



Financial Statements

For the year ended
31 March 2021

This document will be made available in a range of alternative formats on request. Please contact Stuart Waring on stuart.waring@ardsandnorthdown.gov.uk or 0300 013 3333 extension 40606.

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Narrative Report

Introduction

These financial statements explain Ards and North Down Borough Council's finances during the financial year 2020/21 and its financial position at the end of that year. The Council's financial performance for the year ended 31 March 2021 is as set out in the Movement of Reserves Statement (pages 50-51), the Comprehensive Income and Expenditure Statement (pages 52-53) and its financial position is as set out in the Balance Sheet (page 54) and Cash Flow Statement (page 55).

The financial statements follow approved accounting standards and are necessarily technical in parts. It is the purpose of this narrative report to explain, in an easily understandable way, the financial facts in relation to the Council in addition to its main objectives, strategies and the principal risks it faces.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom for the year ended 31 March 2021 (the Code) and the Department for Communities Accounts Direction, Circular LG 08/2021 dated 11 March 2021 and are the 'statement of accounts' the Council is required to prepare under Regulation 7 of the Local Government (Accounts and Audit) Regulations 2015.

Organisation Overview

The Council operates a traditional model of decision making for councils, organised around its corporate plan themes:



The Council delivers a broad range of services covering among others: community development, leisure and amenities, waste collection and disposal, economic development and tourism, environmental health, building control, planning and off-street car parking.

When formed six years ago, the Council has adopted an ambitious vision that Ards and North Down is a vibrant, healthy, safe and prosperous place to be.

The Council has set its objectives out in the context of its Corporate Plan Towards 2024. Service Plans are produced and published on an annual basis, detailing how the Council intends to meet



these objectives. Key improvement activities are also published annually in the Council's Performance Improvement Plan (PIP), however in light of the COVID-19 pandemic the legislative requirement to publish such a plan was set aside by the Department for Communities in the 2020/21 year.

The objectives are:

- **P**ROSPERITY – Growing our economy
- **E**NVIRONMENT – Growing a cleaner, greener local and global environment
- **O**PPORTUNITY – Growing the lifelong potential of our community
- **P**RIDE – Growing our economy
- **L**IFE– Growing the health and wellbeing of our residents
- **E**XCELLENCE– Growing a high-performing Council

The Council operates in the context of the Big Plan 2017-2032, which is the Community Plan for the Borough (see below). At its heart is an integrated approach to strategic development, not only for the Council but for everyone in the Borough who has an interest in making Ards and North Down a better place to live, work, visit and invest. The Council's Corporate Plan, that sits below the Community Plan, is supported by key strategies including the Integrated Strategy for Tourism, Regeneration and Economic Development and the Integrated Strategy for Arts and Heritage. Internally the Council is working to promote an agenda of transformation to enhance and improve internal processes, as well as delivering, better engagement with, and services for, the communities we serve.

The Council is developing its culture around the values of



- **Progressive** – We will be proactive, ambitious, innovative, forward thinking and outward looking.
- **Respect** – We will treat everyone in a fair and equitable manner, respecting diversity and each other's roles.
- **Integrity** – We will always be open, honest, transparent, trustworthy and accountable in our business relationships.
- **Delivery** – We will ensure a “can do” attitude, being passionate about achieving results, performance driven, and outcome focussed.

- **Excellence** – We will strive to deliver continuously improving and excellent quality services whilst ensuring value for money.

Governance

The governance arrangements of the Council are set out in the Governance Statement (pages 15 - 36) and there have been no significant changes in approach in the course of the year, with the exception of the necessity to move to remote working where possible for staff and Council meetings.

Operational Model



The Council published its first community plan, the Big Plan for Ards and North Down, in March 2017. This provides a commitment from all partners who are members of the Strategic Community Planning Partnership on the five outcomes they will collectively work towards achieving for the people of Ards and North Down. In accordance with Community Planning Guidance, the first Statement of Progress was published in November 2019. This initiated a review of the existing implementation methodology and the agreement of a refined list of ten community planning collaborative priorities.

The Big Plan provides an overarching context for the Council's Corporate Plan. Activities to progress the outcomes and priorities resulting from the Big Plan and Corporate Plan are set out the Council's annual Service Plans for each of its 17 Services. Service budgets are aligned to the annual Plans.

The period covered by this report was dominated by the COVID-19 pandemic. During this time the UK Government and the NI Executive took significant mitigation measures in order to curtail the spread of the coronavirus throughout the country. This resulted in the imposition of a general lockdown, which has had significant impact on almost all aspects of Council operations, workforce, finances and risks.

Despite these challenges we continued to deliver positive outcomes for residents and businesses showing a high degree of innovation and effectiveness.

How the Council spent its resources is set out in its Comprehensive Income and Expenditure statement on pages 52-53.

Risks and Opportunities

In all its strategic planning activities the Council identifies risk and opportunities as well as seeking to identify mitigations and to take advantage of potential positive outcomes.

Risks

- **Brexit**
The UK transition period formally came to an end on 31 December 2020. As a number of 'grace' periods are still in operation (when the UK does not have to implement all the requirements of the Northern Ireland Protocol), the implications for local authorities and the wider public sector continue to remain uncertain. SOLACE continue to co-ordinate the activities of Council's in this regard.



- Resourcing ambitions
The Council has ambitious plans and strategies for the pursuit of prosperity in the Borough. Resourcing these plans requires finance, assets and talent.

The Council must both prioritise, and regularly assess, its appetite and tolerance for risk in order to ensure it is fit for purpose to deliver on the objectives set.

Opportunities

- Sustainability commitments
Ards and North Down Borough Council was the first local authority in Northern Ireland to declare a climate emergency and has developed a Roadmap to Sustainability which was approved in March 2021. We view sustainability as a unique selling point for the Council, which can help us to deliver better services for residents, businesses and visitors. We are committed to integrating sustainability into all business practices moving forward.
- Belfast Region City Deal (BRCD)
The BRCD executive body comprises this Council along with Antrim and Newtownabbey Borough Council, Belfast City Council, Lisburn and Castlereagh City Council, Mid and East Antrim Borough Council and Newry, Mourne and Down District Council, Queen’s University Belfast and the Ulster University.

The objective of BRCD is to deliver a step change in the region’s economic fortunes and help achieve inclusive growth.

To deliver this, four “pillars” for the BRCD proposition have been established:

- Employability and skills
- Innovation and digital
- Infrastructure
- Tourism and Regeneration

The Council continues to play an active role in developing the Belfast Region City Deal, which will see the UK Government invest £350 million into the Belfast Region over the next 15 years. This figure will be matched by the Northern Ireland Executive and a further co-investment of upwards of £150 million from Belfast Region City Deal partners.

Ards and North Down will benefit from revenue funding from the regional Employability and Skills programme and capital funding towards a regional digital programme.

Plans are also progressing well for the £60M Bangor Waterfront project that will redevelop a 2.2 mile stretch of the seafront to help establish Bangor as a thriving town and prime visitor attraction in Northern Ireland. These are currently at the outline business case stage.

- Redevelopment of Queen’s Parade
Bangor Marine Ltd.’s comprehensive planning application for the development site located at Queen’s Parade and Marine Gardens in Bangor was approved by the Council’s Planning Committee in January 2021. This is a significant milestone towards seeing the major £50 million regeneration project delivered in the town, which will complement the Bangor Waterfront development.

Strategy and Resource allocation

The Council is seeking to provide high quality services and facilities. It continues to consider carefully its financial resilience in its budgeting cycles. This budgeting process was guided by the Medium-Term Financial Strategy which set out 11 guiding principles which provide a framework in which to



develop future budgets. These budgets for the next financial year are developed in the context of a five-year Medium-Term Financial Plan (MTFP). In addition, the Council has developed a 10-year district rate projection to enable it to forecast the impact of its longer-term capital investment plans. The MTFP was reviewed in the new budgeting cycle for 2021/22 taking into account the financial implications of the COVID-19 pandemic.

The Council approved a new [corporate plan](#) in April 2021 and will use this to assist in the allocation of resources to ensure that it meets its new objectives.

In awareness of the Council's ambitious capital investment plans the Council uses a project prioritisation approach to assess and prioritise potential capital investments. This involves scoring each project across a range of agreed, standardised criteria, to include elements such as strategic alignment, cost and risk. The resulting ranked project list is used as a basis for decision making on which, and how many projects will progress, depending on the desired investment level.

As the Council emerges from the COVID-19 pandemic it is setting out on a strategic transformation programme that seeks to modernise the functioning of the organisation and service delivery. To this end it has established a reform and transformation fund to support this.

Performance

The results for the year are set out in the Comprehensive Income and Expenditure Statement and reflects the accounting deficit for the year to comply with International Financial Reporting Standards (IFRS). A number of adjustments are then made to this (see note 4 on page 84) to arrive at the actual surplus for the year on the Council's General Fund, as shown in the Movement in Reserves Statement (pages 50-51) and summarised below:

	Actual
	£'000
Cost of Continuing Operations	(59,958)
Other Operating Expenditure or Income	(119)
Financing and Investment Income & Expenditure	(3,801)
Taxation and Non-Specific Grant Income	68,121
Surplus/(Deficit) on the Provision of Services	4,243
Adjustment between Accounting and Funding bases	6,729
Net Transfers (to) or from Reserves and Funds	(9,460)
Surplus / (Deficit)	1,512
Balance brought forward	3,015
General Fund Balance at 31 March 2021	4,527

The 2020/21 financial year was unprecedented and challenging due to the many difficulties caused by the COVID-19 pandemic. The Council received significant central Government financial support during 2020/21 to help it meet in-year and future COVID-19 related financial challenges so it has set aside significant funds into Earmarked Reserves to allow it to mitigate the impact of these challenges.



