/9/19
Chief Financial Officer

The Chief Financial Officer's Responsibilities

Under Regulation 10(2) 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.

Fermanagh and Omagh District Council

Annual Governance Statement

Scope of Responsibility

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

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

Part 12, section 84, of the Local Government Act (NI) 2014 also places a general duty on Councils to make arrangements to secure continuous improvement in the exercise of its functions.

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

Fermanagh and Omagh District Council is required to prepare an Annual Governance Statement which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code can be obtained from CIPFA. This statement explains how the Council complies with the Code and meets the requirements of Regulation 4 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

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

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

The governance framework has been in place at Fermanagh and Omagh District Council for the year ended 31 March 2019 and up to the date of approval of the Statement of Accounts.

The Governance Framework

The key elements of the systems and processes that comprise the Council's governance arrangements are detailed below:

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

The 'Fermanagh and Omagh 2030 Community Plan' is the overarching, long-term strategy for the district. It was developed following significant consultation and in its role as lead partner, in February 2017, the Council agreed the Vision and Outcomes set out in the Community Plan for the district. The Community Plan was formally launched to the public in March 2017 and copies have been widely

distributed. Since then a Community Plan Action Plan has been developed and widely consulted upon. It was agreed by the Council and by the Community Planning Partnership in March 2018 and includes reference to the Vision for the district and how the agreed long-term outcomes for the district will be taken forward through a range of partnership actions. Both documents are available to view at www.fermanaghomagh.com.

Alongside this, the Council undertook a review of its Corporate Plan 2015/19 and agreed to update its Corporate Vision and Values to align with those set out in the Community Plan. The Council's Corporate Plan sets out, in the medium term, how the Council will contribute to the achievement of the community planning outcomes and also sets the framework for development of the annual Service Delivery and Improvement Plans within the Council. A Corporate Plan Update 2017/19, which is available to view on the Council's website (www.fermanaghomagh.com) was agreed and published. This aligns the remaining corporate actions for 2015/19 to the community planning outcomes and also introduces an additional outcome relating to the Council itself.

The Corporate Plan Update 2017/19 is issued to all consultees on the Council's consultee database and copies are available to the public at key Council facilities. Internal communication channels have included staff briefings, corporate communication bulletins, the use of the staff intranet and corporate induction briefings for new employees. A 'one page' corporate plan summary paper has been provided to all staff.

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

As described above, Fermanagh and Omagh District Council has reviewed its vision as part of the process to develop and agree the Community Plan for the district and has undertaken a significant review of its Corporate Plan, resulting in the production of a Corporate Plan Update 2017/19, which ensures strategic alignment between both key strategies.

Elected members receive performance reports setting out progress towards delivery of the Corporate Plan twice annually with an Annual Performance Report published in September each year.

During the 2018/19 year, the Council established a new Statutory 'Brexit' Committee with specific terms of reference in recognition of the particular risks and issues related to the implementation of the 'Brexit' decision.

Measuring the quality of services for users through the Citizen Satisfaction Survey, for ensuring they are delivered in accordance with Council's objectives and for ensuring that they represent the best use of resources.

Fermanagh and Omagh District Council continued to use the information and data provided by the Residents' Survey completed in 2017/18 to inform service delivery, engagement with residents and service users. The objectives of the survey were two-fold:

- The Council has an improvement objective to assess the satisfaction of the residents of the district; and
- The Council has the lead role in the development and rollout of the Community Plan for the district, which requires long-term data to track performance. The Residents' Survey provided data against a range of performance indicators and helped to fill gaps in existing data, including data on issues such as wellbeing and communication that were not available.

The survey provided a wide range of valuable statistical data which can be used as a baseline for gauging future quality of services and service user satisfaction. The overall residents' satisfaction rating for the Council was 70%.

The Council has a Customer Service Strategy and Action Plan and a Project Citizen Action Plan. It also has a Marketing Communications Strategy and a Digital Marketing Strategy. These strategies are closely aligned, place significant emphasis on citizen involvement in the Council's decision-making process, communicating with the public and on customer satisfaction with service delivery. The associated action plans set out the corporate objectives and actions focussed on the delivery of high-quality services for

customers to meet their needs. Performance indicators are also in place to measure the outcomes from the implementation of these strategies.

The Connect Centre at 16 High Street, Omagh has been operating since May 2018 providing a town centre-based customer hub where residents can call in to do business with the Council or ring, whereby Customer Service Advisors provide advice or undertake a business transaction as a first point of contact. Service Users can also email requests for information, complaints or requests for a service to a dedicated email address – info@fermanaghmagh.com which are responded to by the Customer Service Advisor Team. A second Connect Centre is due to open in County Buildings, Enniskillen in early 2020 to provide the same customer service in the Fermanagh area.

The Council also has in place a Comments, Compliments and Complaints policy and procedure, through which customers can provide feedback on their satisfaction levels with the Council's service delivery. Customers can provide feedback through email, telephone, letter, face to face, via the website or Facebook. The Leisure Centres and Arts Centres have specific customer satisfaction/comments recording processes in place. The feedback received from all these sources is used to inform service delivery and improvements. A Lean Review has recently been undertaken on the Complaints, Comments and Compliments procedure to assist in developing a more consistent and effective corporate approach to dealing with customers and to provide data that will provide a baseline and help identify trends.

In the absence of establishing a Customer Panel, a pilot 'Customer Conversation' approach has been implemented to elicit informal feedback from service users at the Council's three administrative buildings – the Grange, the Townhall and the Connect Centre Omagh. This helped provide qualitative information regarding Council service delivery.

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.

Fermanagh and Omagh District Council's Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The Council operates a Committee System. Meetings of the Council and Committees are open to the public with the exception of where 'confidential' or 'exempt' matters are being discussed, as defined by the Local Government Act (Northern Ireland) 2014. The Constitution is available on the Council's website:-

<https://www.fermanaghmagh.com/your-council/about-the-council/council-constitution-standing-orders/>.

Within the Constitution, the Scheme of Delegation clearly defines the roles and responsibilities of the Chief Executive, Directors and Heads of Service.

The minutes and associated reports for all Council and Committee Meetings are uploaded to the Council's website www.fermanaghmagh.com with the exception of confidential minutes and reports. Additionally, all Council and Committee meetings are audio recorded, which are uploaded to the website, except for discussions relating to confidential business. These actions ensure that the Council is communicating with its public in an open and transparent manner.

The implementation of the Council's Marketing Communication and Digital Marketing Strategies and associated actions continued to support effective communications with the public. The delivery of the actions is linked to the key objectives to improve communications. This work is also reflected in the Council's Performance Improvement objectives for 2018/19 - 'We will make it easier to communicate and do business with the Council.'

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

The Council's Constitution includes the Northern Ireland Local Government Code of Conduct for Councillors, the Code of Conduct for Employees and the Employee/Councillor Working Relationship

Protocol which sets out the working relationship between Councillors and Employees and the steps to be taken to deal with concerns and seek a resolution to difficulties that may arise. All Members were issued with a copy of the Constitution as part of their induction.

The Constitution which includes the Codes of Conduct relevant to Councillors and Officers is uploaded for Members reference to the documents section of Minutepad (App for paperless documents) and is on the Council internet and intranet for reference by Members, Staff and the public.

The Council adopted the Code of Conduct for Local Government Employees as outlined in Circular LGRJF/09 – November 2014 and the associated Local Government Employee and Councillor Working Relationship Protocol. The Code builds on, and is in keeping with, the seven principles of public life articulated by the Nolan Committee on Standards in Public Life and the five further principles of conduct that have been adopted by the Northern Ireland Assembly.

The Code of Conduct for Councillors sets out the principles and rules of conduct which Councillors must observe. Councillors have a personal responsibility to ensure that they are familiar with, and understand their obligations under the Code. The principles are intended to promote the highest possible standards of behaviour for Councillors. The rules are the practical application of the principles and Councillors are required to observe both the rules and principles. Councillors are required to confirm that they have read and will observe the Code of Conduct.

The Code sets out standards of behaviour expected of Council officers and also deals with the disclosure of information, political neutrality and potential conflicts of interest, appointments and other employment matters, outside commitments, personal interests and equality issues. The Code also emphasises the importance of separation of roles particularly during procurement and the use of financial resources and specifically addresses fraud and corruption, hospitality and gifts, sponsorship and whistleblowing.

Council meetings are managed in accordance with the Council's Standing Orders. The Council Solicitor provides advice and guidance to Members and Officers on the implementation of the Code of Conduct, Standing Orders and Planning Protocol when required. A legal representative attends the monthly Planning Committee meetings, Council meetings and other Committee meetings in an advisory capacity as required. The Council also maintains Registers of Interest which have been completed by all Members and senior Council Officers in accordance with best practice and these are kept under regular review.

Councillor training has been delivered on the Code of Conduct for Councillors facilitated by the NI Ombudsman's Office, Northern Ireland Local Government Association (NILGA) and the Legal Services Officer.

A range of employee training took place in 2018/19 including four Corporate Induction Programmes for new employees which specifically includes information on the Code of Conduct. The Council's eLearning system also includes a module on the Code of Conduct for Employees. A copy of the Code of Conduct for Employees is included in the employee induction pack as well as being provided on the Employee Intranet.

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

Fermanagh and Omagh District Council's Constitution, which was approved in April 2015, includes Financial Regulations, Standing Orders and the Scheme of Delegation.

Any changes to the Constitution or Planning Protocol are approved by the Council and any changes agreed by the Council are applied to the copies displayed on the Council website and to the master copy retained within the Council's Democratic and Customer Services' function where a change register is maintained. Members are provided with an updated hard copy on request.

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. The Financial Regulations, which were reviewed and updated during 2018/19, are supported by a detailed Accounting Manual which covers all operational areas within the Finance section.

The Council is committed to working in partnership and has established and facilitated a Community Planning Partnership for the district. This Partnership, which includes a Strategic Partnership Board, has agreed a governance structure and guidance document setting out the community planning governance arrangements which apply in the Fermanagh and Omagh district. It outlines the mechanisms of the partnership and the role and remit of the various structures within the partnership. This has been approved by the Board and the respective partners.

Fermanagh and Omagh District Council strives to ensure the data used to support evidence led-decision making is sufficiently robust. This is achieved through using official statistics as the preferred source of information, due to the inherent robustness and accompanying technical reports outlining methodology and flagging any issues. In instances where the range of official statistics are not broad enough to provide insight, the Council will use other sources. However, the source will be vetted in advance, with any quality assurance issues identified clearly and communicated clearly alongside the information. Indicators of quality that the Council will look for include source (is it a statistic or a piece of management information), traceability, sample method and standard error.

The Council (and Community Planning Partnership) are utilising an Outcomes Based Accountability approach. The population indicators used in the Community Plan can all be sourced accordingly; the vast majority are sourced from NISRA, and in most instances are aligned to the Programme for Government indicators (where possible). No project specific data, which can be volatile and lack robustness, are used at the population indicator level due to robustness issues.

As part of the Council's assurance framework, Directors and Heads of Service are required to assess the adequacy of the risk management regime within their Directorates and to provide assurance statements which serve to inform the overall governance statement.

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

Fermanagh and Omagh District Council has an established Risk Management Policy, the aim of which is to establish and operate risk management procedures and to promote an organisational culture which ensures that risk management is an integral part of every activity. The Policy is supported by a Risk Management Procedure which provides guidance on Risk Identification and Analysis and the Monitoring and Reporting Timetable. Departmental Risk Registers are reviewed bi-annually and are reported to Senior Management Team.

The Council's Corporate Risk register is informed by the Departmental Risk Registers and reviewed by senior management and reported to the Audit Panel. The Audit Panel consider and approve any updates to the Risk Management Policy and consider the effectiveness of the Council's risk management arrangements and seek assurances that action has been taken on risk related issues identified by External and Internal Audit. The minutes of the Audit Panel are reported through the Policy and Resources Committee to the Council.

In addition, during the year, work was carried out on the preparation of a Risk Register to consider the Council's preparations for Brexit. This was considered at the Brexit Committee on 19 March 2019.

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

Fermanagh and Omagh District Council is committed to carrying out business fairly, honestly and openly and has a zero tolerance towards fraud, bribery and corruption. The Council expects full compliance with the requirements of the Bribery Act 2010 from Members, Employees, Agents, Partners, Suppliers and Groups or Individuals applying for, or in receipt, of grant aid.

The Council has in place a Fraud and Corruption Policy the objective of which is to ensure that the approach of the Council to Fraud and Corruption is open, clear and transparent to all. The policy, which was reviewed and updated during 2018/19, details the processes of reporting suspicion and includes a fraud response plan, reporting responsibilities and the role of Internal Audit. Fraud and Whistleblowing are a standing item on the Audit Panel agenda and regular reports on any relevant matters were provided during the 2018/19 year.

Ensuring effective management of change and transformation

Fermanagh and Omagh District Council considers that there has been effective management of the initial phase of change related to local government reform with the transition to a new organisation. A new organisational structure has been implemented; a robust policy and procedure framework is in place and a range of complex legacy issues have been progressed and/or concluded.

Fermanagh and Omagh District Council recognises that further transformation change is required within specific service areas and the organisation generally in the context of other strategic issues and the Community Plan 2030 for the district. The following actions have been progressed to support effective transformative change:

- A number of scoping studies have been completed by the Strategic Investment Board to inform areas for consideration in the context of transformation;
- A formal Programme has been developed with governance overseen by a Transformation Working Group comprising representative Councillors and senior officers;
- Internal project teams have been established to consider the areas of Leisure, Recreation, Sport and Wellbeing and Fleet Management and a Corporate Project Manager has been appointed to support Programme Management; and
- A programme of capacity building training has commenced to support management of change.

Ensuring the Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016) and, where they do not, explain why and how they deliver the same impact

The CIPFA Statement on the Role of the Chief Financial Officer (2016) sets out five principles that define the core activities and behaviours that belong to the role of the CFO in public sector organisations and the organisational arrangements needed to support them:-

The CFO in a public sector organisation:-

- Is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest;
- Must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy;
- Must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the CFO:-

- Must lead and direct a finance function that is resourced and fit for purpose; and
- Must be professionally qualified and suitably experienced.

Fermanagh and Omagh District Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (2016).

Ensuring the 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 CIPFA Statement on the Role of the Head of Internal Audit (2010) sets out five principles that define the core activities and behaviours that are expected of this role in public service organisations and the organisational arrangements needed to support them:

Core activities and behaviours:

- 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.

To perform this role the Head of Internal Audit:

- must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Panel;
- must lead and direct an internal audit service that is resourced to be fit for purpose; and
- must be professionally qualified and suitably experienced.

Fermanagh and Omagh District Council's assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010).

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

Fermanagh and Omagh District Council has established an Audit Panel to support the Chief Executive in his responsibilities for issues of governance, risk management and control and associated assurance. The Audit Panel reports formally to the Council's Policy and Resources Committee.

The purpose of the Audit Panel is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment, and to oversee the financial reporting process alongside the Council's arrangements to secure continuous improvement in its functions.

The Audit Panel has five members with cross-party representation, appointed for the term of the Council, and two non-voting independent members: an external qualified accountant with experience of Local Government Finance and Audit and an externally recruited independent member.

The Audit Panel met four times during 2018/19 and the Chair of the Audit Panel may also convene additional meetings as they deem necessary. Audit Panel meetings will normally be attended by the Chief Executive, the Director of Corporate Services and Governance, the Head of Finance, the Head of Community Planning and Performance, the Internal Auditor and a representative of External Audit. The Audit Panel may ask any other officials of the Council to attend to assist it with its discussions on any particular matter.

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

The Council has complied with the Local Government Finance Act (NI) 2011, the Local Government (Capital Finance and Accounting) Regulations (NI) 2011 and the supporting codes - the Prudential Code and the Treasury Management Code.

The Chief Executive is, for the purpose of Section 1 of the Local Government Finance Act (Northern Ireland) 2011, the Chief Financial Officer of Fermanagh and Omagh District Council and is charged with ensuring the lawfulness and financial prudence of decision-making; providing advice and guidance and ensuring that expenditure is lawful. The Council ensures that professional advice on matters that had legal or financial implications is available and properly considered with the legal advisors in attendance at meetings (including planning meetings), if deemed necessary.

Each Director and Head of Service is responsible for ensuring compliance with relevant legislation, regulations, internal policies and procedures within their service area, and provides an assurance statement to the Chief Executive in this regard. The Council's Chief Executive has ultimate responsibility for generally securing compliance within the organisation.

Whistleblowing and for receiving and investigating complaints from the public

Fermanagh and Omagh District Council has a Fraud and Corruption Policy and a Whistleblowing Policy both of which were reviewed, updated and approved by the Council in 2018/19.

The Council is committed to carrying out business fairly, honestly and openly and has a zero tolerance towards bribery. The Council expects full compliance with the requirements of the Bribery Act 2010 from Councillors, Employees, Agents, Partners, Suppliers and Groups or Individuals applying for, or in receipt of, grant aid. It is committed to developing, implementing and maintaining effective procedures and controls to prevent any occurrence of fraud and corruption.

The aim of the whistleblowing arrangements is to act as a deterrent to malpractice; encourage openness; and promote transparency and to underpin the Council's approach to risk management.

The Council's Fraud and Corruption Policy and Whistleblowing Policy are provided to all new employees as part of the induction process. Fraud training was provided in 2017/18 and Fraud Awareness and the Council's Whistleblowing Policy are included as modules in the Council's Learning Management System.

Fermanagh and Omagh District Council is committed to dealing with all complaints fairly and impartially. The complaints procedure is available in electronic format via the Council website or is available in hard copy on request. An internal audit review of Customer Service (Complaints and Feedback) was completed and work on the recommendations is ongoing. A LEAN review of Customer Complaints was undertaken in March 2019. The resultant Action Plan will be agreed and implemented in 2019/20.

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

Fermanagh and Omagh District Council was accredited with the Elected Member Development Charter Award Level 1 in September 2018. Members are invited to undertake an Individual Training Needs Analysis following which appropriate learning and development opportunities are identified and arranged. An Elected Member Development Steering Group, which is in place, comprises cross-party representation and meets bi-monthly to champion learning and development for Members of the Council. The Council has an approved Elected Member Learning and Development Policy which assists in embedding learning and development.

Elected Members are informed of the required training they are required to undertake to fulfil their role as Councillor as part of the induction process. This includes the Code of Conduct for Councillors; Equality training; GDPR and use of MinutePad for accessing documentation for Council and Committee meetings. Additionally, Members are informed of other discretionary training they can avail of, which includes Presentation Skills, Chairing of Meetings etc. which they can voluntarily undertake. If Members identify any specific individual training needs they wish to address these are noted and arrangements made through the Council's Democratic Services' function. The Council actively participates in the Northern Ireland Local Government Association (NILGA) Regional Learning and Development Programme which has provided a range of capacity building for Members over the course of the last financial year. During 2018/19, 6 Members achieved the ILM Level 7 Leadership Development Programme Award and 4 achieved the NILGA Local Planning Leadership Programme ILM Endorsed Award.

Members attend a significant number of Informal Meetings with other statutory, voluntary and community organisations which helps to inform Members of regional and/or local issues coupled with best practice visits as required. Members are nominated to attend a range of conferences and seminars which all add to their learning and development and enhance their ability to more effectively undertake their role as Councillors.

The Council's Employee Learning and Development Policy was reviewed and updated in January 2019. The policy sets out the Council's commitment to the development and training of employees and outlines the range of supports available to employees to support the delivery of the Council's aims and objectives as outlined in the Corporate Plan. The Learning and Development policy is intrinsically linked to the Council's performance management cycle, and learning and development needs are identified and reviewed at the performance appraisal stage, twice yearly.

In 2018, the Council agreed a Corporate Learning and Development Plan (2018/20) which identifies the corporate learning and development needs of employees and the proposals to address these.

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

Council and Committee meetings are open to the public and are recorded. The agendas and associated papers, audio recordings and minutes of the meetings are available on the Council's website www.fermanaghomagh.com.

The Council's corporate strategies in the areas of Customer Service; Community Engagement and Involvement Strategy and Communications as described previously, place significant emphasis on citizen involvement in the Council's decision-making process, communicating with the public and on customer satisfaction with service delivery. These were subject to public consultation for equality impact assessment.

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

Fermanagh and Omagh District Council has led on the Community Planning process involving a number of statutory partners who are key public sector providers. Through this process, the Council has sought to focus service delivery for the district to ensure effective meaningful outcomes are achieved in line with the key objectives of the Community Plan around People and Communities; Economy and Environment. All papers relating to Community Planning Strategic Partnership Board meetings are publicly available at www.fermanaghomagh.com and a performance management framework is in place to support the publication of the first Community Planning Performance Statement by November 2019.

In addition, the Council has sought to lobby and make representations on a range of service issues relative to the effectiveness of delivery of public services in the district.

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 the Council's overall governance arrangements.

Fermanagh and Omagh District Council, as lead partner with responsibility to initiate, maintain, facilitate and participate in community planning for its district, has put in place processes to ensure effective governance of the community planning partnership for the district. In 2017, the partnership established a Partnership Agreement and Operating Arrangements which have since been reviewed with a Governance Framework and Guidance Paper agreed by the Partnership in February 2019 and available to view at www.fermanaghomagh.com. The partnership has established a Partnership Agreement and Operating Arrangements and has agreed a core set of values and principles, including commitments to openness, accountability and transparency; continuous improvement; effective engagement; and working collaboratively. Reports on the process and progress in relation to community planning are reported regularly to the Council's Policy and Resources Committee which has responsibility for oversight of the community planning function. Minutes of meetings of the Community Planning Strategic Partnership Board are also published on the Council's website.

The Local Government Act (NI) 2014 provides the Council with a general power of competence, enabling it to take any action it considered appropriate provided the action was not prohibited by any other legislation. Councils have been provided with the ability to act in their own interests and to develop innovative approaches to addressing issues in their district.

Review of Effectiveness

Fermanagh and Omagh District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. As outlined earlier, the Council, during the year has taken steps to strengthen its governance processes. The review of effectiveness is informed by the work of the senior managers within Fermanagh and Omagh District Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's Annual Report and also by any relevant comments made by the external auditors.

Internal Audit is responsible for monitoring the quality and effectiveness of systems of internal control. During 2018/19, Internal Audit assignments were carried out in accordance with the Annual Internal Audit Plan agreed by the Audit Panel. Any weaknesses identified in internal control procedures were considered by senior management and reported to the Audit Panel with actions agreed to strengthen the internal control environment. All internal audit reports included an overall assurance on the quality and effectiveness of internal control within the areas audited.

Internal Audit, on the basis of the systems reviewed and reported on during the year, has considered that the overall control environment within the Council is of a good standard and should be categorised as Satisfactory.

The assurance framework requires Directors and Heads of Service to consider annually the adequacy of risk management arrangements, internal controls and wider governance issues within their service areas. It also provides information on the level of compliance with the various elements of the Council's Governance Framework. The Heads of Services and Directors are required to monitor, and keep under review, the operation of internal controls, within their area, and to implement changes where deemed necessary.

The Audit Panel provides independent assurances to the Council 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 to the extent that it exposes it to risk and weakens the control environment. The Audit Panel met four times during 2018/19 and satisfactorily discharged its programme of work and therefore is satisfied that the governance arrangements in place are effective and continue to be fit for purpose.

Significant Governance Issues

The following significant Governance Issues have been identified as presenting significant risk to the Council:

- In 2017/18 the Council highlighted concern about fluctuations and pressures on the waste disposal market, particularly in respect of mixed dry recyclables. The context of this issue was in relation to increasing targets for recycling, changes to consumer behaviours, worldwide market pressure and potential Brexit implications. In response to the consideration of this risk, the Council set up a Waste Management Reserve which is included in 'Other Balances and Reserves' to be in a position to absorb impact of exceptional fluctuations in excess of normal budgets if these arise. Although the cost of waste disposal remains an issue, the Council is satisfied with the level of this reserve at the present time;
- In 2017/18 the Council had identified risks arising from achieving compliance with the requirements placed upon it by the General Data Protection Regulations (GDPR), with reference to the possibility of a significant financial penalty being levied in the event of a data breach. To mitigate against this occurrence, the Council adopted a new Data Protection Policy and a Data Protection Procedural Framework which provides guidance on meeting the new requirements. A significant programme of training has also been delivered to both Councillors and employees and in 2018/19 this risk is reflected in both the Corporate and the Departmental Risk Registers;
- The Council has previously identified that the Brexit decision creates considerable uncertainties and risks which may affect a number of different aspects of the Council's business. The Council

has established a Brexit Committee which is responsible for monitoring and reviewing potential impacts for the Council and the district as a result of the UK leaving the European Union. The first meeting of the Brexit Committee was held on the 17th December 2018 when Terms of Reference was agreed. Details of meetings, agendas and minutes are available on the Council website <http://fermanaghomagah.public-minutes.com/>. Internal risk registers were prepared by each service area based on a 'no deal' scenario and these were presented to the Brexit Committee for consideration at its meeting on 19th March 2019. The Council also has representation on the various Professional Officer Groups which also considered Brexit and associated matters. The Brexit Committee continues to meet monthly to monitor the situation and to agree appropriate actions;

- The Council previously identified financial uncertainties stemming from the impact of Central Government budgets. During the year, judgement was handed down by a court of appeal on a legal case taken by a Council against the Department for Communities relating to the allocation of the Rate Support Grant. Fermanagh and Omagh District Council is a recipient of a Rate Support Grant and the decision in this case has a significant impact on the amount of Rate Support Grant allocated to the Council. The Council has liaised with the Department for Communities to consider advancing a review of the relevant policy and methodology to distribute funding to ensure that policy objectives are addressed.

We propose, over the coming year, to consider what further steps can be taken to address the above matters and to further enhance our governance arrangements. We will continue to monitor these risks and take appropriate remedial actions and will report as part of the next annual review.

Signed:  Date: 24 September 2019

Chief Executive of Fermanagh and Omagh District Council

Signed:  Date: 24 September 2019

On behalf of the Policy and Resources Committee of Fermanagh and Omagh District Council.

Fermanagh and Omagh District Council

Remuneration Report for the year ended 31 March 2019

Introduction

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

Allowance and Remuneration Arrangements

Councillors

Allowances are payable by Councils to Councillors and committee members under Part 3 of the Local Government Finance Act (Northern Ireland) 2011 and The Local Government (Payments to Councillors) Regulations (Northern Ireland) 2012, which came into operation on 1 April 2012.

Guidance and determinations on Councillors' Allowances applicable from 1 April 2018 were issued by the Department for Communities on 31 July 2018 (Circular LG 12/2018). Details of the allowances paid to individual Councillors are published on Council websites.

Following local elections on 22 May 2014, 462 Councillors were elected to the 11 new Councils for a four-year term. Fermanagh and Omagh District Council had 40 Councillors in 2018/19.

Senior Employees

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

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

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

Allowances Paid to Councillors

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

Table 1: Total Allowances paid to Councillors (audited information)

	2018/19		2017/18	
	Total Allowances	Number of Councillors receiving the allowance	Total Allowances	Number of Councillors receiving the allowance
	£		£	
Basic Allowance	590,879	40	579,398	40
Special Responsibility Allowance	25,298	17	25,444	18
Chairperson/ Mayor Allowance	10,000	2	10,000	2
Vice Chairperson/ Deputy Mayor Allowance	5,000	2	5,000	2
Mileage Allowance	80,152	34	73,422	34
PCSP Attendance Allowance	7,020	10	7,500	10
Subsistence/Miscellaneous	791	9	557	10
Courses/ Conferences Visits (registration & joining fees)	4,202	0	4,411	0
Dependents' Carers Allowance	916	1	1,483	1
Total	724,258		707,215	

Details of the allowances paid to individual Councillors in 2018/19 are published on the Council website at www.fermanaghmagh.com/your-Council/Councillors-expenses.

The above allowances do not include employer costs - these are shown in Note 7.

Remuneration of Senior Employees

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

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

Officers	2018/19				2017/18			
	Salary (Full year equivalent in brackets where applicable)	Bonus Payments	Benefits in kind (to nearest £100)	Total	Salary (Full year equivalent in brackets where applicable)	Bonus Payments	Benefits in kind (to nearest £100)	Total
	£	£	£	£	£	£	£	£
Brendan Hegarty	114,455	0	0	114,455	112,211	0	0	112,211
Alison McCullagh	84,761	0	0	84,761	83,099	0	0	83,099
Robert Gibson	84,761	0	0	84,761	83,099	0	0	83,099
Kevin O'Gara	84,761	0	0	84,761	83,099	0	0	83,099
Celine McCartan	83,296	0	0	83,296	80,226	0	0	80,226

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

The banded remuneration of the highest paid member of the Senior Management Team in the financial year 2018/19 was £110k - £120k. This was 5.6 times the median remuneration of the workforce, which was £20.5k.

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

	2018/19	2017/18
Salary Band of Highest Paid member of the Executive Management Team/ Senior Management Team	£110k-£120k	£110k-£120k
Median Total Remuneration	£20.5k	£20.1k
Ratio	5.6:1	5.6:1

In 2018/19, no employees received remuneration in excess of the highest paid member of the Senior Management Team.