The Council's General Fund carried forward is £4.5M (equivalent to 7.9% of gross revenue expenditure).

The Council's Balance Sheet at 31 March 2021 (page 54) shows a net worth of £120.4M a decrease of £1.9M from the 31 March 2020 balance sheet, this is largely attributable to:

- the net decrease in value of fixed assets (£4.8M);
- the increase in assets held for sale (£1.8M);
- the increase in cash balances (£6.0M);
- the decrease in outstanding loans (8.2M); and
- the increase in other long-term liabilities (£13.7M).

The Council participates in the Local Government Pension Scheme (Northern Ireland), commonly referred to as Northern Ireland Local Government Officers Superannuation Committee, or 'NILGOSC'. This scheme is currently in deficit and the £60.6M liability relating to the Council has been appropriately reflected in these financial statements and shows an increase of £13.7M on 2020. Details regarding the pension liability are in Note 22 (Page 105). In line with the Code, this deficit is mitigated in the Council's balance sheet and does not affect usable reserves. NILGOSC has a long-term strategy to recover this deficit, by adjusting employer contribution rates following triennial revaluations.

The Council's Usable Reserves at 31 March 2021 with a comparison to the opening position is set out in the following table:

Reserves:	31 March 2021	31 March 2020
	£'000	£'000
General Fund	4,527	3,015
Capital Receipts Reserve	1,619	2,056
Capital Grants Unapplied Account	2,740	2,143
Revenue Grants Unapplied Account	279	401
Other Earmarked Funds	10,813	1,353
TOTAL	19,978	8,968

Notes are provided within the Financial Statements to explain other material changes.

Capital Investment

In order to enhance the services, it provides, the Council has an ambitious Capital Investment Programme representing around £176 million over the next 10 years. This level of investment is dependent on significant funding, particularly from the BRCD. These plans will be subject to review in the normal course of business as part of the normal budgeting cycles, in respect of affordability, sustainability and prudence. This is particularly important in the context of the COVID-19 pandemic. As part of this investment plan, expenditure on capital projects during the 2020/21 financial year included:



Capital Scheme	£'000
Village Plans	1,663
Vehicles, Plant and Equipment	1,260
Peace IV Projects	660
Cairnwood	544
Donaghadee Motte & Newtownards Market Cross	224
Other Schemes	257
	4,608

Details of how the Council has funded its capital expenditure are set out in Note 13 (page 97). Information on capital commitments relating to capital projects is set out in Note 14 (page 97).

Provision of Services

Due to the onset of the COVID-19 pandemic, the Council activated its Emergency Plan on 19 March 2020. This process also activated the Council's business continuity plan to deliver the critical services of refuse collection and disposal, burial of the dead, registration services, communications, business technology, human resources and finance. A substantial portion of Council's other services stopped operating in order to comply with Government requirements. Management continually reviewed service provision in the light of frequent changes to regulations and guidance issued by the NI Executive and continued to do so.

In addition to critical services, the Council implemented a COVID-19 Community Response Support Plan to deal with the initial implications of lockdown and medical shielding required among our communities. This involved developing a directory of services, offering a befriending service, distributing grants with funding from the Department for Communities (DfC) and delivering almost 18,000 emergency food parcels. A Business Recovery Support Plan has also been in operation, with support provided to our business communities to access government grants.

A summary of business impact is listed below:

Strategic Area	Activity	Outputs
Community Response Support Plan	<ul style="list-style-type: none"> Community Support Helpline 	Over 620 proactive Care Calls to vulnerable/older people; 2300+ support measures implemented
	<ul style="list-style-type: none"> Provision of emergency food parcels 	18,000 food parcels delivered
	<ul style="list-style-type: none"> Provision of Community Recovery Grants 	Approximately £628,000 distributed to Community, Voluntary and public sector organisations to support communities
	<ul style="list-style-type: none"> Partnership with stakeholders 	Establishment of COVID-19 Recovery Group to provide direction for community recovery
	<ul style="list-style-type: none"> COVID-19 Council Communication Plan 	200 posts on social media, 36,639 followers across social media platforms, 131,072 users of Council website with almost 550,000 page views



Strategic Area	Activity	Outputs
	<ul style="list-style-type: none"> Provision of Borough Shopping Directory 	Listing of open food premises / pharmacies collated and provided online from week 1 of lockdown. This webpage was viewed over 13,000 times

Strategic Area	Activity	Outputs
Business Recovery Support Plan	<ul style="list-style-type: none"> Business Support Service & Helpline 	1,100 direct business enquires across all sectors and weekly business support ezines to over 2,000 subscribers
	<ul style="list-style-type: none"> Provision of re-opening toolkits and Environmental Health business support helpline 	Responded to over 275 business related service requests
	<ul style="list-style-type: none"> Provision of PPE suppliers list 	30 suppliers on the list, which has been viewed by c100 businesses
	<ul style="list-style-type: none"> Street Café Provision 	Fast-tracking applications, pro-active approach to space/land uses
	<ul style="list-style-type: none"> Establishment of Town Centre Recovery Taskforces and a Rural Recovery Plan utilises £1.7M of Funding from NI Executive 	Working with Chambers of Trade, DfC and Department for Infrastructure and Department for Agriculture, Environment and Rural Affairs (DAERA) on town centre recovery plans – 10 meetings held to date

Workforce

Throughout the lock-down, the Council continued to deliver critical frontline services, such as refuse collection, registration and cemetery services with an average of 30% of employees continuing to work on site. The Council took appropriate mitigating measures to ensure their safety.

Due to the pandemic a large number of Council facilities had closed by 20 March 2020 with staff requested not to report for work. The 'stay at home' directive was issued by the Government soon afterwards, resulting in a second tranche of staff being sent home. The Council quickly directed resources to ensure essential corporate services officers were enabled to work at home, where this was viable and by late April 2020, 36% of employees were doing so.

At its peak in 2020, 60 staff were retrained and redeployed to support frontline services and the COVID-19 Community Response Support Plan.

However, due to the significant financial pressures, the Council considered it necessary to work with employment agencies in the first instance to furlough agency workers and then to furlough up to 400 staff as part of the Government's Coronavirus Job Retention Scheme in order to protect employment. Management have monitored the situation to ensure the maximum continuity of service provision in line with statutory obligations. Almost all staff have returned to their substantive post.

Staff wellbeing throughout this crisis has been critically important, as Council implemented communications initiatives such as staff bulletins and sign posting particularly in respect of mental health advice and support. Evidence suggests that sickness levels may have fallen due to the number of staff already at home, but unable to work remotely.



Supply Chains

The Council is pleased to report that during the COVID-19 pandemic, its supply chain, in the main, continues to be responsive. Regionally, local government continues to work with central government to share existing and new supply chains for critical services. These arrangements still exist, and frameworks are currently being utilised for future use both at local government level and pan government.

The supply chain for Personal Protective Equipment (PPE) became critical as a result of COVID-19. A new process is now implemented with existing contracts utilised as well as sourcing of new suppliers to add to our supply chain.

The Council's supply chains have been impacted by the Northern Ireland Protocol which was introduced on 1 January 2021. The Trader Support Service has been implemented for the movement of goods into and out of Northern Ireland. Council continues to work with the supply chain to ensure the new processes and increased administrative burden does not cause any undue delay to the supply of goods to Council.

Financial Performance, Budgetary Position and Cash Flow

The Council has a strategy to boost its General Fund to 7% of gross revenue expenditure. It started the year with a General Fund balance of £3.0M and had forecasted that this would rise to £3.5M (or 5.4% of gross revenue expenditure) by the end of the reporting period. By the end of 2024/25, the Medium-Term Financial Strategy envisages that this will rise to £5.2M.

Very early in the COVID-19 crisis, the Council carried out a review to establish the likely extent of the service income losses and the additional unplanned expenditure it was likely to incur, its cash balances and budgetary position. In order to secure its cash and budgetary positions, the Council worked with other Northern Ireland district councils, through the Society of Local Authority Chief Executives (SOLACE) and Association of Local Government Finance Officers (ALGFO), to request emergency financial assistance from the DfC and Department for Agriculture, Environment and Rural Affairs (DAERA), initially for the period March to June 2020. The table below details the amounts specifically received from funders in 2020/21.

Government Department	COVID-19 Funding Purpose	Amounts Received £
DfC	Financial Loss	7,222,087
DAERA	Waste Management	651,900
DfC	Scheme of Emergency Financial Assistance	3,464
HMRC	Coronavirus Job Retention Scheme	1,850,630
DfC	Recovery Revitalisation Programme – Urban towns and cities	1,118,000.00
DAERA	Recovery Revitalisation Programme – Rural settlements	235,000.00
DfI (Department for Infrastructure)	Recovery Revitalisation Programme – Blue / green infrastructure projects	398,000.00
DfC	Community Support Programmes	730,964
	TOTAL RECEIVED	£12,210,045



A further £10M has been allocated for the 2021/22 financial year by the NI Executive. The Council is currently awaiting details regarding the apportionment of this funding. In addition to these amounts, a further £2.5M was provided from DfC to Council in respect of COVID-19 Recovery Revitalisation and Community Support Programmes.

In addition, the Council implemented a moratorium on all non-essential expenditure. The moratorium ensured that non-essential expenditure may only be incurred with the express permission of the Corporate Leadership Team. The result of both of these actions was that the Council's cash position was secured. Cash balances were monitored on a daily basis as a matter of course.

The Northern Ireland Executive announced a number of proposals in respect of non-domestic rate bills for the 2020/21 financial year, including a 3-month rates holiday and a delay in issuing bills. These actions were funded by the Executive and did not impact on Council revenues. A similar targeted scheme has been launched for the 2021/22 financial year. However, Council is concerned that revenue losses may be suffered as a result of increased uncollectability of rating income due to business failure and that Council will see a steeper decline in the tax base in the longer term. As a result, funding has been set aside to mitigate for these losses.

As noted in the Governance Statement, Council agreed to establish a Strategic Transformation and Efficiency Programme (STEP) overseen by a programme board. The Council's response to the COVID-19 emergency has demonstrated that there are significant opportunities to harness transformational practices that will be of longer-term benefit to the organisation.

The Council is continuing a rolling programme of asset inspection and valuations as part of its preparation of these financial statements. The valuer has indicated that there is a material valuation uncertainty due to a lack of market evidence. This is a precautionary caveat, and the long-term implications will be kept under review.

Major Risks

The Council entered into discussions with a number of strategic partners regarding support that was required in order for them to continue to deliver service to Council for which they have been contracted to do. In order to mitigate risks in connection with capital project contracts Council also supported contractors who lodged COVID-19 related compensation events.

Plans for Recovery

The Council has developed an Integrated Recovery Framework that focuses on re-establishing internal processes alongside identifying the space, community and economic priorities that will enable people to move forward from the pandemic and the implications of lockdown. In addition, the Council established a Strategic COVID-19 Recovery Group to provide operational oversight of the recovery plans. This group reported directly to Council and has now stood down in April 2021. This Working Group oversaw the development of a wide range of projects and initiatives that will form the basis of a formal strategic transformation programme.

Following the significant financial pressures to which the Council was exposed during the pandemic, Council has established a number of funds to support its recovery plans and to mitigate against the ongoing financial risks to which it may be exposed as result of COVID-19 and the lockdown response to it.

Most services of the Council are now up and running again as operations return to normal activity levels.

Outlook

The outlook for the Council remains uncertain as the course of the pandemic is still developing. In the longer-term Council has concerns regarding future lockdowns and therefore the loss of service



income and the expected contraction in the non-domestic tax base. However, the Council has received significant financial support from the Northern Ireland Executive for both the reporting period and future financial years.

The Council has a very significant capital investment plan. As the capital investment increases the Council may see its borrowing increase modestly from £73M in March 2021 to around £88M in 2024, although this will be kept under review as the impact of recovery from the COVID-19 situation develops.

The non-domestic rate base has contracted year-on-year since April 2015 and continues to provide a challenge to the Council in terms of income generation. The Council plans for anticipated movements as part of its strategic financial planning process, although it expects the situation to deteriorate further due to the impact of the pandemic.

In addition to the increases in capital financing costs, there are pressures within salaries budgets (because of nationally agreed pay settlements being driven by increases to the National Living Wage and the increase in employer pension contributions) and the ongoing revenue costs associated with new capital investment projects. However, despite these pressures at the last budgeting cycle, the Medium-Term Financial Plan was forecasting district rate increases for the next number of years which were a little above the current levels of inflation.

The Council's Corporate Plan Towards 2024 has been developed to provide clear focus and priorities for the relevant period. This plan was reviewed in light of the unprecedented circumstances that the Council now finds itself in before it was formally approved in April 2021. It is anticipated that the Strategic Transformation and Efficiency Programme, which has been established alongside this as a vehicle to drive and guide any identified key organisation changes including efficiencies and service improvements, will look to harness a range of practices and approaches that Council has adopted during the period of lockdown restrictions.

The Movement in Reserves Statement

This Statement, as set out on pages 50-51, 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' (SDPS) line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Summary (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance for district rate setting purposes. The 'Net increase /Decrease before transfers to, or from, earmarked reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves.

The Comprehensive Income and Expenditure Statement

This statement, as set out on pages 52-53, shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

The Balance Sheet

The Balance Sheet, as set out on page 54, shows the value as at the Balance Sheet date of the Council's assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held. 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 authority is not able to use to provide services. This category of reserves includes those 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, on page 55 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.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to 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.

Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to ratepayers how the funding available to the Council (i.e. district rates and government grants) for the year has been used in providing services in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. This 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.

Basis of preparation

Information is considered material "if omitting it or misstating it could influence decisions that users make on the basis of financial information." Consequently, items of differing magnitude may both be regarded as material given their differing contexts.

These financial statements have been prepared on a going concern basis as required by the Code. The effects of the COVID-19 emergency have had profound effects on the Council's operations and finances, however as detailed above, the Council has taken clear and decisive action to secure its financial position in the medium term and therefore consider that in addition to the statutory going concern the Council has secured its financial situation in practice.

Material and Unusual Items

The Council has not incurred any other material or unusual expenditure during the 2020/21 financial year.



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 the Council shall make arrangements for the proper administration of its financial affairs. A Council shall designate an officer of the Council as its Chief Financial Officer and these arrangements shall be carried out under the supervision of its Chief Financial Officer.

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

These accounts were approved by the Chief Executive and Chief Financial Officer on 20 September 2021.

The Chief Financial Officer's Responsibilities

Under Regulation 8(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 judgments and estimates that are reasonable and prudent.

The Chief Financial Officer is also required to:

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



Governance Statement

For the year ended 31 March 2021

Scope of Responsibility

Ards and North Down Borough Council is responsible for ensuring that there is a sound system of governance (including the system of internal control) to allow it to act in the public interest by:

- enabling its business to be conducted in accordance with the law and proper standards; and
- ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

The Council also has a duty under Local Government Act (Northern Ireland) 2014 to make arrangements to secure continuous improvement in the exercise of its functions.

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

The Council is required to prepare an Annual Governance Statement, in accordance with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government (2016). This statement explains how the Council meets the requirements of Regulation 4 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015.

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled and the activities through which it engages with, leads and gives account to 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 on-going 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.

This governance framework has been in place at the Council for the year ended 31 March 2021 and up to the date of approval of the financial statements.

The Governance Framework

This section describes the key elements of the systems and processes that comprise the Council's governance arrangements.



Arrangements for reviewing the Council's vision and its implications for the Council's governance arrangements

Council's vision within its Corporate Plan Towards 2024 mirrors the vision of the Community Plan. In 2017, the Council and its partners published the area's first community plan - the 'Big Plan' – which sets out a vision for the Borough.

"Ards and North Down is a vibrant, connected, healthy, safe and prosperous place to be"

The vision is supported by five outcomes that are also mirrored in the Council's Corporate Plan.

The Big Plan for Ards and North Down

All people in Ards and North Down ...

- Fulfil their lifelong potential
- Enjoy good health and wellbeing
- Live in communities where they are respected, are safe and feel secure
- Benefit from a prosperous economy
- Feel pride from having access to a well-managed sustainable environment

Ards and North Down's Community Plan is known as 'the Big Plan'. It has been developed following extensive engagement with the citizens of Ards and North Down using 'The Big Conversation' initiative to identify the long-term vision they would like to see achieved over the next 15 years. This engagement mechanism will continue to be used to consult with people on how implementing the Big Plan will improve the delivery of all public services. The Big Plan provides a commitment from 15 strategic partners covering a range of issues including transport, housing, environment, policing and health. The Big Plan gives the context for the draft Corporate Plan (available on the Council website [here](#)) and the Council's first Local Development Plan, which is still being prepared.

During the 2020/21 year, the Council developed a new corporate plan which includes a review of the Council's vision in light of this overarching vision for the Borough. The Corporate Plan Towards 2024 was reviewed in light of the substantially altered environment the Council found itself in during the pandemic.

Each of the Council's Services have agreed and published Service Plans against which they will report to their Standing Committee. Each Plan is aligned to the Council's Corporate objectives and monitoring of performance is managed through the Council's Performance Reporting software. The system tracks a wide range of Key Performance Indicators on a quarterly and annual basis and reports progress on a RAG (Red Amber Green) basis, providing visibility of same to the Chief Executive, Directors and Heads of Service.

The Council's Corporate Services Committee has responsibility for overseeing the performance management process and agreeing the Council's statutory Performance Improvement Plan (PIP) for Council approval. The Council's Audit Committee receives reports on PIP performance, ensuring that progress in each of the key areas is carefully monitored. The PIP is a mechanism to identify key interventions to better achieve the outcomes set out in the Council's Corporate



Plan. It also fulfils the Councils statutory obligations as set out in the Local Government Act (Northern Ireland) 2014. It should be noted that the requirement to publish a Performance Improvement Plan for the 2020/21 year was set aside by the Department owing to the impacts of the global pandemic.