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

Salary

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

Bonus Payments

There were no bonuses paid in 2018/19.

Benefits in Kind

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

Exit Packages for staff

There were no exit packages provided by the Council in 2018/19. (In 2017/18 there was 1 exit package at a cost of £82,877).

Pension Benefits

The Local Government Pension Scheme (Northern Ireland) (the Scheme) 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, member’s contribution rates were fixed at 6% of their pensionable remuneration (except for those who were entitled to contribute to the Scheme at 5% before 1 February 2003 and have remained in continuous employment). Tiered member contribution rates, determined by the whole-time equivalent rate of pay, were introduced from 1 April 2009. From 1 April 2015, the member contribution rates are

determined on the actual rate of pay.

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

Table 4: Employee Contribution Rates

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

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

Table 5: Employer Contribution Rates

Year	Employer Contribution Rate
1 April 2017 - 31 March 2018	18% + 2% deficit recovery contribution
1 April 2018 - 31 March 2019	19% + 2% deficit recovery contribution
1 April 2019 - 31 March 2020	20% + 2% deficit recovery contribution

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

Councillors have been able to join the Scheme since May 2011 and therefore have not accrued significant benefits thus far. However, the in-year pension contributions made by the Council for all Councillors during 2018/19 was £107,888 (note 7d).

The value of pension benefits of the most senior management of the Council accrued during the year was as follows:

Table 6: Pension Benefits of senior staff in 2018/19 (audited information)

Officers	Accrued Pension at pension age as at 31/3/19 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/19	CETV at 31/3/18	Real increase in CETV
	£	£	£	£	£
Brendan Hegarty	47,169	2,210	899,492	757,183	33,278
Alison McCullagh	26,389	1,791	379,369	305,034	19,549
Robert Gibson	33,425	1,656	689,383	630,226	6,356
Kevin O'Gara	38,180	1,637	796,012	737,946	2,438
Celine McCartan	38,293	2,208	486,772	390,404	30,061

The Cash Equivalent Transfer Value (CETV)

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

The real increase in the value of the CETV

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

Chief Executive
24 September 2019

Fermanagh and Omagh District Council

Certificate of the Chief Financial Officer

I certify that:

- a) the audited Statement of Accounts for the year ended 31 March 2019 on pages 40 to 43 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 44 to end.
- b) in my opinion the audited Statement of Accounts gives a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year ending 31 March 2019.

Signed:


Chief Financial Officer

Date:

24/9/19.

Council Approval of Statement of Accounts

These accounts were approved by resolution of the Council on 24th September 2019.

Signed:


Councillor Anthony Feely

On behalf of the Policy and Resources Committee of Fermanagh and Omagh District Council.

Date:

24/9/19

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FERMANAGH AND OMAGH DISTRICT COUNCIL

Opinion on financial statements

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

In my opinion the financial statements:

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

Basis of opinion

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

Other Information

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

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

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Department for Communities directions made under the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015; and
- the information given in the Statement of Accounts for the financial year ended 31 March 2019 is consistent with the financial statements.

Responsibilities of the Chief Financial Officer for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Matters on which I report by exception

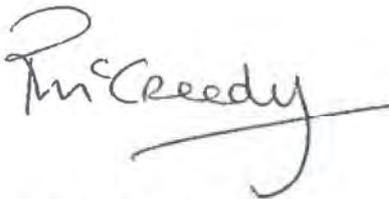
I have nothing to report in respect of the following matters which I report to you if:

- in my opinion:
 - the Annual Governance Statement:
 - does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018-19;
 - does not comply with proper practices specified by the Department for Communities;
 - is misleading or inconsistent with other information I am aware of from my audit; or

- adequate accounting records have not been kept; or
- the statement of accounts and the part of the remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit, or
- I issue a report in the public interest under Article 9 of the Local Government (Northern Ireland) Order 2005; or
- I designate under Article 12 of the Local Government (Northern Ireland) Order 2005 any recommendation made to the Council; or
- I exercise the other special powers of the auditor under Article 19 to 21 of the Local Government (Northern Ireland) Order 2005.

Certificate

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



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

30 September 2019

Fermanagh and Omagh District Council

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

Service Expenditure	Notes	2018/19			2017/18		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
		£	£	£	£	£	£
Community Planning and Performance	2	453,247	-	453,247	341,813	(888)	340,925
Policy and Strategic Services	2	467,118	(76,002)	391,116	427,532	(68,270)	359,262
Corporate Management	2	1,419,969	(959)	1,419,010	1,257,805	(9,665)	1,248,140
Environmental Health	2	2,819,834	(1,070,221)	1,749,613	2,582,558	(1,124,666)	1,457,892
Community Services	2	2,592,667	(1,201,533)	1,391,134	2,379,353	(989,543)	1,389,810
Arts and Heritage	2	4,743,278	(1,117,481)	3,625,797	4,226,365	(1,045,428)	3,180,937
Leisure, Recreation and Sport	2	7,354,071	(2,413,120)	4,940,951	6,799,245	(2,410,801)	4,388,444
Finance	2	1,391,991	(28,576)	1,363,415	1,257,083	(32,916)	1,224,167
Operations and Estates	2	4,819,396	(365,904)	4,453,492	2,483,709	(439,290)	2,044,419
Democratic and Customer Services	2	2,297,116	(200,330)	2,096,786	1,871,559	(196,858)	1,674,701
Human Resources & Organisational Development	2	899,383	(50,443)	848,940	752,825	(35,622)	717,203
Building Control and Licensing	2	2,875,631	(2,383,153)	492,478	2,608,750	(1,976,510)	632,240
Waste and Recycling	2	11,501,940	(530,905)	10,971,035	11,614,921	(544,040)	11,070,881
Contracts and Operation Management	2	862,804	(7,444)	855,360	1,262,232	-	1,262,232
Parks and Open Spaces	2	6,071,217	(80,079)	5,991,138	6,936,807	(80,278)	6,856,529
Funding and Investment	2	861,628	(110,827)	750,801	501,863	(11,725)	490,138
Planning	2	1,801,420	(1,117,393)	684,027	1,629,644	(1,148,336)	481,308
Tourism and Economic Development	2	3,983,217	(2,347,796)	1,635,421	2,614,510	(1,517,111)	1,097,399
Non-distributed costs	2	-	-	-	87,877	-	87,877
Tullyvar	2,29	(60,092)	(61,747)	(121,839)	644,738	(284,103)	360,635
Cost of Services on Continuing Operations		57,155,835	(13,163,913)	43,991,922	52,281,189	(11,916,050)	40,365,139
Other Operating Expenditure	8	33,000	(40,500)	(7,500)	-	-	-
Financing and Investment Income and Expenditure	9	1,114,082	(1,382,030)	(267,948)	1,237,233	(185,691)	1,051,542
Net Operating Expenditure		58,302,917	(14,586,443)	43,716,474	53,518,422	(12,101,741)	41,416,681
Taxation and Non-Specific Grant Income	10		(39,002,761)	(39,002,761)	-	(41,110,545)	(41,110,545)
(Surplus)/Deficit on the Provision of Services		58,302,917	(53,589,204)	4,713,713	53,518,422	(53,212,286)	306,136
Surplus/(Deficit) on revaluation of non-current assets	11	-	-	(4,058,111)	-	-	(13,166,995)
Impairment losses on non-current assets charged to the Revaluation Reserve	27c	-	-	1,607,340	-	-	-
Remeasurements of the Net Defined Benefit Liability/(Asset)	21	-	-	(2,976,668)	-	-	(55,492)
Other Comprehensive Income and Expenditure				(5,427,439)			(13,222,487)
Total Comprehensive Income and Expenditure				(713,726)			(12,916,351)

Fermanagh and Omagh District Council

Movement in Reserves Statement for the year ended 31 March 2019

	General Fund Summary	Other Fund Balances & Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£
Balance as at 1 April 2017	3,070,216	12,323,373	205,535	15,599,124	86,921,790	102,520,915
Movement in reserves during the year						
Surplus/(Deficit) on the provision of services	(306,136)	-	-	(306,136)	(234,894)	(541,030)
Other Comprehensive Income and Expenditure	-	-	-	-	13,222,487	13,222,487
Total Comprehensive Income and Expenditure	(306,136)	-	-	(306,136)	12,987,593	12,681,457
Adjustments between accounting basis & funding under regulations	3,045,379	2,179,544	(71,480)	5,153,443	(5,153,443)	-
Net increase before transfers to Statutory and Other Reserves	2,739,243	2,179,544	(71,480)	4,847,307	7,834,150	12,681,457
Transfers to/from Statutory and Other Reserves	(2,616,115)	2,616,115	-	-	-	-
Increase/Decrease in year	123,128	4,795,659	(71,480)	4,847,307	7,834,150	12,681,457
Balance as at 31 March 2018	3,193,344	17,119,032	134,055	20,446,431	94,755,940	115,202,372
Movement in reserves during the year						
Surplus/(Deficit) on the provision of services	(4,713,713)	-	-	(4,713,713)	8,100	(4,705,613)
Other Comprehensive Income and Expenditure	-	-	-	-	5,427,439	5,427,439
Total Comprehensive Income and Expenditure	(4,713,713)	-	-	(4,713,713)	5,435,539	721,826
Adjustments between accounting basis & funding under regulations	8,215,051	(1,444,056)	(15,355)	6,755,640	(6,755,640)	-
Net increase before transfers to Statutory and Other Reserves	3,501,338	(1,444,056)	(15,355)	2,041,927	(1,320,101)	721,826
Transfers to/from Statutory and Other Reserves	(3,193,014)	3,193,014	-	-	-	-
Increase in year	308,324	1,748,958	(15,355)	2,041,927	(1,320,101)	721,826
Balance as at 31 March 2019	3,501,668	18,867,990	118,700	22,488,358	93,435,839	115,924,197

Fermanagh and Omagh District Council

Balance Sheet as at 31 March 2019

	Notes	31 March 2019	31 March 2018
		£	£
Fixed Assets	11a	129,476,680	127,958,917
Intangible Assets	11d	115,000	115,000
Investment Properties	11e	6,112,301	5,116,201
Long-Term Debtors	15	918,645	804,018
LONG-TERM ASSETS		136,622,626	133,994,136
Inventories	14	406,470	454,044
Short-Term Debtors	15	11,380,219	10,530,949
Cash and Cash Equivalents	25	19,156,273	19,715,995
Assets Held for Sale	11	276,489	55,318
CURRENT ASSETS		31,219,451	30,756,306
Bank Overdraft	25	947,856	182,527
Short-Term Borrowing	17	1,043,658	1,017,463
Short-Term Creditors	18	6,033,241	6,951,311
Provisions	19	104,126	122,877
CURRENT LIABILITIES		8,128,881	8,274,178
Provisions	19	5,869,787	5,955,022
Long-Term Borrowing	17	6,172,212	7,215,870
Other Long-Term Liabilities	21	31,747,000	28,103,000
LONG-TERM LIABILITIES		43,788,999	41,273,892
NET ASSETS		115,924,197	115,202,372
USABLE RESERVES			
Capital Receipts Reserve	26	118,700	134,055
Capital Grants Unapplied Account	26	5,511,045	5,229,062
Capital Fund	26	3,690,254	2,859,608
Renewal and Repairs Fund	26	4,091,578	3,825,717
Other Balances and Reserves	26	5,575,113	5,204,645
General Fund	26	3,501,668	3,193,344
		22,488,358	20,446,431
UNUSABLE RESERVES			
Capital Adjustment Account	27	85,936,895	86,616,254
Revaluation Reserve	27	40,345,472	37,485,074
Pensions Reserve	27	(31,747,000)	(28,103,000)
Capital Receipts Deferred Account	27	706,269	466,459
Accumulated Absences Account	27	(816,425)	(693,529)
Provisions Discount Rate Reserve	27	(989,372)	(1,015,318)
		93,435,839	94,755,941
NET WORTH		115,924,197	115,202,372

Fermanagh and Omagh District Council

Cash Flow Statement for the year ended 31 March 2019

	Notes	2018/19	2017/18
		£	£
Net Surplus/(Deficit) on the provision of services		(4,713,713)	(306,136)
Adjustment for non-cash movements	25a	11,284,432	11,366,182
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	25a	(1,604,801)	(5,402,079)
Net cash flows from operating activities		4,965,918	5,657,967
Cash flows from Investing Activities	25d	(5,033,696)	(1,715,645)
Net Cash flows from Financing Activities	25e	(1,257,273)	(2,413,473)
Net increase or decrease in cash and cash equivalents		(1,325,051)	1,528,849
Cash and cash equivalents at the beginning of the reporting period	25b	19,533,468	18,004,619
Cash and cash equivalents at the end of the reporting period		18,208,417	19,533,468

Fermanagh and Omagh District Council

Notes to the Statement of Accounts for the year ended 31 March 2019

Comprehensive Income and Expenditure Statement

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

Movement in Reserves Statement

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

Balance Sheet

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

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.

1 Accounting Policies

A) General Principles

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

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

Summary of Significant Accounting Policies

i) Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings and is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

ii) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than 365 days from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

iii) Contingent Assets

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

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

iv) Contingent Liabilities

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

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

v) Employee Benefits

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

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or, an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the Non-Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council:

- a) can no longer withdraw the offer of those benefits; or
- b) recognises costs for a restructuring.

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

Post-Employment Benefits

Employees of the Council are members of the Northern Ireland Local Government Officers' Pension Fund administered by the Northern Ireland Local Government Officers' Superannuation Committee. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council. Council employees who transferred from Central Government on 01 April 2015 as a result of Local Government Reform, are covered by the provisions of the Principal Civil Service Pension Scheme Northern Ireland (PCSPS (NI)).

The Northern Ireland Local Government Officers' Pension Fund

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

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

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

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

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Property – market value

- Unitised securities – current bid price

The change in the net pension's liability is analysed into seven components:

Within the Cost of Services

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

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

Within Financing and Investment Income and Expenditure

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

Within Other Comprehensive Income and Expenditure (Remeasurements)

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

Actuarial Gains and Losses – changes in the net pension 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 Reserve as Other Comprehensive Income and Expenditure.

Within the Movement in Reserves Statement Appropriations

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

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

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are made 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.

Principal Civil Service Pension Scheme Northern Ireland

As a result of Local Government Reform on 1 April 2015, staff that transferred from Central Government to the Council retained membership of the Northern Ireland Civil Service (NICS) Pension Scheme. The scheme provides defined benefits to members (retirement lump sums and pensions). However, the arrangements for the NICS Pension Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

vi) Events After the Balance Sheet Date

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

- a) 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; and
- b) 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 his certificate and opinion. Where material adjustments are made in this period they will be disclosed.