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

The Council will deliver against its 6 People-focused priorities specified in its Corporate Plan Towards 2024, which are aligned with the Community Plan outcomes. Each year the Council Services identify in their Service Plans improvement actions which are driven by:



- Priorities identified in the Corporate Plan are based on input from Elected Members, officers and wider consultation;
- Feedback from ratepayers, residents and stakeholders arising from the “Big Conversation” community planning engagement project;
- Feedback from ratepayers, resident and stakeholders arising from the Big Conversation Panel surveys;
- Output from workshops involving the Corporate Leadership Team and Heads of Service Team; and
- A review of Service Plans.

The Performance Improvement Plan is subject to, and informed by, public consultation, also involving Statutory and Community Planning partners, our Consultative Panel on Equality and Good Relations; Equality Scheme Consultees; and a range of hard to reach groups, and the Chambers of Trade for our principal towns.



At the end of the financial year, we will publish an assessment of the Council's performance.

Arrangements for measuring the quality of services, for ensuring they are delivered in accordance with the Council's objectives and for ensuring that they represent the best use of resources

Individual Council Services monitor their performance to ensure that they maintain customer satisfaction levels. The Council has in place performance reporting software which links key performance indicators (KPIs) via Service plans to the Council's overall objectives and shows progress against same.

The Council is subject to audit by the Local Government Auditor, within the Northern Ireland Audit Office. The scope of auditors' work covers not only the audit of the Council's Financial Statements, but also aspects of corporate governance, arrangements to secure the economic, efficient and effective use of resources and an audit and assessment of the Council's PIP. The Local Government Auditor publishes an annual report on the results of both the financial audit and improvement audit which are published on the Council's website.

The Council has established a Performance Improvement Service Unit with responsibility for developing and implementing effective performance governance arrangements in addition to supporting projects and activities aimed at improving the better use of resources to achieve outcomes.

The Council's most recent residents' survey was conducted in summer 2021 and the results have not been published. The results of the previous survey from 2018, measured levels of satisfaction, and indicated that 83% of residents were satisfied with the Council overall.

- Residents using Council services reported relatively high levels of satisfaction, with the highest level of satisfaction recorded for environmental health (100%);
- 87% rated their most recent contact as either 'excellent' or 'good';
- 76% stated that the Council keeps residents informed about the services and benefits it provides;
- 74% found it easy to get information on Council services or initiatives;
- 69% were satisfied with the level of engagement the Council offers local residents; and
- 66% rated the reputation of the Council as either excellent or good.

Arrangements for defining and documenting the roles and responsibilities of the Council, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication

As a statutory body, the Council performs a range of functions that are provided for in legislation. The Council takes overall responsibility for discharging these functions, with its performance delegated either to a Committee or an Officer. The committee structure is:





Each Committee has a defined Terms of Reference, documenting its roles and responsibilities including determining policy in its own area within the remit delegated from the Council.

The Terms of Reference are periodically reviewed. The latest version was agreed at the Council's annual meeting in 2019. There are also a number of established sub-committees and working groups involving Elected Members, which report to the relevant Committees.

In July 2020 Council agreed to establish a task and finish working group of Members, known as the Strategic COVID-19 Recovery Group (SCRG), to develop a way forward for the Council through the development of strategic recovery plans. The SCRG reported directly to Council and made recommendations within the scope of its purpose and objectives as outlined in agreed terms of reference.

During the pandemic legislation was enacted to allow council meetings to take place remotely, via video conferencing technology. This legislation expired during May 2021 following which the Chief Executive was delegated to make decisions until further legislative arrangements could be made.

Section 41 of the Local Government Act (Northern Ireland) 2014 requires that Councils' Standing Orders must make provision requiring reconsideration of a decision if 15% of the members present make a requisition to the Chief Executive on either or both of the following grounds:

- That a decision was not arrived at after a proper consideration of the relevant facts and issues;
- That the decision would disproportionately affect adversely any section of the inhabitants of the district.

This is commonly known as the 'call-in' procedure and is addressed by Standing Order 22 within the Council's Standing Orders.

In line with section 2 of the Local Government Act (Northern Ireland) 2014, the Council has prepared its constitution. This has been published on the Council's website [here](#).

The purpose of the constitution is to:

- enable the Council to provide clear leadership to the community, in partnership with citizens, businesses and other organisations;
- support the active involvement of citizens in the process of Council decision-making;
- help Councillors represent their constituents more effectively;
- enable decisions to be taken efficiently and effectively;
- create a powerful and effective means of holding decision-makers to public account;
- ensure that no one will review or scrutinise a decision in which they were directly involved;
- ensure that those responsible for decision-making are clearly identifiable to local people and that the decision-makers explain the reasons for decisions; and
- provide a means of improving the delivery of services to the community.

A Corporate Leadership Team (CLT), consisting of the Chief Executive and Directors meets to make strategic decisions, while a Heads of Service Team (HoST) is responsible for Operational delivery and informing strategic work.

A Corporate Project Portfolio Board (CPPB) provides oversight of the range of capital and strategic projects undertaken by the Council, while a Corporate Project Assurance Group (CPAG) provides additional objective scrutiny of projects on the corporate portfolio. In addition the Council has established a Strategic Transformation and Efficiency Programme board to oversee a programme of modernisation within the organisation and is establishing an Estates Development Programme board to identify and deliver strategic development projects in respect of the Council estate.

The Council has also set up a Corporate Health and Safety Committee that meets quarterly, comprising Directors, Heads of Service, Service Unit Managers, the Council's Health and Safety Officer and Trade Unions representatives to ensure the streamlining of Health and Safety throughout all Council functions and to report on incidents. In addition, each Directorate has its own Health and Safety Committee.

The Council is also a member of the arc21 Waste Management Joint Committee along with five other Northern Ireland Councils. The Joint Committee has delegated authority to deal with financial matters up to £250,000 and all other decisions are subject to ratification by the constituent Councils.

The responsibilities of the Chief Financial Officer are set out in the Local Government (Accounts & Audit) Regulations (Northern Ireland) 2015. Council has designated the Chief Executive as its Chief Financial Officer. In addition, the responsibilities of Officers including, senior management are enshrined in job descriptions. In addition, the Council has a scheme to delegate decision making to Service Unit Manager level.

Arrangements for developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

The Council has a wide range of policies and procedures, which are subject to on-going review and include the standards of behaviour expected from all employees. The Council has adopted the Local Government Staff Commission's Code of Conduct. All policies and procedures are communicated to employees through induction, other on-going training initiatives and are published on the intranet. Specifically, these policies include an Anti-fraud, bribery and corruption policy (including a fraud response plan) and a Declarations of interest policy (which requires all employees at or above salary scale point 29 to declare actual or potential conflicts of interest).



Line managers have received training from the Council Human Resources Service in relation to these HR policies. Council has an “Employee Behaviour Charter” and training has been provided to embed these positive behaviours into the Council culture. The Council is continuing to embed the learning and development strategy and the Pride and Performance conversation initiative with every employee. These conversations align with the Corporate Values which are part of the Corporate Plan.

The Northern Ireland Local Government Code of Conduct for Councillors came into effect 28 May 2014. Councillors have received training in respect of this statutory code of conduct. They have also completed declarations of interest, which are published on the Council [website](#) and which they have an obligation to keep up to date.

Arrangements for reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality

The Council is committed to the effective delivery of services for the benefit of residents and users alike. A scheme of delegation to officers with clearly defined parameters and reporting arrangements was agreed by Council in 2019 and is kept under periodic review.

A power of delegation to make decisions on behalf of the Council was conferred upon the Chief Executive in March 2020 in order that business could continue to be transacted in the initial months of the COVID-19 pandemic, when Council was unable to meet. Once the usual arrangements of monthly Committee and Council meetings resumed, the power of delegation was removed by Council in August 2020.

The Council is involved in a number of strategic partnerships, including the Queen’s Parade redevelopment, Belfast Region City Deal and the Strategic Community Planning Partnership, all of which have project boards in place to provide an appropriate governance structure.

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

Risk Management

In line with the Council’s Risk Strategy, a Corporate Risk Register is maintained to ensure that key areas of risk that may affect delivery of our Corporate Plan are identified. To ensure a proactive approach to risk management, all corporate risks have assigned mitigations (comprising current controls and additional mitigation measures required). As a live document, it is subject to change as required. The Register is reviewed by the Corporate Leadership Team (CLT) and Heads of Service Team (HoST) on a quarterly basis to ensure that it is kept up to date and to streamline consideration of and mitigation against risk throughout the organisation.

A second level of risk recording is performed through Service Risk Registers, these identify Service specific strategic and operational risks and are incorporated into Service plans. Periodic reviews are included within each Service’s management processes. In addition, biannually, each Service completes an internal governance Assurance Statement to provide assurance that the internal standard procedures, risk management and / or control arrangements are in place. Within this statement any failure of controls or significant risks causing concern and requiring mitigation is identified.

In response to an audit recommendation in March 2019, the Council’s risk strategy is under review. The revised Risk Strategy is being aligned to the Corporate Plan Toward 2024 to ensure that the Council is best equipped to deliver its future ambitions. This has been delayed due to



Council diverting resources to respond to the COVID-19 pandemic. Appropriate training will be delivered in due course to management and staff and a communication exercise will be completed to ensure all employees are aware of the strategy and their responsibilities in relation to it.

Data Management

The Council aims at all times to comply with the General Data Protection Regulation (GDPR) and the Data Protection Act 2018. The new data protection legislation, which came into force in May 2018, triggered the recruitment of a Data Protection Officer, whose role is defined in the legislation. Since then data security and information management systems have been reviewed, privacy notices updated, and a significant programme of training has been delivered to management and employees. Business Technology has introduced additional measures to ensure data security.

The Council plans to introduce an electronic document and records management system, based on a Microsoft GDPR compliant platform, to continue to improve data management practices, data security and general compliance. A scoping exercise was carried out in 2019/20 but no further action took place pending budget cover. This is still on the agenda for consideration as a transformation project, but timescales are not yet confirmed.

Conflicts of Interest

Each member of the Council is obliged to declare any interests. These declarations are published on the Council website. Declarations of interests is a standard item on each Council or committee meeting agenda, with standing orders requiring that a member leaves the meeting for the duration of the item in which they have made a declaration.

The Council has also approved a Declaration of Interests policy for employees, which requires all staff at or above a certain level to declare all interests which may result in a conflict of interest. In addition, all staff must receive written permission to have employment with another employer.

Arrangements to ensure effective accountability

Transparency

The Council is committed to conducting its business in an open and transparent manner. It aims to publish information in a timely and accurate manner and in accordance with its published publication scheme. All meetings of the Council and its Committees are open to members of the public and minutes/audio recordings of those meetings are available on the Council website. During the COVID-19 pandemic, meetings are also streamed on Zoom as a webinar.

The Council has a very proactive social media presence, which it uses to both share information and to engage with citizens, answering questions and address customer care issues. Across Facebook, Instagram and Twitter platforms the Council has over 33,000 followers.

Reporting

Each of the Council's 17 services report on performance on a quarterly basis to their respective Standing Committees. Progress against the annual Performance Improvement Plan is reported to Audit Committee. An annual report is published to highlight progress against the PIP (when applicable) and achievement against the Corporate Plan outcomes.

Financial statements are prepared in line with the requirements of the Local Government Finance Act (Northern Ireland) 2011 and published annually. Articles 17 and 18 of the Local Government (Northern Ireland) Order 2005 and the Local Government (Accounts and Audit)



Regulations (Northern Ireland) 2015 give members of the public access to the books of accounts as part of the audit process.

Performance Management

Council has a wide range of policies and strategies to assist with the management of performance. Key documents include the Corporate Plan, Performance Improvement Plan (set aside for 2020/21) and Service Plans each with outcomes and indicators. All staff operate within the Pride in Performance framework.

The Council has developed and adopted a performance framework called PERFORM, as illustrated in the diagram below. This is in recognition that performance of the organisation is driven by a number of factors such as effective planning, the engagement of staff, allocation of resources, aligned policies and systems, effective utilisation of these in providing services, relating to our residents, customers and partners and our ability to manage resulting performance. This model provides a framework to guide our approach on each of these elements and to promote alignment of related approaches.



Financial Management

The Council's Finance Service operates under the direction of suitably qualified and experienced accountancy professionals and within the policies and procedures framework brought forward from legacy organisations.

The Council substantially funds its services by setting a property tax for both domestic and non-domestic properties (the district rates). It sets these rates in the context of a Medium Term Financial Strategy, including principles to guide decision making and a three-year Medium-Term Financial Plan which integrates the on-going costs of service delivery and the financial impact of the capital investment programme, taking into account external economic and legislative factors. All budgets are allocated through Directors to Heads of Service and on to Service Unit Managers for accountability purposes and are reported both on directorate-by-directorate and corporate bases to management and the appropriate Committee.

Audit

External audit services are provided by the Local Government Auditor (LGA), a member of staff in the Northern Ireland Audit Office (NIAO), appointed to this role by the Department for Communities with the consent of the Comptroller and Auditor General. They are assisted in this role by other NIAO staff. The LGA has contracted the performance of both the financial and



improvement audits to a private sector organisation, whilst retaining responsibility for the statutory responsibility for certifying the financial statements.

In addition, the auditor can undertake value for money studies and public interest investigations, as necessary.

With respect to the financial audit a report to those charged with governance is reported to the Council's Audit Committee detailing such matters as audit findings, recommendations, and misstatements which the Local Government Auditor considers appropriate to bring to the attention of management. In addition, an annual audit letter is prepared for Council and published on the Council website.

With respect to the Improvement Audit an annual review is carried out by the Local Government Auditor for the previous year's activities and the adequacy of current year's plan. The findings from this Audit and Assessment Report together with the Certificate of Compliance are published on the Council website.

Arrangements ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained.

The Council's Anti-fraud, Bribery and Corruption Policy states that it is committed to creating an environment that:

- Minimises the risk of fraud, bribery or corruption;
- Promotes its early detection;
- Safeguards whistle-blowers; and
- Effectively investigates and recovers, where appropriate, any financial loss suffered.

To this end, the Council relies on measures such as the Northern Ireland Local Government Code of Conduct for Councillors, Code of Conduct for Local Government Services, employment references, policies and procedures (including manager review, segregation of duties, reconciliations, performance reporting and registers of interests) to embed a counter-fraud culture.

All occurrences of fraud are reported to the Audit Committee on a quarterly basis as a matter of course.

Arrangements ensuring effective management of change and transformation

The Council is committed to delivering high quality services for the residents of the Borough and those who use its services.

To this effect the Council has in place a corporate plan to provide an overarching context and framework for its service delivery. Flowing from this each of the Council's 17 services prepare a service plan to guide the core business and to identify and progress service improvements. Under normal circumstances these form the basis of the annual Performance Improvement Plan, which is both publicly consulted on and reported against, however, in the 2020/2021 year the requirement to publish a Performance Improvement Plan was set aside by the DfC. Council reviewed its Corporate Plan during the reporting period and published the Corporate Plan Towards 2024 in April 2021.

Council has also established a Strategic Policy and Finance Group to provide a forum for Members to consider and guide matters of strategic importance to the Council. However, during



the reporting period this group was stood down and replaced by Strategic COVID-19 Recovery Group in order to provide a cross council approach to recovery planning.

During the reporting year, the Council formally approved its Capital Project Management Handbook which sets out the organisation's structured capital project management approach. This is in parallel to the development of a corporate transformation programme to ensure corporate alignment of initiatives, increase the pace of delivery and provide a robust governance framework for oversight purposes. As part of its Strategic Transformation and Performance Service Council has a Performance Improvement Unit to provide support to other services as they seek to transform.

The Council acknowledges in its Organisational Development strategy that the successful delivery of the Council's vision requires a workforce that is truly motivated and working together for a common and meaningful purpose. To this end the Council has obtained Investors in People Silver accreditation to stimulate continued progress in the nine pillars to improve performance:



As part of this strategy, each year management commit to a number of key actions in its People Plan.

The Council views partnership working a key to delivering change for the benefit of residents. The Big Plan formally establishes collaboration among the partners to deliver the Community Plan. This forum is being used to provide greater cross-working on estates issues across community planning partners. In addition, officers from across the Council maintain regular contact with colleagues in other organisations to address areas of common concern, and as a result participates in several inter-council procurement exercises.

Compliance of 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)

The Chief Executive has been designated by the Council as its Chief Financial Officer. As a result, the Council complies with this statement with the exception of Principle 5. The Council does not comply with this principle because local regulations in Northern Ireland do not require the CFO to be professionally qualified accountant nor for the role to be separated from that of the Chief Executive. However, the Council's governance arrangements deliver the same impact as the



CFO is supported by a suitably qualified and experienced Director and qualified staff within the Finance Service to ensure that decisions made by Council are based on sound technical knowledge and understanding.

Arrangements for ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

Regulatory compliance is a responsibility of all members of Corporate Leadership Team (CLT) and Heads of Service Team (HoST) and is monitored at service level to ensure that all relevant laws and regulations, internal policies and procedures are adhered to. To support this, meetings of the Council and its Committees are conducted in accordance with a set of agreed Standing Orders. It also has a range of policies arrived at following policy development procedures.

To ensure that legislative compliance is embedded for all activities, reports to Council require relevant legislation to be quoted. All major expenditure proposals are subject to review by CLT before being passed to Council and legal advice is sought where appropriate and reported to Council. In addition, all Directors, Heads of Service and Service Unit Managers are required to sign off Interim and Annual Assurance statements which provide a chain of assurance to the Chief Executive with regard to management of risks, control failings, incidents of fraud and whistleblowing and to declare interests outside work which may give rise to conflicts of interest.

Arrangements for ensuring assurance processes 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 Council outsources its internal audit service and ensures conformity to the CIPFA statement in its tender requirements which require appropriately qualified and experienced staff. In addition, its approved Internal Audit Charter:

- Sets out how audit work will be carried out, based on the risk analysis and evidence;
- Sets out how audit work will be resourced; and
- Defines roles and responsibilities and explicitly grants access to management and Audit Committee. It is standard practice at committee meetings that both internal and external auditors have opportunity to address the committee in the absence of management.