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

vii) Exceptional Items

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

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (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.

ix) Financial Instruments

Financial Liabilities

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

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

Financial Assets

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

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

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost.

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 Statement is the amount receivable for the year in the loan agreement.

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 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 Council 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.

x) Foreign Currency Translation

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

xi) 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:

- a) the Council will comply with the conditions attached to the payments; and
- b) 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 acquired using 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.

xii) 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. market trading rights) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically

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

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

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

xiii) 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.

xiv) 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.

xv) 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.

xvi) 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.

The Council as Lessee - Operating Lease

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 asset (long-term 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 will be 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 Account in the Movement in Reserves Statement. When the future rentals are paid, the element for the charge for the acquisition of the interest in the property is used to write down the lease asset (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.

xvii) 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 Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

Assets that are to be decommissioned i.e. 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.

xviii) Overheads and Support Services

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

xix) Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

- Plant and equipment - depreciated on historic cost using a standard life of 5 years. IT equipment is depreciated using a standard life of 3 years. Carpark plant and equipment is depreciated using a standard life of 15 years as advised by a suitably qualified officer.
- Infrastructure Assets - depreciated on a straight-line allocation over a range of 10 to 20 years depending on the type of the asset.
- Buildings, installations and fittings - depreciated on a straight-line basis on their carrying value over the estimated remaining useful life of the asset as advised by the valuer from Land & Property Services. Depending on the type of building, installation or fitting, the maximum useful life will be in the range of 15 to 50 years.

Componentisation

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

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.

xx) 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 the Council in pursuit of its 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.

The majority of the Council's Heritage Assets are held in Enniskillen Castle which has two collections of heritage assets which are held in support of its primary objective i.e. increasing the knowledge, understanding and appreciation of the Council's history and local area. The Council also holds several pieces of public art. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below. The Council's collections of heritage assets are accounted for as follows:

Local History & Folk Life - The collection of local history and folk life includes important artefacts from the history of the local area. These items are reported in the Balance Sheet at insurance valuation which is based on market values. The collection of local history and folk life artefacts are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation. The collection is relatively static and acquisitions and donations are rare. Where they do occur, acquisitions are initially recognised at cost and donations are recognised at valuation ascertained by the museum's curators in accordance with the Council's policy on valuations.

Fine & Decorative Arts Collection - the fine and decorative arts collection includes paintings (both oil and watercolour) and sketches and is reported in the Balance Sheet at market value. Valuations are completed periodically when there has been changes in the market for similar items or when the museum curator believes valuation is necessary. The assets within the fine and decorative arts collection are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation. Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation with valuations provided by the external valuers and with reference to appropriate commercial markets for the paintings using the most relevant and recent information from sales at auctions. Art Sculptures are carried at historical cost and are not depreciated. The carrying amount 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 policies on impairment – see note in this summary of significant accounting policies. The Museum will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the statement of accounts and are accounted for in accordance

with statutory accounting requirements relating to capital expenditure and capital receipts.

xxi) 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. Long-term provisions are discounted to present value.

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 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.

xxii) 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 in the Movement in Reserves Statement. 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 appropriated back into the General Fund Balance in the Movement in Reserves Statement 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 and retirement benefits and do not represent usable resources for the Council – these reserves are explained in the relevant note to the accounts.

xxiii) 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; and
- c) amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise District Rates to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue to contribute towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance). Depreciation, revaluation and impairment losses and 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.

xxiv) 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.

xxv) Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. 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.

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

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

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

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

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

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council 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; and
- Level 3 – unobservable inputs for the asset or liability.

xxvii) Joint Operation

A joint operation is one whereby parties have rights to assets and obligations for liabilities of a joint arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint arrangements. In relation to its interest in a joint arrangement, the Council recognises:-

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Council's interest in Tullyvar Waste Disposal Site is accounted for as a joint operation. The Council's share of income and expenditure of the Tullyvar Waste Disposal Site is included within the Comprehensive Income and Expenditure Statement and the Council's share of the assets, liabilities and

reserves are included in the relevant lines in the Balance Sheet. The joint arrangement is detailed in Note 29.

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.

IFRS 15 was adopted in the 2018/19 year however this change did not have a significant impact or material effect on the council's Statement of Accounts.

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

- IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement
- IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation
- IAS 40 Investment Property: Transfers of Investment Property
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments
- Annual Improvements to IFRS Standards 2014 - 2016 Cycle
- Annual Improvements to IFRS Standards 2015 - 17
- IAS 28 Interest in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures

Accounting changes deferred until 01 April 2019

- IFRS 16 Leases

C) Critical Judgements in Applying Accounting Policies

In applying accounting policies set out from 1a, above, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

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

The items in the Council's Balance Sheet at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

i) Landfill

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

ii) Pension Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The approximate impact of changing key assumptions on the present value of the funded defined benefit obligation as at 31 March 2019 and the projected service cost for the year ending 31 March 2020 is set out in Note 21.

Fermanagh and Omagh District Council
Notes to the Statement of Accounts for the Year Ended 31 March 2019

2 Expenditure and Funding Analysis

- a) The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, general income and rates income) by the Council 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 departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Expenditure and Funding Analysis	2018/19			2017/18		
	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£	£	£
Community Planning and Performance	370,933	82,314	453,247	310,586	30,339	340,925
Policy and Strategic Services	315,468	75,648	391,116	314,365	44,897	359,262
Corporate Management	1,180,954	238,056	1,419,010	1,147,626	100,514	1,248,140
Environmental Health	1,254,509	495,104	1,749,613	1,235,256	222,636	1,457,892
Community Services	1,076,468	314,666	1,391,134	1,098,509	291,301	1,389,810
Arts and Heritage	2,526,676	1,099,121	3,625,797	2,412,494	768,443	3,180,937
Leisure, Recreation and Sport	2,830,182	2,110,769	4,940,951	2,795,221	1,593,223	4,388,444
Finance	1,116,735	246,680	1,363,415	1,117,389	106,778	1,224,167
Operations and Estates	2,145,855	2,307,637	4,453,492	1,986,668	57,751	2,044,419
Democratic and Customer Services	1,713,327	383,459	2,096,786	1,523,269	151,432	1,674,701
Human Resources and Organisational Development	705,974	142,966	848,940	665,837	51,366	717,203
Building Control and Licensing	(166,663)	659,141	492,478	286,739	345,501	632,240
Waste and Recycling	8,862,936	2,108,099	10,971,035	8,174,600	2,896,281	11,070,881
Contracts and Operation Management	719,987	135,373	855,360	643,065	619,167	1,262,232
Parks and Open Spaces	4,833,899	1,157,239	5,991,138	4,427,789	2,428,740	6,856,529
Funding and Investment	638,527	112,274	750,801	449,832	40,306	490,138
Planning	641,443	42,584	684,027	525,881	(44,573)	481,308
Tourism and Economic Development	1,310,764	324,657	1,635,421	976,666	120,733	1,097,399
Non-distributed costs	16,401	(16,401)	-	98,813	(10,936)	87,877
Tullyvar	-	(121,839)	(121,839)	229,229	131,406	360,635
Net Cost of Services	32,094,375	11,897,547	43,991,922	30,419,834	9,945,305	40,365,139
Other Income and Expenditure	(35,595,713)	(3,682,496)	(39,278,209)	(33,159,077)	(6,899,926)	(40,059,003)
Surplus/(Deficit)	3,501,338	(8,215,051)	(4,713,713)	2,739,243	(3,045,379)	(306,136)
Transfer (to)/from Statutory and Other Reserves	(2,962,868)			(2,845,346)		
Transfer (to) from Tullyvar Reserve	(230,146)			229,231		
Surplus/(Deficit) on General Fund Balance in Year	308,324			123,128		
Opening General Fund	3,193,344			3,070,216		
Closing General Fund	3,501,668			3,193,344		

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 2018/19

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 Adjustments	Total
	£	£	£	£	£
Community Planning and Performance	-	80,141	2,173	-	82,314
Policy and Strategic Services	-	78,248	(2,600)	-	75,648
Corporate Management	-	251,494	(13,438)	-	238,056
Environmental Health	4,623	493,722	(3,241)	-	495,104
Community Services	68,504	244,319	1,843	-	314,666
Arts and Heritage	635,736	451,367	12,018	-	1,099,121
Leisure, Recreation and Sport	1,396,873	690,400	23,496	-	2,110,769
Finance	-	248,429	(1,749)	-	246,680
Operations and Estates	2,032,915	261,767	12,955	-	2,307,637
Democratic and Customer Services	-	380,825	2,634	-	383,459
Human Resources and Organisational Development	-	139,453	3,513	-	142,966
Building Control and Licensing	271,267	378,226	9,648	-	659,141
Waste and Recycling	1,276,022	830,910	19,013	(17,846)	2,108,099
Contracts and Operation Management	1,336	145,741	(11,704)	-	135,373
Parks and Open Spaces	278,392	858,099	20,748	-	1,157,239
Funding and Investment	-	112,232	42	-	112,274
Planning	-	-	42,584	-	42,584
Tourism and Economic Development	-	319,694	4,963	-	324,657
Non-distributed costs	-	(16,401)	-	-	(16,401)
Tullyvar	108,307	-	-	(230,146)	(121,839)
Net Cost of Services	6,073,975	5,948,666	122,898	(247,992)	11,897,547
Other Income and Expenditure from the Expenditure and Funding Analysis	(4,584,642)	672,000	-	230,146	(3,682,496)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	1,489,333	6,620,666	122,898	(17,846)	8,215,051

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 i.e. Minimum Revenue Provision and other revenue contributions are deducted from financing and investment income and expenditure as these are not chargeable under generally accepted

- accounting practices; and
- 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 removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- i) For services this represents the removal of the employer pension contributions made by the Council as permitted by statute and the replacement with current service costs and past service costs; and
- ii) For financing and investment income and expenditure; the net interest on the defined benefit liability is charged to the CIES.

Other Statutory Adjustments relate to the adjustments made for Short-term employee benefits. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

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

- i) Provisions Discount Rate Reserve Adjustment
- ii) Other Non Cash items relating to Tullyvar Joint Operation.

c) Adjustments between Funding and Accounting Basis 2017/18

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 Differences	Total
	£	£	£	£	£
Community Planning and Performance	-	30,223	116	-	30,339
Policy and Strategic Services	-	42,355	2,542	-	44,897
Corporate Management	-	99,678	836	-	100,514
Environmental Health	4,933	209,514	8,189	-	222,636
Community Services	195,161	97,537	(1,397)	-	291,301
Arts and Heritage	576,372	189,528	2,543	-	768,443
Leisure, Recreation and Sport	1,309,603	292,119	(8,499)	-	1,593,223
Finance	-	109,041	(2,263)	-	106,778
Operations and Estates	(75,542)	112,285	(3,994)	25,002	57,751
Democratic and Customer Services	-	153,930	(2,498)	-	151,432
Human Resources and Organisational Development	-	50,453	913	-	51,366
Building Control and Licensing	184,842	162,815	(2,156)	-	345,501
Waste and Recycling	1,710,716	329,644	766	855,155	2,896,281
Contracts and Operation Management	549,804	60,583	8,780	-	619,167
Parks and Open Spaces	2,102,324	347,951	(21,535)	-	2,428,740
Funding and Investment	-	41,407	(1,101)	-	40,306
Planning	-	-	(44,573)	-	(44,573)
Tourism and Economic Development	-	126,364	(5,631)	-	120,733
Non-distributed costs	-	(10,936)	-	-	(10,936)
Tullyvar	131,405	-	-	229,230	360,635
Net Cost of Services	6,689,618	2,444,491	(68,962)	1,109,387	10,174,534
Other Income and Expenditure from the Expenditure and Funding Analysis	(7,499,926)	600,000	-	-	(6,899,926)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(810,308)	3,044,491	(68,962)	1,109,387	3,274,608

3 Expenditure and Income Analysed by Nature

Expenditure	Notes	2018/19	2017/18
		£	£
Employee Benefits Expenses	7	25,586,321	23,606,940
Other Services Expenditure		6,620,667	3,044,492
Support Services Recharges		256,924	301,260
Depreciation, Amortisation, Impairment	4	5,262,875	6,689,618
Interest Payments	9	1,114,082	1,237,233
Gain on the Disposal of Assets	4	(7,500)	-
Other Expenditure		19,690,748	18,940,139
Total Expenditure		58,524,117	53,819,682
Income			
Interest and Investment Income	9	(1,382,030)	(185,691)
District rate income	10	(34,120,733)	(32,347,947)
Government grants and Contributions	10	(4,882,028)	(8,762,598)
Support Service Income		(256,924)	(301,260)
Other Income		(13,168,669)	(11,916,050)
Total Income		(53,810,404)	(53,513,546)
(Surplus)/Deficit on the Provision of Services		4,713,713	306,136

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	2018/19		2017/18	
		£	£	£	£
Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:					
Impairments (losses & reversals) of non-current assets		(1,607,340)		-	
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	11	904,192		1,255,681	
Depreciation charged in the year on non-current assets	11	<u>5,966,023</u>	5,262,875	<u>5,433,937</u>	6,689,618
Carrying amount of non-current assets sold	8	33,000		-	
Proceeds from the sale of PP&E, investment property and intangible assets	8	(40,500)	(7,500)	-	-
Net charges made for retirement benefits in accordance with IAS 19	21b		10,225,000		6,164,000
Direct revenue financing of capital expenditure	12		(807,545)		(716,261)
Capital Grants and Donated Assets Receivable and Applied in year	10c		(872,908)		(327,018)
Capital Grants Receivable and Unapplied in year	10d		(691,393)		(5,075,061)
Adjustments in relation to short-term compensated absences	27g		122,896		(68,962)
Adjustments in relation to lessor arrangements	26f		(239,810)		25,002
Provisions Discount Rate Reserve Adjustment	27h		(17,846)		855,155
Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the General Fund Balance for the year					
Statutory Provision for the financing of capital investment	12,27a		(1,154,386)		(1,381,586)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	21		(3,604,333)		(3,119,508)
			8,215,051		3,045,379

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

	Notes	2018/19		2017/18	
		£	£	£	£
Capital Fund					
Interest		(25,588)		(10,890)	
Other	26	(1,100,000)	(1,125,588)	(295,000)	(305,890)
Renewal and Repairs Fund					
Interest		(28,370)		(15,097)	
Other	26	(726,500)	(754,870)	(726,500)	(741,597)
Other Funds and earmarked reserves					
Interest		(32,410)		(17,859)	
Other	26	(1,050,000)	(1,082,410)	(1,780,000)	(1,797,859)
Total			(2,962,868)	(2,845,346)	
From Other Funds (Tullyvar)		(230,146)	(230,146)	229,231	229,231
Total			(3,193,014)	(2,616,115)	

5 Cost of Services on Continuing Operations

a) General power of competence

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

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

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

b) External Audit Fees

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

External Audit Fees	2018/19		2017/18	
	£	£	£	£
External Audit Fees	61,100		53,200	
Other Fees	-		-	
	61,100		53,200	

The audit fees for 2018/19 include the financial audit fees and the improvement and assessment audit fees. There were no other fees payable in respect of any other services provided by the appointed auditor over and above those described (2017/18 £0.)