Arrangements for undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities

The Council has in place an Audit Committee whose overall purpose and objective is to assist the Council in fulfilling its oversight responsibilities. The Audit Committee, which meets at least four times each year, has responsibility for reviewing:

- The system of internal control and management of risks;
- The financial reporting process;
- The audit process;
- Progress in respect of the Performance Improvement Plan;



- Council's processes for monitoring compliance with laws and regulations; and
- Council's processes for monitoring compliance with its own Standing Orders, policies and procedures.

In performing its duties, the Audit Committee is responsible for maintaining effective working relationships with the Council as a whole, with management and with the internal and external auditors. The committee has 11 members including one independent external representative.

Arrangements for whistleblowing and for receiving and investigating complaints from the public

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

The Council has a whistleblowing policy in place to ensure that employees who raise concerns receive a response and are informed about how their concerns are being dealt with. Training will be carried out in respect of this policy during the 2021/22 year.

The handling of complaints is set out in the Council's Complaints Procedure, a copy of which is published on the Council's website.

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

New Members, whether joining Council after an election or co-option, receive induction training to ensure that they are fully aware of all key issues, including an overview of each Council Directorate, operation of the Committee system and Standing Orders and an overview of local government finance. Members of the Planning Committee have received specific training in respect of this new statutory role. The Council has been awarded Elected Member Charter accreditation. Members were given the opportunity to identify their training needs and to develop their own training plans. Members also attended courses and conferences as required during the course of the year. Council is currently considering seeking Charter Plus accreditation.

The development needs of senior officers are addressed through the Pride in Performance Initiative and the Organisational Development Strategy. However, these have been suspended due to the pandemic.

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

The Council is committed to establishing and maintaining strong lines of communication with all sections of the local community. All Council and Committee meetings are open to the press and public. In addition, the minutes and an audio recording are published on the Council website (except where a meeting or part thereof is held 'in committee').

During the COVID-19 Pandemic, Council and Committee meetings were conducted on Zoom and members of the press and public could enter the 'gallery' and watch the meeting (except where a meeting or part thereof is held 'in committee').



There is awareness across all Directorates that different communication channels need to be employed to ensure maximum impact, however during the COVID-19 Pandemic, Council communications were centred on digital channels. The Council uses Facebook, Twitter, Instagram and LinkedIn platforms, which have a combined following of over 40,000. In order to effectively share messaging about Council service provision, as well as supporting partners in the communication of public health and safety information, we doubled our daily social media for the first six months of the 2020-21 financial year. This resulted in an 11% increase in followers, as well as significantly higher engagement levels – at their peak engagement levels were 400% higher than usual.

A special COVID-19 section was created on the .gov website providing full details of how key Council services were working and sharing regional safety messages. At the start of the year this was updated 2-3 times per day and had over 78,000 views in its first 3 months.

The Council distributed its annual corporate publication, the Borough Magazine, to all households and businesses in the Borough (approx. 78,000 addresses) at the end of March 2021. This publication provides an overview of Council business across all Directorates and each page is themed to enable residents to easily access information of specific interest to them. A contact number for further information or links to the Council website are provided for readers to access more information if required. The 'Your Opinion Matters' section in each edition invites comments, questions and ideas for service improvements from residents, via postcard or email. These are processed by the Performance Improvement Unit and allocated to the relevant service area for action.

The information in the Borough Magazine is supplemented by focussed correspondence and publications relating to specific service areas. The Council employs two officers dedicated to external communications (one for traditional channels and one for digital channels). They produce regular content for both local and regional media and undertake the daily management of the Council's website and social media channels.

All Council Services consult on their various strategies and policies in the process of normal business and to comply with the Council's various statutory duties. A residents' survey (1,000 users) was undertaken in 2018 to assess satisfaction levels with core services but also to garner more information on their communication preferences so the Council can tailor our information to best suit citizen needs. This survey is normally repeated every two years but could not be effectively undertaken in 2020 due to COVID-19 impacts and instead will be delivered in Summer 2021.

Arrangements for enhancing the accountability for service delivery and effectiveness of other public service providers

The Big Plan for Ards and North Down (known as the Community Plan) is monitored and reported on via a Strategic Community Planning Partnership. There are two parts to this:

- **Statement of Progress** – The Department for Communities has produced guidance on how progress against the Community Plan should be reported. Every two years a Statement of Progress must be published to consider the impact service delivery is having on the people of Ards and North Down. The whole-population based indicators in the Big Plan (linked to the Programme for Government indicators) will be used to measure impact over time. The first Statement of Progress was published in November 2019. Due to the lag time in data available, this first report was not able to draw any conclusion on the impact of the community planning process.



- **Performance Update Report** – The headline actions within the nine Action Delivery Plans are supported by Performance Scorecards that use Outcome Based Accountability to help determine the effectiveness of how public services are delivered. Two Performance Update Reports are written each year, these are presented to the Strategic Partnership and help make partnership members collectively accountable for the impact all public services have on the people who live in Ards and North Down.

Both the Statement of Progress and the Performance Update Report contain a Performance Scorecard outlining attendance by statutory partners at the Strategic and Thematic tiers of the partnership. The governance arrangements for community planning in Ards and North Down are managed via a partnership agreement outlining the roles and responsibilities of those who delivery public services across all tiers of the partnership – strategic and operational.

In line with community planning guidance documentation, a review of the Community Plan and its associated actions has taken place since the publication of the Statement of Progress. An updated document focusing on the Big Priorities of the Community Planning Partnership was due to be published in March 2021. Due to COVID-19, this has been delayed. However, the review has been completed and the Partnership has agreed to focus on ten collaborative priorities that demonstrate the value of community planning and provide added value.

Arrangements for reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks

Meetings of the Council and its Committees are conducted in accordance with a set of agreed Standing Orders. Any changes to these documents require formal approval by the Council.

The Standing Orders set out the formal mechanisms by which the Council regulates the conduct of its meetings and are subject to regular review and update in response to the changing environment and the needs of the Council. The Standing Orders have been reviewed and amended as and when required since 2015. A comprehensive review was undertaken in 2019. Due to COVID-19 the standing orders were further amended to incorporate reference to new legislation enabling meetings to be held remotely. These amendments were made by the Chief Executive under delegated powers and were subsequently ratified by Council in August 2020.

During the pandemic legislation was enacted to allow council meetings to take place remotely, via video conferencing technology. This legislation expired during May 2021 following which the Chief Executive was delegated to make decisions until further legislative arrangements could be made.

In addition, there is a range of human resource management, financial management, procurement and project management policies and procedures in place, some of these are carried forward from legacy organisations. The Council will keep its policies and procedures under review to ensure that they provide sufficient and comprehensive coverage. The Corporate Risk Register is subject to formal update and is reported to the Audit Committee at least twice yearly, or more regularly if required.

Any suspension of Standing Orders requires approval by the Council by way of qualified majority.

Arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships

The Council has responsibility to initiate, maintain, facilitate and participate in community planning. The statutory partners have all agreed to a Partnership Agreement which commits them to be active participants in the community planning process and to provide relevant staff for each of the workstreams. The agreement also sets out that all partners are equal and provides rules of attendance at meetings and how decision should be made. Reports on the process and progress in relation to Community Planning are reported regularly to the Council's Corporate Services Committee.

The Council also participates in arc21 Joint Committee along with five other councils in order to discharge statutory responsibilities set out in its waste management plan. This joint committee has been established as a body corporate and participating organisations have agreed to Collaboration Agreement (Terms of Agreement), which includes a statement of principles. Reports in respect of the activities of and decisions required by arc21 are brought to the Council's Environment Committee.

General Power of Competence

The Local Government Act (Northern Ireland) 2014 gave councils a general power of competence, enabling them to take any action they consider 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 Borough. Under the Council's Standing Orders, a qualified majority shall be required on the exercise of the general power of competence in accordance with Section 79 of the Act. This power was not used during the reporting period.

Review of effectiveness

Overview of the Review Process

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Council's CLT, who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors.

Recommendations arising out of internal and external audits are agreed with management before finalisation to ensure that they will achieve the desired enhancement to the control environment and are practical solutions. Follow up reviews are also reported to the Audit Committee.

The Chief Executive has responsibility for preparing this Annual Governance Statement. In preparing this statement, he has considered the governance framework and system of internal controls in place. This review has been undertaken taking account of Guidance on the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 issued by the Department of the Environment in November 2015. The Chief Executive leads the Council's CLT to collectively have involvement in, and oversight of, the processes involved in maintaining and reviewing the effectiveness of the governance framework. In producing this statement, full regard has been made to the register of interests for Councillors, the Corporate Risk Register, Statements of Assurance provided by each Head of Service and Director to the Chief Executive for year ended 31 March 2021.



The Council itself maintains overall control of the governance framework and has been involved, for example, in approving the implementation of the risk management policy and statement of assurance processes. Primary responsibility for overseeing the governance process is the responsibility of the Audit Committee as a standing committee of Council. The role of the Audit Committee extends to receiving reports from the Council's internal and external auditors to ensure that any issues raised are subject to due consideration and are addressed by CLT on a timely basis.