6 Operating and Finance Leases

a) Council as Lessor Finance Leases (Council as lessor)

The Council has leased out a number of properties within the District to further community, recreational and commercial activities. At the inception of the leases, the lease terms ranged from 99 to 999 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.

Gross receivables from finance leases	2018/19	2017/18
	£	£
Long-Term Debtors		
Net Present Value	706,269	442,729
Short-Term Debtors		
Finance leases – gross receivables	37,856	23,730
Net Present Value	37,856	23,730
Gross receivables from finance leases		
No later than 1 year	37,856	23,730
Later than 1 year and no later than 5 years	132,192	83,447
Later than 5 years	536,221	359,281
Total gross receivables	706,269	466,458
Net investment in finance leases	706,269	466,458

The net investment in finance leases may be analysed as follows:

	2018/19	2017/18
	£	£
No later than 1 year	37,856	23,730
Later than 1 year and no later than 5 years	132,192	83,447
Later than 5 years	536,221	359,281
Total gross receivables	706,269	466,458

The unguaranteed residual values of the assets leased under finance leases at the end of the year are estimated to be £0 (2017/18 - £0). The accumulated allowance for uncollectable minimum lease payments receivable is £0 (2017/18 - £0). No contingent rents were recognised as receivable by the Council.

The long-term finance lease debtor relates to a 999-year lease with current rental income of £40,000 per annum and a 5-year rent review period. The increase from prior year is due to an adjustment made in the calculation of the finance lease.

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; and
- any other purposes.

Rental income recognised in the Comprehensive Income and Expenditure Statement in the current year amounts to £255k. No contingent rents were recognised.

The lease terms are between 1 and 99 years. Future minimum lease income is set out below:

	2018/19	2017/18
	Vehicles, Plant and Equipment	Vehicles, Plant and Equipment
	£	£
Minimum lease rentals receivable:		
No later than 1 year	264,372	214,400
Later than 1 year and no later than 5 years	394,029	283,750
Later than 5 years	320,300	317,683
Total	978,701	815,833

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2018/19, £0 contingent rents were receivable by the Council (2017/18 £0).

**c) Council as Lessee
Finance Leases (Council as Lessee)**

The Council no longer hold any vehicles that are held under finance leases.

d) Operating Leases (Council as Lessee)

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

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

Vehicles, Plant and Equipment	2018/19	2017/18
	£	£
Minimum lease payments	30,474	33,137
Total	30,474	33,137

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

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

Vehicles, Plant and Equipment	2018/19	2017/18
	£	£
Minimum lease rentals payable:		
No later than 1 year	13,809	19,842
Later than 1 year and no later than 5 years	6,904	3,568
Total	20,713	23,410

7 Employee Costs and Member Allowances

a) Staff Costs

Staff Costs	2018/19	2017/18
	£	£
Salaries and Wages	20,283,042	18,881,904
Employers NIC	1,578,117	1,514,965
Employers Superannuation	3,725,162	3,210,071
Total staff costs	25,586,321	23,606,940

The above Staff costs include redundancy costs of £0k (2017/18: £83k) and Apprenticeship levy of £86k (2017/18: £79k). Also included is £273k (2017/18: £254k) of staff costs in relation to the Regional Property Certificate Unit (RPCU). These staff costs are not included within the Comprehensive Income & Expenditure Statement as the RPCU is accounted for as an agency service and is detailed in Note 28. In addition, agency costs during the year amounted to £169k (2017/18: £265k).

The Council's current contribution rate to the NILGOSC scheme is 19% plus a deficit recovery contribution of £265,100.

At the last actuarial valuation, dated 31 March 2016, the Fund's assets as a whole were sufficient to meet 82.6% of the liabilities accrued up to that date.

b) Average Number of Employees – where FTE represents fulltime equivalent employees

Average Number of Employees	2018/19	2017/18 (Restated)
	FTE	FTE
Chief Executive's Department	17	16
Community Health and Leisure	251	241
Corporate Services & Governance	108	108
Environment and Place	299	286
Regeneration and Planning	80	72
Total Number	755	723

	2018/19	2017/18
	Actual Numbers at 31 March 2019	Actual Numbers as at 31 March 2018
Full-time numbers employed	664	661
Part-time numbers employed	258	257
Total Number	922	918

c) Senior Employees' Remuneration

Senior Employees Remuneration	2018/19	2017 /18
	Nos	Nos
£50,001 to £60,000	21	20
£60,001 to £70,000	1	1
£80,001 to £90,000	4	4
£100,001 to £110,000	-	-
£110,001 to £120,000	1	1
Total Number	27	26

d) Members' Allowance

Members' Allowance	2018/19	2017 /18
	£	£
Basic Allowance	590,879	579,398
Mayor's & Deputy Mayor's allowance	15,000	15,000
Special Responsibility allowance	25,298	25,444
Dependents' Carers allowance	916	1,483
PCSP Attendance allowance	7,020	7,500
Employer costs – Pension	107,888	100,498
Employer costs – NI	45,272	45,022
Mileage	80,152	73,422
Conferences and courses	4,202	4,411
Travel & subsistence costs	791	319
Miscellaneous costs	-	238
Total	877,418	852,735

e) Northern Ireland Civil Service Pension Arrangements

As a result of Reform on 1 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 2015. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DOF Superannuation and Other Allowances Resource Accounts as at 31 March 2019.

For 2018/19, employers' contributions of £245k were payable to the NICS pension arrangements at one of four rates in the range 20.8% to 26.3% 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 2015 was completed by the Actuary during 2016/17. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2015. The contribution rates are set to meet the cost of the benefits accruing during 2018/19 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

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

8 Other Operating Income and Expenditure

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

	2018/19	2017/18
	£	£
Proceeds from sale	(40,500)	-
Carrying amount of non-current assets sold (excluding investment properties)	33,000	-
Total	(7,500)	-

Other Operating Expenditure	2018/19	2017/18
	£	£
(Surplus)/Deficit on non-current assets	(7,500)	-
Total	(7,500)	-

9 Financing and Investment Income and Expenditure

a) Interest Payable and Similar Charges

	2018/19	2017/18
	£	£
Lease/hire purchase interest	-	9,685
Government loan interest	442,082	597,071
Total	442,082	606,756

b) Interest and Investment Income

	2018/19	2017/18
	£	£
Bank interest	38,962	32,879
<u>Investment income on Fund Balances</u>		
Capital Fund	25,588	10,890
Repairs & Renewals Fund	28,370	15,097
Other Funds	32,410	17,859
Sub total	125,330	76,725
Other Investment income	279,810	14,998
Total	405,140	91,723

The increase in Other investment income relates to an adjustment to the calculation in the finance lease of a long term debtor.

c) Pensions Interest Costs

	2018/19	2017/18
	£	£
Net interest on the net defined benefit liability	672,000	600,000
	672,000	600,000

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

Income/Expenditure from Investment Properties:	2018/19	2017/18
	£	£
Net income from investment properties	(165,790)	(93,968)
Changes in Fair Value of Investment Properties	(811,100)	30,477
	(976,890)	(63,491)

Financing and Investment Income and Expenditure	2018/19			2017/18		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Interest payable and similar charges	442,082	-	442,082	606,756	-	606,756
Interest and investment income	-	(405,140)	(405,140)	-	(91,723)	(91,723)
Pensions interest cost	672,000	-	672,000	600,000	-	600,000
Other investment income	-	(165,790)	(165,790)	-	(93,968)	(93,968)
Changes in fair value of investment properties	-	(811,100)	(811,100)	30,477	-	30,477
	1,114,082	(1,382,030)	(267,948)	1,237,233	(185,691)	1,051,542

10 Taxation and Non-Specific Grant Income

a) Revenue Grants

	2018/19	2017/18
	£	£
General	(2,615,077)	(3,360,519)
Special Payment	(702,650)	-
Total	(3,317,727)	(3,360,519)

The Department for Communities (DfC) made a Special Payment of £702,650 to the Council during 2018/19 as a result of the unforeseen and sudden financial impact on the Council following the Court Judgement in relation to the allocation of Rates Support Grant (RSG) and the action taken by the DfC to redistribute the available RSG.

b) Revenue Grants - Unapplied

	2018/19	2017/18
	£	£
	-	-
Total	-	-

c) Capital Grants and Donated Assets - Applied

	2018/19	2017/18
	£	£
Government & Other Grants - Conditions met and applied in year	(872,908)	(327,018)
Total	(872,908)	(327,018)

d) Capital Grants - Unapplied

	2018/19	2017/18
	£	£
Government & Other Grants - Conditions met and not applied in year	(912,593)	(5,075,061)
Other	221,200	-
Total	(691,393)	(5,075,061)

Other relates to the release of a Capital Grant in 2017/18 which is now treated as a Revenue Grant.

e) District Rates

	2018/19	2017/18
	£	£
Current year	(34,120,733)	(32,347,947)
Total	(34,120,733)	(32,347,947)

Taxation and Non-Specific Grant Income Summary	2018/19	2017/18
	£	£
District Rate Income	(34,120,733)	(32,347,947)
Revenue Grants	(2,615,077)	(3,360,519)
Special Payment	(702,650)	-
Capital Grants and Contributions	(1,564,301)	(5,402,079)
Total	(39,002,761)	(41,110,545)

Fermanagh and Omagh District Council

Notes to the Statement of Accounts for the Year Ended 31 March 2019

11 Fixed Assets

a) Current year

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2018	22,724,001	92,841,554	5,189,882	2,123,222	14,885,856	1,585,532	728,688	352,001	140,430,466	1,616,656	-	142,047,122
Balance as at 1 April 2018	22,724,001	92,841,554	5,189,882	2,123,222	14,885,856	1,585,532	728,688	352,001	140,430,466	1,616,656	-	142,047,122
Additions	-	-	-	-	1,927,080	-	3,658,126	-	5,585,206	-	-	5,585,206
Revaluation increases/ (decreases) to Revaluation Reserve	1,258,375	(1,438,811)	-	(79,113)	-	-	-	48,328	(211,221)	-	-	(211,221)
Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services	(12,367)	(1,694,026)	-	-	-	-	-	(8,899)	(1,715,292)	-	-	(1,715,292)
Derecognition - Disposals	(30,000)	-	-	-	(2,307)	-	-	-	(32,307)	-	-	(32,307)
Reclassifications & Transfers	(47,508)	1,052,124	1,287,324	-	-	49,542	(2,583,950)	17,399	(225,069)	-	-	(225,069)
Reclassified to (-) / from(+) Held for Sale	(42,000)	(128,075)	-	-	(404,652)	-	-	(8,000)	(582,727)	-	-	(582,727)
Balance as at 31 March 2019	23,850,501	90,632,766	6,477,206	2,044,109	16,405,707	1,635,074	1,802,864	400,829	143,249,056	1,616,656	-	144,865,712

a) (current year continued)

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
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2018	-	15,399	1,465,083	231,841	11,793,366	582,515	-	-	14,088,204	-	-	14,088,204
Balance as at 1 April 2018	-	15,399	1,465,083	231,841	11,793,366	582,515	-	-	14,088,204	-	-	14,088,204
Depreciation Charge	-	4,143,375	323,860	108,308	1,345,219	45,261	-	-	5,966,023	-	-	5,966,023
Depreciation written out on Revaluation Reserve	-	(4,158,774)	-	(110,558)	-	-	-	-	(4,269,332)	-	-	(4,269,332)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(2,307)	-	-	-	(2,307)	-	-	(2,307)
Eliminated on reclassification to Held for Sale	-	-	-	-	(393,556)	-	-	-	(393,556)	-	-	(393,556)
Balance as at 31 March 2019	-	-	1,788,943	229,591	12,742,722	627,776	-	-	15,389,032	-	-	15,389,032
NBV as at 31 March 2019	23,850,501	90,632,766	4,688,263	1,814,518	3,662,985	1,007,298	1,802,864	400,829	127,860,024	1,616,656	-	-129,476,680

b) Comparative Year

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2017	18,458,979	96,053,485	5,189,882	2,699,745	13,914,124	1,571,780	4,215,376	337,501	142,440,872	1,616,656	-	144,057,528
Balance as at 1 April 2017	18,458,979	96,053,485	5,189,882	2,699,745	13,914,124	1,571,780	4,215,376	337,501	142,440,872	1,616,656	-	144,057,528
Additions	-	462,000	-	-	1,397,910	-	2,018,947	-	3,878,857	-	-	3,878,857
Revaluation increases/ (decreases) to Revaluation Reserve	4,041,917	-	-	(576,523)	-	-	-	12,000	3,477,394	-	-	3,477,394
Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services	97,687	(8,761,886)	-	-	-	-	-	2,500	(8,661,699)	-	-	(8,661,669)
Reclassifications & Transfers	125,418	5,087,955	-	-	-	13,752	(5,505,635)	-	(278,510)	-	-	(278,510)
Reclassified to (-) / from(+) Held for Sale	-	-	-	-	(426,448)	-	-	-	(426,448)	-	-	(426,448)
Balance as at 31 March 2018	22,724,001	92,841,554	5,189,882	2,123,222	14,885,586	1,585,532	728,688	352,001	140,430,466	1,616,656	-	142,047,122

b) (Comparative year continued)

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
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2017	-	12,690,974	1,207,889	650,655	11,142,838	530,337	-	-	26,222,693	-	-	26,222,693
Balance as at 1 April 2017	-	12,690,974	1,207,889	650,655	11,142,838	530,337	-	-	26,222,693	-	-	26,222,693
Depreciation Charge	-	3,921,057	257,194	131,405	1,073,976	50,305	-	-	5,433,937	-	-	5,433,937
Depreciation written out on Revaluation Reserve	-	(9,129,535)	-	(550,219)	-	-	-	-	(9,679,754)	-	-	(9,679,754)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	(7,436,495)	-	-	-	-	-	-	(7,436,495)	-	-	(7,436,495)
Reclassifications & Transfers	-	(30,602)	-	-	-	1,873	-	-	(28,729)	-	-	(28,729)
Eliminated on reclassification to Held for Sale	-	-	-	-	(423,448)	-	-	-	(423,448)	-	-	(423,448)
Balance as at 31 March 2018	-	15,399	1,465,083	231,841	11,793,366	582,515	-	-	14,088,204	-	-	14,088,204
NBV as at 31 March 2018	22,724,001	92,826,155	3,724,799	1,891,381	3,092,220	1,003,017	728,688	352,001	126,342,262	1,616,656	-	127,958,918

Valuations - The last valuation of freehold and leasehold properties was carried out as at 31 March 2019 by an independent valuer from Land and Property Services. Please refer to Note 1 for further information on revaluation and depreciation policies.

Impairment - The revaluations carried out at 31 March 2019 resulted in the recognition of the following Operational Land and Building gains and losses:

- **Land:** Overall increase in value by £1,246,008, of which £1,258,375 was taken to the Revaluation Reserve, £33,125 being reversals of impairment losses recognised in CIES in previous years, less £45,492 of impairment losses recognised in year.
- **Buildings:** Overall increase in value by £1,025,938, of which £2,719,964 was taken to the Revaluation Reserve, less £1,694,026 of impairment losses recognised in year.

c) Intangible Assets

The Council owns Intangible Assets which relate solely to market trading rights. The asset was valued at 31 March 2019 by an independent valuer from Land and Property Services. The asset is not amortised as it is considered to have an indefinite life.

	31/3/19	31/3/18
	£	£
Balance at Start of year:		
Gross carrying amount	115,000	100,000
Net carrying amount at start of year	115,000	100,000
Additions	-	-
Revaluation increase	-	15,000
Net carrying amount at end of year	115,000	115,000
Comprising:		
Gross carrying amount	115,000	115,000
Net carrying amount at end of year	115,000	115,000

d) Investment Properties

There were no additions to Investment Properties during the year.

Reclassifications and Transfers includes £220,000 transferred from Operational Buildings during the year.

	31/3/19	31/3/18
	£	£
Rental Income from Investment Activities	165,790	93,968
Net Gain	165,790	93,968

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

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

Investment Properties	31/03/19	31/03/18
	£	£
Balance at 01 April 2018	5,116,201	4,902,050
Additions	-	-
Disposals	-	-
Net gain/(losses) from fair value adjustments	811,100	(30,477)
Reclassifications & Transfers	185,000	249,781
Revaluation decreases to revaluation reserve	-	(5,153)
Balance at 31 March 2019	6,112,301	5,116,201

Details of the Council's Investment Properties and information about the fair value hierarchy as at 31 March 2019 and 2018 are as follows:

2018/19 Recurring fair value measurements using:	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31st March 2019
	£	£	£	£
Office units	-	450,000	-	450,000
Commercial Units	-	5,662,301	-	5,662,301
Total	-	6,112,301	-	6,112,301

2017/18 Recurring fair value measurements using:	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31st March 2019
	£	£	£	£
Office units	-	-	-	-
Commercial Units	-	5,116,201	-	5,116,201
Total	-	5,116,201	-	5,116,201

There were no Transfers between level 1 and 2 during the year and there has been no change in the valuation techniques used during the year for Investment Properties.

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out externally by Land and Property services (LPS), in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors who work closely with Council officers regarding all valuation matters.

Gains or losses arising from changes in the fair value of the investment property are recognised in Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

The net gain for the period included in the Surplus or Deficit on the Provision of Services attributable to a change in unrealised gains relating to those assets held at the end of the reporting period amounted to £811,100 (2017/18 (£35,630)), this was recognised under Financing and Investment Income and Expenditure in the Surplus or Deficit on the Provision of Services

e) Heritage Assets

Local History and Folk Life

The Council's collection of Local History and Folk Life artefacts is reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are updated periodically.

Fine and Decorative Arts

The Council's fine and decorative arts collection is reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are updated periodically. The collection also has particularly significant items in terms of both value and note, including a collection of William Scott and TP Flanagan paintings valued at £909,500 and £118,400 respectively.

The Council holds a small number of other paintings, pictures and prints. These are not recognised on the balance sheet as cost information is not readily available and the Council believes that the benefits of obtaining valuations for these items would not justify the cost. These items are not considered to be material in value.

Art Sculptures

The Council's collection of Art Sculptures is reported in the Balance Sheet at historical cost on the balance sheet and are not depreciated.

f) **Assets Held for Sale**

Assets Held For Sale – Current Year	Current	Total
	£	£
Cost or Valuation		
Balance as at 1 April 2018	55,318	55,318
Transferred from Non-Current Assets during year	224,171	224,171
Derecognition - Disposals	(3,000)	(3,000)
Balance as at 31 March 2019	276,489	276,489

Assets Held for Sale – Comparative Year	Current	Total
	£	£
Cost or Valuation		
Balance as at 1 April 2017	52,318	52,318
Transferred from Non-Current Assets during year	3,000	3,000
Derecognition - Disposals	-	-
Balance as at 31 March 2018	55,318	55,318
Net Book Value		
Balance as at 31 March 2019	276,489	276,489
Balance as at 31 March 2018	55,318	55,318

The Gain on assets classified as held for sale and sold during the year was £7,500 (2017/18 NIL)

g) **Long-Term Assets – Leased Assets**

Long-Term Leased Assets – Current Year

There were no long term leased assets during the 2018/19 financial year.

Long-Term Leased Assets – Comparative year	Vehicles	TOTAL
	£	£
Cost or Valuation		
At 1 April 2017	2,763,348	2,763,348
Derecognition on early redemption of finance agreements	(2,763,348)	(2,763,348)
At 31 March 2018	-	-
Depreciation		
At 1 April 2017	2,229,709	2,229,709
Derecognition on early redemption of finance agreements	(2,229,709)	(2,229,709)
At 31 March 2018	-	-
Net Book Value	-	-

h) Fair Value Hierarchy for Surplus Assets

Details of the Council's surplus assets and information about the fair value hierarchy as at 31 March 2019 and 2018 are as follows:

2018/19 Recurring fair value measurements using:	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2018
	£	£	£	£
Capital sales market comparables	-	364,829	-	364,829
Market rental capitalisation	-	36,000	-	36,000
Total	-	400,829	-	400,829

2017/18 Recurring fair value measurements using:	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2018
	£	£	£	£
Capital sales market comparables	-	317,001	-	317,001
Market rental capitalisation	-	35,000	-	35,000
Total	-	352,001	-	352,001

Transfers between levels of the fair value hierarchy

There were no transfers between Levels 1 and 2 during the year.

The Surplus assets have been valued to Fair Value as per IFRS 13 and equates to being the Market Value of the interest held, defined in the RICS Valuation – Professional Standards at VPS4, paragraph 1.2. The Valuer will have referenced quoted prices for similar assets or liabilities being sold, purchased or leased in active markets, leading to such comparable quoted prices being classified at Level 2 in the fair value hierarchy.

Valuation Techniques

There has been no change in the valuation techniques used during the year for surplus assets.

Gains arising from changes in the fair value of surplus assets are recognised in the revaluation reserve, unless they reverse a previous impairment charged to the Surplus or Deficit on the Provision of Services. Losses arising from changes in the fair value of the surplus assets reduce any revaluation reserve balance relating to that asset and, thereafter, are recognised in Surplus or Deficit on the Provision of Services.

The net gain for the period included in the Surplus or Deficit on the Provision of Services attributable to a change in unrealised gains relating to those assets held at the end of the reporting period amounted to £8,899 (2017/18 £2,500), this was recognised under Operations & Estates in the Surplus or Deficit on the Provision of Services.

Valuation Process for Surplus Assets

The fair value of the council's surplus assets are measured at each year end. All valuations are 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 who work closely with council officers regarding all valuation matters.

12 Capital Expenditure and Capital Financing

The total Capital Expenditure incurred in the year (and comparative year) is shown below – including the value of assets acquired under finance leases and PFI/PPP 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, the expenditure results in an increase in the CFR (Capital Financing Requirement), a measure of the Capital Expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

Capital Expenditure	Notes	2018/19	2017/18
		£	£
Opening Capital Financing Requirement		9,361,994	10,874,999
Capital Investment			
Property, Plant and Equipment	11	5,585,206	3,878,857
Intangible Assets			
Revenue Expenditure Funded from Capital under Statute		-	-
Sources of Finance			
Capital Receipts	26a	(55,855)	(71,480)
Government Grants and Other Contributions	10	(1,174,074)	(1,339,379)
Transfers from Earmarked Reserves	27	(1,726,039)	(1,883,156)
Sums set aside from Revenue:			
Direct Revenue Contributions	4	(807,545)	(716,261)
Minimum Revenue Provision	4	(1,154,386)	(1,381,586)
Closing Capital Financing Requirement		10,029,301	9,361,994
Explanation of Movements in Year		2018/19	2017/18
		£	£
Increase in underlying need to borrow		775,614	(1,381,586)
Increase/(decrease) in Capital Financing Requirement		775,614	(1,381,586)

13 Future Capital Commitments

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

Capital Commitments	Gross Cost	Grant Aid	Net Cost
	£	£	£
Schemes underway	2,279,000	-	2,279,000
Other Commitments	10,285,100	4,305,000	5,980,100
Total	12,564,100	4,305,000	8,259,100

14 Inventories

Inventories	2018/19	2017/18
	£	£
Central Stores	243,951	265,302
Other	162,519	188,742
Total	406,470	454,044

The cost of inventories written down, recognised as an expense and included in 'services' amounted to £11k.

15 Debtors

a) Long-Term Debtors

Long-Term Debtors	2018/19	2017/18
	£	£
Tullyvar Landfill site	219,886	317,273
Finance Lease Debtors	668,413	442,729
Other	30,346	44,016
Total Long-Term Debtors	918,645	804,018

b) Debtors – Short-Term Debtors

Short-Term Debtors	2018/19	2017/18
	£	£
Government Departments	1,654,465	1,298,831
Other Councils	-	757
Other Debtor - Tullyvar	262,911	749,439
Revenue Grants	982,326	356,898
Capital Grants	6,428,454	5,507,877
Interest Receivable	34,374	-
Value Added Tax	631,560	459,815
Prepayments	221,588	153,791
Finance Lease Debtors	37,856	23,730
Other	753,478	1,345,767
Trade Receivables	830,692	1,063,549
Impairment Loss - Trade Receivables	(457,485)	(429,505)
Total Short-Term Debtors	11,380,219	10,530,949
Total Debtors	12,298,864	11,334,968

The increase in debtors relates to the timing of various government and capital grants and the recognition of a £0.5m capital grant.

Debts amounting to £17.5k were written off in the 2018/19 year. (2017/18 £223k)

16 Investments

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

17 Borrowings

a) Short-Term Borrowing

Short-Term-Borrowing	2018/19	2017/18
	£	£
Loans re-payable within one year	1,043,658	1,017,463
Total Short-Term Borrowing	1,043,658	1,017,463

b) Long-Term Borrowing

Long-Term Borrowing	2018/19	2017/18
	£	£
Between 1 and 2 years	902,862	1,043,658
Between 2 and 5 years	2,031,849	2,312,442
Between 5 and 10 years	2,376,481	2,778,861
In more than 10 years	861,020	1,080,909
Total - Government Loans Fund	6,172,212	7,215,870
Total Borrowing	7,215,870	8,233,333

18 Creditors

a) Short-Term Creditors

Short-Term Creditors	2018/19	2017/18
	£	£
Government Departments	651,449	199,318
Other Councils	692,228	644,019
Other Creditor - Tullyvar	67,067	512,835
Remuneration due to Employees	98,305	255,926
Accumulated Absences	816,425	693,529
Loan Interest Payable	64,878	73,900
Capital Creditors	771,871	900,535
Receipts in Advance	741,598	651,599
Trade Creditors	2,129,420	3,019,650
Total Short-Term Creditors	6,033,241	6,951,311
Total Creditors	6,033,241	6,951,311

The short-term creditor balance includes £604k (2017/18 £616k) of amounts due to other Councils as the distribution of income regarding the Regional Property Certificate Unit.

b) Payment of Invoices

The Council has a target, where no other terms are agreed, of paying supplier invoices within 30 calendar days. During the 2018/19 year the Council paid 20,585 invoices totalling £30.5m (2017/18 18,302 invoices totalling £22.6m). The number of disputed invoices was 891.

The Council paid:

- 19,401 (94%) invoices within 30 calendar days target (2017/18 15,935 (87%) invoices)
- 16,506 (80%) invoices within 10 working days target (2017/18 10,692 (58%) invoices) and
- 1,184 invoices outside of the 30-day target (2017/18 2,367 invoices).

The average number of days taken to pay suppliers during the year was 13 days (2017/18 18 days).

19 Provisions

	Balance as at 1 April 2018	Increase in provision during year	Utilised during year	Other Movements	Interest cost and/or discount rate changes	Balance as at 31 March 2019
	£	£	£	£	£	£
Landfill Closure - Mullaghmore	120,000	-	-	-	-	120,000
Landfill Closure - Drummee	3,080,054	263,196	-	(3,759)	93,959	3,433,450
Landfill Closure - Glassmullagh	1,732,547	10,700	(29,077)	(10,970)	60,730	1,763,930
Redundancy	82,877	-	(82,877)	-	-	-
Landfill Closure - Tullyvar	1,062,421	(378,835)	(42,011)	-	14,958	656,533
Total	6,077,899	(104,939)	(153,965)	(14,729)	169,647	5,973,913
Current Provisions	122,877	104,126	(82,877)	(40,000)	-	104,126
Long-Term Provisions	5,955,022	(209,065)	(71,088)	25,271	169,647	5,869,787
Total	6,077,899	(104,939)	(153,965)	(14,729)	169,647	5,973,913

	Balance as at 1 April 2017	Increase in provision during year	Utilised during year	Other Movements	Interest cost and/or discount rate changes	Balance as at 31 March 2018
	£	£	£	£	£	£
Landfill Closure - Mullaghmore	120,000	-	-	-	-	120,000
Landfill Closure - Drummee	2,251,725	185,642	-	(6,437)	649,124	3,080,054
Landfill Closure - Glassmullagh	1,416,489	19,821	(16,505)	(31,568)	344,310	1,732,547
Redundancy	91,937	82,877	(91,937)	-	-	82,877
Landfill Closure - Tullyvar	690,937	207,202	(85,408)	249,690	-	1,062,421
Total	4,571,088	495,542	(193,850)	211,685	993,434	6,077,899
Current Provisions	131,937	82,877	(91,937)	-	-	122,877
Long-Term Provisions	4,439,151	412,665	(101,913)	211,685	993,434	5,955,022
Total	4,571,088	495,542	(193,850)	211,685	993,434	6,077,899

Landfill Closure - Mullaghmore

Ongoing costs have been incurred in dealing with the discharge of one of the Council's closed landfill sites. These costs are deemed substantial. A proposal was prepared whereby the water going onto the site from adjoining properties will be diverted into a storm drain. Discussions are ongoing with the landowner's agents in relation to the site. A provision was established to finance costs which are expected to arise over the next three years and this is reviewed at each year end. There was no change to this position at 31 March 2019.