In considering this Annual Governance Statement, the Audit Committee has considered the review of the governance framework and system of internal controls prepared by the Chief Executive.

Internal Audit

The Council's Internal Audit service is provided under contract by Deloitte Ireland LLP. Internal Audit provides an independent opinion on the adequacy and effectiveness of the Council's system of internal control. Internal Audit reports any deficiencies in internal control to the Chief Executive and Directors whose responsibility it is to consider any recommendations made and to take necessary remedial action. The results of the work of Internal Audit are also reported to the Audit Committee on a quarterly basis to ensure that continuous improvement takes place. These reports include a half-yearly report on the progress being made to implement previous agreed recommendations and an annual report from the Head of Internal Audit, providing overall assurance on the systems of internal control in place.

The Council has both a four-year strategic audit plan and a one-year operational plan covering the financial year under review, both of which have been agreed by the Audit Committee following discussions with CLT and HoST. The internal audit approach is risk based and our audit plan has been developed following an audit needs assessment as detailed in the Internal Audit Strategy 2019-2023. The audit plan for 2020-21 was designed to cover the high-risk areas identified by this audit needs assessment. One additional piece of non-assurance was carried out to review the revised supplier payments processes introduced as a result of the COVID-19 pandemic. An executive summary of all Internal Audit reports has been reported to the Audit Committee, including recommendations, management responses and an assignment to an appropriate manager for implementation by a specified date.

During 2020-21, 10 internal audits were completed, nine of these were assurance reviews and one advisory. Of the nine assurance reviews, seven received satisfactory assurance and two received limited assurance. All Internal Audit recommendations have been accepted by management and each has been allocated to a responsible officer and given a timescale for implementation. The details of the recommendation priority and agreed actions in each of the limited assurance reviews are set out below.

Business Continuity and Disaster Recovery	
Priority	Action
1	<ol style="list-style-type: none"> 1. Management will document an IT disaster recovery plan (DRP). 2. The IT DRP will conduct annual testing using a range of threats/scenarios and this will include post-test reviews. 3. Once the IT DRP has been approved Council will consider incorporating periodic training into its annual training programme.
1	<ol style="list-style-type: none"> 1. The Council will update the draft business continuity plan (BCP) this will include documenting responsibilities and processes. 2. Annual testing of the BCP will be carried out using a range of threats/scenarios and this will include post-test reviews.



Business Continuity and Disaster Recovery	
Priority	Action
	3. Once BCPs have been approved a training programme will be established and rolled out to all relevant officers.
2	<ol style="list-style-type: none"> 1. Once the updated BCP is finalised the Policy and Procedures will be revised and submitted to Corporate Services Committee for approval. 2. Once BCPs have been approved a training programme will be established and rolled out to all relevant officers.
3	1. This information will be included in forthcoming Data Protection and IT training.

Health, Safety and Wellbeing	
Priority	Action
2	<ol style="list-style-type: none"> 1. The Health and Safety Compliance Officer and the Risk Manager will agree one COVID-19 Risk Assessment template to be used going forward. 2. COVID-19 Risk Assessment template will give consideration to COVID-19 risks which are relevant to the specific activities carried out within each Council Service, as well as mitigating measures. 3. The Health and Safety Compliance Officer will develop a process to track the status of the implementation of action plans relating to additional mitigating measures identified in the COVID-19 Risk Assessments. This will be a standing item on the quarterly Corporate and Directorate Health and Safety management meeting agenda.
2	<ol style="list-style-type: none"> 1. The Health and Safety Compliance Officer will develop a Health and Safety Risk Register which identifies and documents health, safety and wellbeing risks across the organisation, as well as the mitigating controls in place to manage these risks. The Risk Manager will review before finalising. 2. The Council will implement an assurance mapping process against identified Council-wide health, safety and wellbeing risks to determine and document sources of assurance for each risk, to provide the Council with assurance over the adequacy of the controls in place to manage the identified risks.
2	<ol style="list-style-type: none"> 1. Management meetings have been established from January 2021 for information sharing on a weekly basis. Regular coordination will take place between the Risk Management function and the Corporate Health and Safety function to ensure there is adequate sharing of information, to reduce duplication of effort and to ensure a coordinated and consolidated approach to the investigation and oversight of reported incidents, accidents and near-misses. 2. There will be a coordinated approach for the reporting of Health and Safety updates between Corporate Health and Safety and the Risk Management function to ensure that information is consolidated and that all control/design issues have been captured. Management meetings have been established from January 2021 for information sharing on a weekly basis. 3. All unnecessary printing to cease with immediate effect. Shared drives on the network to be set up to ensure information sharing in the absence of a bespoke computer package where more strategic analytics can be

Health, Safety and Wellbeing Priority	Action
	<p>undertaken to benefit both services. Bespoke software is being investigated.</p> <p>4. All hard copy data and information that should not exist will be destroyed in compliance with our data and retention disposal policy.</p>
2	<ol style="list-style-type: none"> 1. The Health and Safety Compliance Officer will continue to update the Health and Safety policies and procedures to reflect it is the role of the Corporate Health and Safety function to provide feedback, including risk improvement advice and recommendations arising from investigations and the identification of emerging trends. 2. The Health and Safety Compliance Officer and the Risk Manager will consider whether two separate records are required for, the Risk Management function's Incident Reporting Listing and the Corporate Health and Safety function's Croners system, for recording incident details. Review to be discussed at Management Team meetings. 3. The Council cannot obtain addition licences which extends beyond the Corporate Health and Safety function. The Health and Safety Compliance Officer has been instructed to provide information to the Risk Manager in the absence of one system for all requirements. 4. The Health and Safety Compliance Officer and the Risk Manager will ensure that all health and safety reportable incidents are reported in the first instance to the Risk Management function within one day of the incident, in compliance with Council procedure. The mechanism to ensure this happens will be agreed in the management meetings. 5. The Health and Safety Compliance Officer will ensure that all reported health and safety incidents are captured on the Croners system to ensure that incident reports and trend analysis accurately reflects all health and safety incidents and issues across the Council. Corporate H&S have been instructed to provide information to the Risk Manager in the absence of one system for all requirements. 6. The Health and Safety Compliance Officer will ensure that all reported incidents are investigated in a timely manner and record of outcomes kept.
3	<ol style="list-style-type: none"> 1. RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) forms will be submitted to Health and Safety Executive Northern Ireland (HSE NI) within the required timeframe. The Council Officers will complete an initial notification to HSE NI of the reportable incident within the ten day timeframe, to ensure compliance with RIDDOR in situations where there could be a delay, such as where information is required from the public or where there are staff absences. The Health and Safety Policy will be updated to document that HSE NI should be notified of reportable incidents within the ten-day timeframe, even in cases where the RIDDOR form cannot be fully completed due to delays in information. 2. Council Officers will continue to remind staff of the correct version of the incident report form to use (AC 1/R/18). Staff will be reminded to discard any old templates that they may have saved offline.
3	<ol style="list-style-type: none"> 1. The Health and Safety Handbook will be updated to include a document version control table to summarise any updates made to the sections of the handbook. 2. The Health and Safety Procedural documents will be updated to reflect the Health and Safety risks associated with COVID-19.



Health, Safety and Wellbeing Priority	Action
	3. The Health and Safety policies will be reviewed to ensure that all information is still relevant and up to date. A 2 yearly review will be scheduled going forward. 4. Section 1.2 of the Health and Safety Management Systems document will be updated to reflect the current procedure for approving policies and procedural documentation.

For the period under review, Internal Audit has provided a satisfactory assurance on the overall system of internal control. Whilst Internal Audit has identified the need for certain improvements, there were no issues raised that are considered to represent a significant governance issue.

The Council's internal audit contractor undertakes an annual review of the effectiveness of the Internal Audit service in line with the requirements of the Public Sector Internal Audit Standards. This review was reported by exception to the Audit Committee and proved satisfactory.

Statements of Assurance

The Service Statements of Assurance have been reviewed and the following points noted:

- Environmental Health, Protection and Development
 - The Service report one outstanding license-related action that will also require the Service to review existing by-laws and one potential judicial review matter, believed to be time-barred.
- Community and Culture have reported one outstanding Priority 2 recommendation in relation to the grant expenditure process and documentation audit with four outstanding Priority 3 from the PCSP audit and one other outstanding Priority 3 recommendation to adopt formal guidance on Partnership Arrangements.
- Leisure and Amenities:
 - has reported potential financial difficulties due to COVID-19 with potentially significant loss of income claims and claims from customers and members relating to refunds and council approved charges.
 - Complaints monitoring has highlighted potential weaknesses in the system of internal control:
 - Allotment provision. Allotment terms will be amended and issued to tenants in September 2021.
 - Ongoing complaints regarding remaining depths in graves. Solutions are being sought, with electronic depth testing being investigated.
 - The Service has one outstanding recommendation to align service planning with the budget; this will be completed in the 2021/22 budget process.
- Waste & Cleansing Service reported:
 - There has been one direct award contract, involving the hiring of vehicles required due to health and safety as a result of the impact of the COVID-19 pandemic.
 - One on-going legal procurement-related challenge.
- Regulatory Services
 - There has been a significant reduction in Building Control and Licensing income, believed to relate to the impact of BREXIT and COVID-19.