Landfill Closure - Drummee

The Council has an operational landfill site at Drummee. At 31 March 2019, the Council has an obligation for the closure of the site and the subsequent aftercare costs. In line with recommended accounting practice and the Code, the gas income due for Drummee is included in Other Debtors (Note 15). This adjustment is reflected in Other Movements. In 2017/18, the Council followed circular (LG 17/18) advising of amendment to accounts direction 2017/18 to reflect financial arrangements for discounting landfill provisions. The Council applied at 31 March 2018 discount rates which exclude inflation and have applied these rates (updated in 2018/19) which were provided by the Council's Treasury Advisors, to the cash flows included in the calculation of the landfill provision. The impact of this change in rate is charged to the Comprehensive Income and Expenditure Account and is reversed out of the Comprehensive Income and Expenditure Account and charged to the Council's Provisions Discount Rate Reserve (Note 27h) to mitigate the impact of the change in interest rates on the General Fund. The Northern Ireland Environment Agency (NIEA) has approved the provision calculations as at 31 March 2014. The calculations as at 31 March 2019 have been assessed and agreed with a qualified civil engineer (who is the Director of Environment and Place).

Landfill Closure - Glassmullagh

The Council has a landfill site at Glassmullagh that has ceased operations. At 31 March 2019, the Council has an obligation for the aftercare costs of the site. In line with recommended accounting practice and the Code, the gas income due for Glassmullagh is included in Other Debtors (Note 15). This adjustment is reflected in other movements. In 2017/18, the Council followed circular (LG 17/18) advising of amendment to accounts direction 2017/18 to reflect financial arrangements for discounting landfill provisions. The Council applied at 31 March 2018 discount rates which exclude inflation and have applied these rates (updated in 2018/19) which were provided by the Council's Treasury Advisors, to the cash flows included in the calculation of the landfill provision. The impact of this change in rate is charged to the Comprehensive Income and Expenditure Account and is reversed out of the Comprehensive Income and Expenditure Account and charged to the Council's Provisions Discount Rate Reserve (Note 27h) to mitigate the impact of the change in interest rates on the General Fund. The Northern Ireland Environment Agency (NIEA) has approved the provision calculations as at 31 March 2014. The calculations as at 31 March 2019 have been assessed and agreed with a qualified civil engineer (who is the Director of Environment and Place).

Landfill Closure – Tullyvar

Refer to Note 29 - Investment in Joint Operations.

Redundancy

This provision is required to meet the anticipated costs of the early release of staff.

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

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

Trade debtors (exclusive of Tullyvar Waste Disposal Site), inclusive of VAT, can be analysed by age as follows:

Trade debtors, inclusive of VAT, can be analysed by age as follows:	
	£
Less than three months	579,000
Three to six months	16,810
Six months to one year	87,926
More than one year	107,108
	790,844

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 Note 17. 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. The Council is in receipt of loans from the Department of Finance; however these loans are at fixed concessionary interest rates that differ from the prevailing market rates.

Foreign Exchange Risk

The Council has a bank account denominated in Euro but the Council's material exposure to loss arising from movements in exchange rates is not deemed material.

Fair Value of Soft Loans and Government Loans

The Council is in receipt of loans from the Department of Finance at concessionary interest rates that differ from the prevailing market rates. The fair value of these loans is £8,956,486 broken down as follows:

Fair Value	
	£
Government Loans	8,956,486
Total	8,956,486

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

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

Financial Liabilities	Balance as at 31 March 2019		Balance as at 31 March 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£	£	£	£
Financial liabilities held at amortised cost	9,247,493	8,956,486	10,716,062	10,194,584
Total	9,247,493	8,956,486	10,716,062	10,194,584

The fair value of borrowings is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at

the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2019) arising from a commitment to pay interest to lenders below current market rates.

Financial Assets	Balance as at 31 March 2019		Balance as at 31 March 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Values
	£	£	£	£
Long-term debtors (Note 15)	698,759	698,759	486,745	486,745
Loan to other Local Authority (Note 25b)	1,500,000	1,500,000	-	-
Total	2,198,759	2,198,759	486,745	486,745

The fair value of the financial assets is a close approximation to the carrying amount. Short-term debtors and creditors are not disclosed above and are carried at cost as this is a fair approximation of their value.

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

Recurring Fair Value Measurements using:	Balance as at 31 March 2019			Balance as at 31 March 2018		
	Quoted prices in active markets for identical assets/liabilities (level 1)	Other significant observable inputs (Level 2)	Total	Quoted prices in active markets for identical assets/liabilities (level 1)	Other significant observable inputs (Level 2)	Total
	£	£	£	£	£	£
Financial Liabilities						
Financial Liabilities held at amortised cost:						
Loans/ borrowings	-	8,956,486	8,956,486	-	10,194,584	10,194,584
Total	-	8,956,486	8,956,486	-	10,194,584	10,194,584
Financial Assets						
Loans and Receivables	-	5,450,531	5,450,531	-	486,745	486,745
Total	-	5,450,531	5,450,531	-	486,745	486,745

The fair value for financial liabilities and financial assets that are not measured at fair value included in levels 2 and 3 in the table above have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate. The fair value for liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions.

Financial Assets	Financial Liabilities
No early repayment or impairment is recognised	No early repayment is recognised
Estimated ranges of interest rates at 31 March 2019 are based on appropriate rates provided to the Council.	Estimated ranges of interest rates at 31 March 2019 of 1.15% to 2.95% for loans payable based on new lending rates for equivalent loans at that date.
The fair value of trade and other receivables is taken to be the invoiced or billed amount.	

21 Retirement Benefits

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

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

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

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

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

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

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

	Note	2018/19	2017/18
		£	£
Net cost of services:			
Current service cost	21c	6,225,000	5,559,000
Past service cost	21c	3,328,000	5,000
Net Interest on net defined benefit liability	21c	672,000	600,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services		10,225,000	6,164,000
Movement in Reserves Statement:			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(10,225,000)	(6,164,000)
Employers' contributions payable to scheme	21c	3,604,333	3,119,508
Net adjustment to General Fund		(6,620,667)	(3,044,492)

The service cost figures include an allowance for administration expenses of £75k. (2017/18 £69k.)

Remeasurements recognised in Other Comprehensive Income and Expenditure	2018/19	2017/18
	£	£
Liability gains/(losses) due to change in assumptions	(9,464,000)	(2,787,000)
Liability gains/(losses) due to due to demographic changes	6,680,000	-
Liability experience gains/(losses) arising in the year	(168,000)	(524,000)
Actuarial gains/(losses) on plan assets	5,695,000	3,108,000
Total gains/(losses) recognised in Other Comprehensive Income and Expenditure	2,743,000	(203,000)

c) Assets and Liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:	2018/19	2017/18
	£	£
Balance as at 1 April	153,292,000	142,717,000
Current service cost	6,225,000	5,559,000
Interest cost	3,952,000	3,677,000
Contributions by members	1,179,000	1,083,000
Remeasurement (gains) and losses:		
- Actuarial gains/losses arising from changes in financial assumptions	9,464,000	2,787,000
- Actuarial gains/losses arising from demographic changes	(6,680,000)	-
- Actuarial gains/losses arising on liabilities from experience	168,000	524,000
Past service cost	3,328,000	5,000
Estimated benefits paid	(3,158,000)	(3,060,000)
Balance as at 31 March 2019	167,770,000	153,292,000

Reconciliation of present value of the scheme assets:	2018/19	2017/18
	£	£
Balance as at 1 April	125,189,000	117,603,000
Interest Income	3,280,000	3,077,000
Contributions by members	1,179,000	1,083,000
Contributions by employer	3,587,931	3,103,572
Contributions in respect of unfunded benefits	16,401	15,936
Remeasurement gain/(loss)	5,695,000	3,108,000
Assets distributed on settlements	233,668	258,492
Benefits paid	(3,158,000)	(3,060,000)
Balance as at 31 March 2019	136,023,000	125,189,000

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

The actual return on scheme assets in the year was a gain of £8.975m (2017/18 gain of £6.185m)

Fair Value of Plan Assets	2018/19	2017/18
	£	£
Equity investments	80,933,685	89,384,946
Bonds	31,965,405	15,523,436
Property	15,234,576	12,518,900
Cash	3,672,621	5,633,505
Other	4,216,713	2,128,213
Total	136,023,000	125,189,000

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

The amounts included in the fair value of plan assets for property occupied by the Council was £0.

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

	2018/19	2017/18
	£	£
Fair Value of Employer Assets	136,023,000	125,189,000
Present value of funded defined benefit obligation	(167,435,000)	(152,950,000)
Pension liability of Funded Scheme	(31,412,000)	(27,761,000)
Present Value of unfunded defined benefit obligation	(335,000)	(342,000)
Net liability arising from the defined benefit obligation	(31,747,000)	(28,103,000)
Amount in the Balance sheet:		
Liabilities	(167,770,000)	(153,292,000)
Assets	136,023,000	125,189,000
Net Liability	(31,747,000)	(28,103,000)

d) Scheme History

Analysis of scheme assets and liabilities	2018/19	2017/18
	£	£
Fair Value of Assets in pension scheme	136,023,000	125,189,000
Present Value of defined benefit obligation	(167,770,000)	(153,292,000)
Deficit in the Scheme	(31,747,000)	(28,103,000)

Amount recognised in Other Comprehensive Income and Expenditure:	2018/19	2017/18
	£	£
Actuarial gains/(losses)	2,743,000	(203,000)
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	233,668	258,492
Remeasurements recognised in Other Comprehensive Income and Expenditure	2,976,668	55,492
Cumulative actuarial gains and losses	(2,172,811)	(5,149,479)
History of experience gains and losses:		
Experience gains/(losses) on assets	5,695,000	3,108,000
Experience gains/(losses) on liabilities	(168,000)	(524,000)

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £31.7m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet and is matched by a corresponding unusable reserve of (£31.7m.)

However, statutory arrangements for funding the deficit means 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 2020	2019/20	2018/19
	£	£
Projected current cost	6,625,000	5,924,000
Net Interest on the net defined benefit liability	624,000	675,000
	7,249,000	6,599,000

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the council in the year to 31 March 2020 is £4.158m.

History of experience gains and losses

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

	2018/19	2017/18
	%	%
Experience gains and (losses) on Assets	4.19%	2.48%
Experience gains and (losses) on Liabilities	0.10%	0.34%

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 2019.

Long-term expected rate of return on assets in the scheme:	2018/19	2017/18
	%	%
Equity investments	59.5%	71.4%
Bonds	23.5%	12.4%
Property	11.2%	10.0%
Cash	2.7%	4.5%
Other	3.1%	1.7%
Mortality assumptions:		
Longevity at 65 current pensioners:	Years	Years
Men	22.6	23.3
Women	24.9	25.9
Longevity at 65 for future pensioners:		
Men	24.3	25.5
Women	26.7	28.2
Inflation/Pension Increase Rate	2.20%	2.10%
Salary Increase Rate	3.70%	3.60%
Discount Rate	2.40%	2.60%
Pension accounts revaluation rate	2.20%	2.10%
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2009	75%	75%
Service post April 2009	75%	75%

Pension Assumptions Sensitivity Analysis

The pension figures disclosed in these Statement of Accounts are sensitive to the assumptions used.

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

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

Funded Assumptions Scheme Benefits

Discount Rate Assumption	2018/19	2017/18
Adjustment to discount rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation	164,170,000	170,764,000
% change in the present value of the total obligation	-1.90%	-1.90%
Projected service cost	6,436,000	5,753,000
Approximate % change in projected service cost	-2.90%	-2.90%
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	168,461,000	166,420,000
% change in the present value of the total obligation	0.60%	0.60%
Projected service cost	6,625,000	5,924,000
Approximate % change in projected service cost	0.00%	0.00%
Rate of Increase to Pensions in Payment and Deferred Pension Assumption		
Adjustment to pension increase rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation	169,728,000	165,175,000
% change in the present value of the total obligation	1.40%	1.40%
Projected service cost	6,819,000	6,099,000
Approximate % change in projected service cost	2.90%	3.00%
Post Retirement Mortality Assumption		
Adjustment to mortality age rating assumption*	- 1 Year	+1 Year
Present value of the total obligation	172,772,000	162,145,000
% change in the present value of the total obligation	3.20%	3.00%
Projected service cost	6,876,000	6,133,000
Approximate % change in projected service cost	3.8%	3.50%

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

	2018/19	2017/18
	%	%
Equity investments	59.50%	71.40%
Government Bonds	16.50%	5.20%
Corporate Bonds	7.00%	7.20%
Property	11.20%	10.00%
Cash	2.70%	4.50%
Other	3.10%	1.70%
Total	100.00%	100.00%

g) Northern Ireland Civil Service Pension Arrangements

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes, but the Council is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31/03/2015. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Resource Accounts as at 31 March 2019.

Allowance for the McCloud Judgement and GMP Indexation / Equalisation

Retirement Benefits Note 21 includes an estimated allowance for additional liabilities that are now probable arising from the McCloud Judgement and GMP Indexation and Equalisation cases outlined below.

The additional liability is shown as a Past Service Cost over the accounting period based on an effective date of 31 March 2019.

McCloud judgement in respect of pensions reform

In December 2018 the Court of Appeal ruled in the 'McCloud/Sargeant' judgement that the transitional protection arrangements put in place when the Firefighters' and Judges' pension schemes were reformed were age discriminatory. The Government applied to the Supreme Court for permission to appeal this judgement, however the Supreme Court rejected the request on 27/06/19. The next stage is for the case to be referred to the Employment Tribunal to agree the remedy, following appropriate consultation.

While the judgement was not in relation to members with Local Government Pension Scheme (NI) benefits it would be reasonable to assume that the Government will now seek remedy for all public sector schemes, including Local Government Pension Scheme (NI).

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

GMP Indexation and Equalisation

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

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

On 26 October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs is required.

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

22 Donated Assets Accounts

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

23 Capital Grants Received in Advance

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

24 Contingencies

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

present obligation that arises from past events but is not recognised because:

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

Following review of operational and ongoing legal matters, the following matter has been identified as being a possible obligation that may arise but is not presently recognised as a liability.

Legal matters

The Council is continuing to review the legal position in relation to ongoing land issues, including closed graveyards and rights of way. A liability is not included within the Statement of Accounts as the amount of the obligation, if any, cannot be measured with sufficient reliability and there is no clear opinion on whether any liability will arise.

The Council is also currently reviewing its legal position regarding a potential emerging issue in relation to a land matter. A liability is not included within the Statement of Accounts as the amount of the obligation, if any, cannot be measured with sufficient reliability.

25 Other Cash Flow Disclosures

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

Adjustment to surplus or deficit on the provision of services for noncash movements	Notes	2018/19	2017/18
		£	£
Depreciation	11	5,966,023	5,433,937
Impairment & downward revaluations (& non-sale derecognitions)	11	(703,148)	1,255,681
(Increase)/Decrease in Stock		47,574	54,170
(Increase)/Decrease in Debtors		(37,956)	37,555
Increase/(Decrease) in impairment provision for bad debts		27,980	38,422
Increase/(Decrease) in Creditors		(780,384)	7,961
Increase/(Decrease) in Interest Creditors		(34,374)	-
Payments to NILGOSC	4, 21	6,620,667	3,044,492
Carrying amount of non-current assets sold	11	33,000	-
Contributions to Other Reserves/Provisions		145,050	1,493,964
		11,284,432	11,366,182

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	Notes	2018/19	2017/18
		£	£
Proceeds from the sale of PP&E, investment property and intangible assets	8a	(40,500)	-
Capital grants included in "Taxation & non-specific grant income"	10e	(1,564,301)	(5,402,079)
		(1,604,801)	(5,402,079)

b) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in bank and short-term deposits and investments (considered to be cash equivalents), net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the Balance Sheet as follows:

	2018/19	2017/18	2016/17
	£	£	£
Cash and Bank Balances	386,192	-	1,279,142
Short-Term Deposits (considered to be cash equivalents)	16,449,730	18,866,150	15,802,986
Short-Term investments (considered to be cash equivalents – Loans to other Local Authorities)	1,500,000	-	-
Short-Term Investments (considered to be cash equivalents – Tullyvar cash balances)	820,351	849,845	922,666
	19,156,273	19,715,995	18,004,794
Bank Overdraft	(947,856)	(182,527)	(175)
	18,208,417	19,533,468	18,004,619

c) Cash Flows from Operating Activities

	2018/19	2017/18
	£	£
The cash flows from operating activities include:		
Interest received	130,956	32,879
Interest paid	442,082	606,756

d) Cash Flows from Investing Activities

	2018/19	2017/18
	£	£
Purchase of PP&E, investment property and intangible assets	5,713,870	3,420,972
Proceeds from the sale of PP&E, investment property and intangible assets	(40,500)	-
Capital Grants and Contributions Received	(639,674)	(1,705,327)
Net Cash Flows from Investing Activities	5,033,696	1,715,645

e) Cash Flows from Financing Activities

	2018/19	2017/18
	£	£
Cash Receipts from Short and Long-Term Borrowing	-	(351,505)
Repayment of Short and Long-Term Borrowing	(1,017,463)	(2,061,968)
Other receipts from Financing Activities	(239,810)	-
Net Cash Flows from Investing Activities	(1,257,273)	(2,413,473)

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 the Council's capital financing requirement (or used for purposes permitted by statute).

Capital Receipts Reserve	Notes	2018/19	2017/18
		£	£
At 1 April 2018		134,055	205,535
Movement			
Disposal of Non-Current Assets/ Capital Sales	11	40,500	-
Capital Receipts used to finance capital expenditure	12	(55,855)	(71,480)
At 31 March 2019		118,700	134,055

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	2018/19	2017/18
		£	£
At 1 April 2018		5,229,062	1,166,362
Movement			
Unapplied Capital Grants received in year	10d	691,393	5,075,061
Unapplied Capital Grants transferred to CAA in year		(301,166)	(1,012,361)
Unapplied Capital Grants adjustment transferred to CAA in year		(108,244)	-
At 31 March 2019		5,511,045	5,229,062

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.

Capital Grants	Notes	2018/19	2017/18
		£	£
At 1 April 2018		2,859,608	3,071,071
Transfers between statutory & other reserves & the General Fund		1,125,588	305,890
Transfers between Capital Fund & CAA to finance Capital Expenditure		(294,942)	(517,353)
At 31 March 2019		3,690,254	2,859,608

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.

Renewal and Repairs Fund		2018/19	2017/18
		£	£
At 1 April 2018		3,825,717	3,443,334
Transfers between statutory & other reserves & the General Fund		754,870	741,597
Transfers between Renewal & Repair Fund & CAA to finance Capital Expenditure		(489,009)	(359,214)
At 31 March 2019		4,091,578	3,825,717

e) Other Balances & Reserves

Other Balances & Reserves	Notes	2018/19	2017/18
		£	£
At 1 April 2018		5,204,645	4,642,606
Transfers between statutory & other reserves & the General Fund	4b	1,312,556	1,568,628
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure		(942,088)	(1,006,589)
At 31 March 2019		5,575,113	5,204,645

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	2018/19	2017/18
		£	£
At 1 April 2018		3,193,344	3,070,216
Applied Capital Grants	10c	(872,908)	(327,018)
Unapplied Capital Grants received in year	10d	(691,393)	(5,075,061)
Direct Revenue Financing	4,12	(807,545)	(716,261)
Depreciation and Impairment adjustment	4	5,262,875	6,689,618
Statutory Provision for financing Capital Investment	4	(1,154,386)	(1,381,586)
Net Revenue expenditure funded from capital under statute	4,12	-	-
Surplus/(Deficit) on the Provision of Services	CIES	(4,713,713)	(306,136)
Transfers between Statutory and Other Reserves and the General Fund	4b	(3,193,014)	(2,616,115)
Net movements on Pension Reserve	21b	6,620,668	3,044,492
Disposal of Fixed Assets/Capital Sales	4	(7,500)	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	4	122,896	(68,962)
Other Movements		(257,656)	880,157
At 31 March 2019		3,501,668	3,193,344

27 Unusable Reserves

a) Capital Adjustment Account

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

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

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

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

Capital Adjustment Account	Notes	2018/19	2017/18
		£	£
At 1 April 2018		86,616,254	87,903,116
Applied Capital Grants	10	872,908	327,018
Unapplied Capital Grants transferred to CAA in year	26b	301,166	1,012,361
Direct Revenue Financing	4,12	807,545	716,261
Depreciation & Impairment adjustment	4,11	(5,262,875)	(6,689,618)
Statutory Provision for financing Capital Investment	4,12	1,154,386	1,381,586
Net Revenue expenditure funded from Capital under statute	4,12	-	-
Disposal of Fixed Assets/ Capital Sales	4,11	(33,000)	-
Capital Receipts used to finance capital expenditure	12	55,855	71,480
Other Movements		(301,383)	10,894
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure	12	1,726,039	1,883,156
At 31 March 2019		85,936,895	86,616,254

b) Financial Instruments Adjustment Account

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	2018/19	2017/18
		£	£
At 1 April 2018		37,485,074	24,328,973
Revaluation & Impairment	11,4	4,058,111	13,166,995
Other Movements – Adjustments during the year	4	(1,607,340)	-
Other Movements		409,627	(10,894)
At 31 March 2019		40,345,472	37,485,074

d) Available for Sale Financial Instruments Reserve

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

e) Pension Reserve

Pension Reserve	Notes	2018/19	2017/18
		£	£
At 1 April 2018		(28,103,000)	(25,114,000)
Net Movements on Pension Reserve	3, 21b	(6,620,668)	(3,044,492)
Revaluation & Impairment	21d	2,976,668	55,492
At 31 March 2019		(31,747,000)	(28,103,000)

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

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

f) Deferred Capital Receipts Account

The Deferred Capital Receipts Account records capital advances receivable where an amount equal to the advance is included as a deferred capital receipt. These amounts are written down each year by the amount of capital debt repaid to the Council in that year. Other movements relates to an adjustment to the finance lease of a long term debtor.

Capital Receipts Deferred Account	Notes	2018/19	2017/18
		£	£
At 1 April 2018		466,459	491,461
Other Movements	4	239,810	(25,002)
At 31 March 2019		706,269	466,459

g) Accumulated Absences Account

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

Accumulated Absences Account	Notes	2018/19	2017/18
		£	£
At 1 April 2018		(693,529)	(762,491)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	4	(122,896)	68,962
At 31 March 2019		(816,425)	(693,529)

h) Provision Discount Rate Reserve

The Provision Discount Rate Reserve includes impact of the change in the current value of the long-term provisions for landfill costs as a result of a change in the valuation of the provision due to the change of use of interest rates in 2017/18 to rates excluding inflation. The impact of the change in interest rates in 2017/18 was £993k which was charged to the General Fund but which is mitigated by a charge to this reserve in line with DfC circular LG 17/18. In 2018/19, a charge of £18k has been made to the General Fund in respect of the unwinding of this Reserve over the remaining period of the associated landfill provision.

Provision Discount Rate Reserve	Notes	2018/19	2017/18
		£	£
At 1 April 2018		(1,015,318)	74,731
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	4	17,846	(855,155)
Provisions Discount Rate Reserve - Tullyvar		8,100	(234,894)
At 31 March 2019		(989,372)	(1,015,318)

28 Agency Services

Fermanagh and Omagh District Council provides a Regional Property Certificate service on behalf of all 11 Councils following the transfer of this service to the Council from the Department for Communities (previously Department of the Environment) on 1 April 2015. A Transferred Function Grant of £369k was received from DfC for running costs in 2018/2019. The cost of providing this service in 2018/19 was £351k. Income received during the year on behalf of the 11 Councils amounted to £1,395k. Amounts due to other Councils at 31 March 2019 in respect of the Regional Property Certificates is £630k and is included within Note 18. Transactions relating to this service are not included within the Statement of Accounts.

Fermanagh and Omagh District Council is the billing authority for Enniskillen BID Ltd and is responsible for collecting the BID Levy following the introduction on 1 April 2017. The cost of providing this service in 2018/19 was £2k which was fully recouped from the Enniskillen BID Ltd. Invoices raised during the year on behalf of Enniskillen BID Ltd amounted to £210k. Transactions relating to this service are not included within the Statement of Accounts.

29 Joint Arrangements

Tullyvar Joint Committee is the body responsible for a waste disposal site jointly owned and managed by Mid Ulster District Council and Fermanagh and Omagh District Council.

The financial provision for landfill capping and aftercare costs was reviewed in the year and discounted in accordance with IAS 37, this resulted in a total discounted provision of £1,313k (2017/18 £3,325k). Also, in accordance with IAS 37, the provision is based on the percentage utilisation of the site which has been changed from 63.9% in the previous year to 100% currently and calculated to be £1,313k (2017/18 £2,125k). This is to bring the assumptions into line with the current management position that the site is to be "mothballed" for a number of years with the potential for re-opening to fill cell 4 should the need arise. A review undertaken by WDR & RT Taggart resulted in a reduction in the number of years the site is predicted to require aftercare. The previous review in 2014 was based on an aftercare period of 60 years which was the standard at the time and the period recommended by the Northern Ireland Environment Agency (NIEA). The most recent modelling has estimated a revised aftercare period of 19 years for Tullyvar. NIEA have reviewed Tullyvar's financial provision for landfill capping and aftercare costs in line with its paper "Financial Provision for waste management activities in NI" and have confirmed they are comfortable with the current provision.

Golder Associates previously reviewed the site gas generation potential and modelled the income projection. Their model has been reviewed by management to reflect more recent actual gas generation and income figures. The future projected discounted gas income is £640k over the next 8 years (2017/18: £894k)

The value of Fermanagh and Omagh District Council's investment in Tullyvar is £2,394k (2017/18: £2,233k) which represents half of Tullyvar's net assets employed and is broken down as follows:

	2018/19	2017/18
	£	£
Long-term assets	2,034,404	2,208,655
Current assets	1,083,261	1,599,283
Current liabilities	(67,067)	(512,835)
Long-term liabilities	(656,535)	(1,062,422)
Net Assets	2,394,064	2,232,681

The movement in Fermanagh and Omagh District Council's investment in Tullyvar is an increase of £161k (2017/18 decrease of £622k) is broken down as follows:

	2018/19	2017/18
	£	£
Sales	72,668	300,866
Gas income	(11,159)	(17,873)
Other	238	1,110
Total Income	61,747	284,103
Administration costs	111,693	130,325
Operating costs	(171,784)	514,414
Total costs	(60,091)	644,739
Net Income/Expenditure	(121,838)	360,636
Revaluation reserve movement	(31,444)	26,303
Provisions Discount Rate Reserve	(8,100)	234,894
Net Movement	(161,382)	621,833

30 Related Party Transactions

A Related Party Transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related Party 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 28) these are not deemed to be Related Party Transactions.

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

- Fermanagh and Omagh District Council appointed Councillors to the boards and committees of 75 various bodies ranging from local groups such as Fermanagh Enterprise Limited and Omagh Independent Advice Services to national groups such as Northern Ireland Amenity Council and the Northern Ireland Local Government Association. During the year the Council had financial transactions with 22 of these bodies.
- Councillors have direct control over the Council's financial and operating policies. In the 2018/19 financial year the Council received £107k for services provided, and commissioned £986k of works and services from companies in which Councillors have an interest. The Council entered into these contracts in full compliance with the Council's standing orders and codes of conduct. Included in this sum are the transactions with Tullyvar Waste Disposal Site.
- Tullyvar Waste Disposal Site is jointly owned by Fermanagh and Omagh District Council and Mid Ulster District Council. During the year Fermanagh and Omagh District Council paid £224k in disposal charges and landfill tax and contributions to environmental bodies.
- In addition, Fermanagh and Omagh District Council paid the Education Authority (Western Region) £14k for catering, bus hire, printing, training and a refund of rental income. The Education Authority (Western Region), in turn, paid Fermanagh and Omagh District Council £98k for rent, commercial and trade waste charges and hire of the leisure centre facilities.
- Fermanagh and Omagh District Council also paid NILGOSC (Northern Ireland Local Government Officers Superannuation Committee) a total of £3,877k whereby a Director held a public appointment as a member of the Management Committee.
- The Council also paid grants of £892k 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.
- Included in grants is £70k paid to Fintona Regeneration Initiative during 2018/19 from which Fermanagh and Omagh District Council deducted £9k as repayment of a loan.
- During 2018/19, Fermanagh and Omagh District Council had actual expenditure of £1,730k to other Councils with a further £692k (note 18a) outstanding at 31 March 2019. The Council received £245k from other Councils with no outstanding balances at 31 March 2019 (note 15b). These amounts relate mainly to services provided.

Fermanagh and Omagh District Council

Accounts Authorised for the Issue Certificate

31 Events after the Reporting Period

There were no additional events occurring after 31 March 2019 which require adjustment to the Council's Statement of Accounts or additional disclosures.

Date of authorisation for issue

The Chief Financial Officer authorised the Statement of Accounts for issue on 24th September 2019.