- Complaints monitoring has highlighted a potential weakness in the system of internal control requiring a review of protocols for investigation of complaints against staff.
- Report resourcing issues resulting from the interaction of a restructure and the Council's suspension of recruitment during the pandemic.
- Economic Development has one outstanding audit recommendation relating to Selective Financial Assistance. The Head of the Finance service is developing a Policy to determine how Services can best apply.
- The Tourism Service made two single tender action awards and the Environmental Health Protection and Development made one direct award, each compliant with Council procedures.
- The Finance Service reported:
 - Potential impact of the interaction of overtime and holiday pay and the implications of the McCloud and Sargent court cases remain unresolved. The Department of Finance Guidance remains outstanding, affecting all of Northern Ireland's Public Sector and negotiation with Trade Unions.
 - The implementation of the new integrated human resource, employee payments, time and attendance software project has proved challenging to complete.
 - Outstanding recommendations as follows: one Priority 1, thirteen Priority 2 and five Priority 3 recommendations from Internal Audits. There are two Priority 2 recommendations outstanding from External Audits.
 - That resourcing has been an issue resulting in impacts on service delivery particularly during the response to the pandemic.
- Strategic Transformation and Performance has reported two Priority 1, one Priority 2 and three Priority 3 internal audit recommendations relating to business continuity and disaster recovery audit carried out during 2020/21. Business Technology has one outstanding Priority 3 recommendation from the Business Technology Internal Audit with additional recommendations contained within a Cyber Maturity informational audit.
- Human Resources and Organisational Development has reported a number of Priority 2 and 3 recommendations across a range of internal audits. A timetable is in place to ensure these are programmed for completion.
- Administration Service has two outstanding actions in progress from two recommendations arising from the Health and Safety Audit and a further two Priority two recommendations in progress from the Asset Management (Land & Property) audit.

Corporate Risk Register

Within the register, management have identified a significant residual risk (after current mitigating actions) regarding:

- the Council's local development plan (LDP) being found to be unsound due to unavailability of a draft Belfast Metropolitan Transport Strategy (BMTP). The Council's Head of Planning attends the BMTP project board and officers will continue to work with Department for Infrastructure and Translink colleagues on LDP issues.
- Failure of Department for Infrastructure to have implemented replacement of Planning Portal replacement within ANDBC by early 2022 with no secure contract to maintain/support existing Planning Portal system beyond 31 December 2021, leading to inability to deliver Planning Services. Current controls include the Governance Board providing regular updates to SOLACE, extension of support for the legacy system.



- The impact of Brexit on Council to deliver services. Action has been taken to set up a Day One working group, review local service delivery legislation review of activities, projects plans (including emergency planning and business continuity arrangements). Further contact with suppliers, work with the police and a review of income projections is required.
- Breach of Cyber Security. Damage to systems, or theft, leading to a failure to deliver services, financial loss, legal action, or regulatory action due to non-compliance with information management legislation (including GDPR and Data Protection Act 2018). A draft Cyber Security action plan is under development. Other mitigating actions include implementation of multi-factor authentication, review of internal processes, staff training and testing.
- Data Breach Response & Recovery. Inadequate response (speed / statutory compliance / inadequate controls / process / risk mitigation & provision / reputation / resourcing). Actions to be taken include the development of a critical incident policy and procedure, development of a risk register, review of cyber systems and risks and also staff training.

Fraud, Whistle Blowing and Data Protection

During the year there were a number of attempted or actual frauds using the Council's corporate credit card, which was detected by the card issuer. In total nine transactions were made on two separate occasions by an unknown party which resulted in the card issuer cancelling the credit card and issuing new ones. Council has obtained refunds from the card issued and has suffered no financial loss on either occasion. Internal processes have been reviewed. The matters were reported to the Northern Ireland Audit Office and the Department for Communities.

During the year two whistleblowing incidents occurred. One in respect of management practices in a Council service, which was investigated by an independent external advisor. None of the allegations were upheld. The second one was in connection with health and safety standards in another service. This was also referred to an external advisor for investigation. None of the allegations were upheld.

In January 2021, Council discovered a data breach as a result of a phishing attack on a single Council email account. This may have exposed the personal data of a number of individuals. Management reported the breach to the police and to the Information Commissioner's Office and engaged IT security experts to fully investigate this incident and protect the organisation from further attacks. Council was not contacted by the perpetrator and there is no indication that the information of any nature has been misused.

The Council has been advised on the implications of the result of the review of the effectiveness of the governance framework by the Chief Executive and plan to address weaknesses and ensure continuous improvement of the system.

Significant governance issues

There are no significant governance issues. Although there are a number of areas where ongoing improvements can be made, these are not considered to be fundamental in nature.



Chief Executive and Chief Financial Officer
20 September 2021



Remuneration Report

For the year ended 31 March 2021

Introduction

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

Allowance and Remuneration Arrangements

Councillors

Allowances are payable by Councils to councillors and committee members under Part 3 of the Local Government Finance Act (Northern Ireland) 2011 and The Local Government (Payments to Councillors) Regulations (Northern Ireland) 2019, which came into operation on 1 October 2019.

Guidance and determinations on Councillors' Allowances applicable from 1 April 2020 were issued by the Department for Communities on 3 April 2020 (Circular LG 08/2020). Details of the allowances paid to individual councillors are published on the Councils website.

Senior Employees

The remuneration of senior employees employed by the Council is determined by the Council in line with that determined by the Joint Negotiating Committee for Chief Executives and National Joint Council (NJC) for Local Government Services for Directors. Senior staff are those staff who are members of the Corporate Leadership 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 in 2020/21, under Part 3 of the Local Government Finance Act (Northern Ireland) 2011 and the Local Government (Payments to Councillors) Regulations (Northern Ireland) 2019 is set out in Table 1. This is audited information.

Independent Member – Audit Committee

Mr Samuel Hagen is the independent member of the Audit Committee. The role is to help promote the highest standards in the financial management of the Council and thereby ensure the accountability of public funds. A payment of £250 is paid per meeting to cover preparation and attendance plus travel and expenses.



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

Allowance	2020/21		2019/20	
	Total Allowances £	Number of Councillors receiving Allowance	Total Allowances £	Number of Councillors receiving Allowance
Basic Allowance	602,678	41*	600,937	49*
Special Responsibility Allowance	27,409	25	26,392	24
Chairperson / Mayor Allowance	14,856	2	14,856	2
Vice Chairperson/ Deputy Mayor Allowance	7,428	2	7,428	2
Mileage Allowance	1,661	4	16,790	14
Other Travel Allowance	124	2	2,179	7
Subsistence	-	-	2,209	4
Training, Courses/ Conferences Visits	6,099	41	16,507	49
Dependents' Carers Allowance	-	-	-	-
Independent Member Allowance and Expenses	500	-	775	-
TOTAL ALLOWANCES	660,755		688,073	

* During the 2020/21 financial year 41 different councillors were remunerated. One councillor resigned from the Council and was replaced in line with legislation.

Details of the allowances paid to individual councillors in 2020/21 are published on the Council's website at [Remuneration Report | Ards and North Down Borough Council](#)



Remuneration of Senior Employees

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

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

Officers	2020/21			2019/20		
	Salary (Full year equivalent in brackets where applicable) £'000	Benefits in kind (to nearest £100) £'00	Total £'000	Salary (Full year equivalent in brackets where applicable) £'000	Benefits in kind (to nearest £100) £'00	Total £'000
S Reid Chief Executive	120 - 125	2	120 - 125	120 - 125	4	120 - 125
G Bannister DCW	85 - 90	2	85 - 90	85 - 90	4	85 - 90
S Christie DFP	85 - 90	1	85 - 90	85 - 90	1	85 - 90
D Lindsay DE	85 - 90	1	85 - 90	85 - 90	1	85 - 90
S McCullough DRDP	85 - 90	1	85 - 90	85 - 90	4	85 - 90
W Swanston DODA	85 - 90	1	85 - 90	85 - 90	1	85 - 90

DCW – Director of Community and Wellbeing

DE – Director of Environment

DFP – Director of Finance and Performance

DODA – Director of Organisational Development and Administration

DRDP – Director of Regeneration, Development and Planning

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

The banded remuneration of the highest paid member of the Corporate Leadership Team in the financial year 2020/21 was £120k - £125k. This was 5.56 times the median remuneration of the workforce, which was £21,960.



Table 3: Relationship between the remuneration of the highest paid member of the Corporate Leadership Team and the median remuneration of the Council’s workforce (audited information)

	2020/21 £	2019/20 £
Salary Band of Highest Paid member of the Corporate Leadership Team	£120,000 - £125,000	£120,000 - £125,000
Median Total Remuneration	21,960	21,743
Ratio	5.56	5.54

In 2020/21, no employees received remuneration in excess of the highest paid member of the Corporate Leadership Team.

Total remuneration includes salary, bonus payments (none paid) and benefits in kind (staff leisure membership and health insurance both taxed at source).

Salary

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

Benefits in Kind

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

Exit Packages for staff

The number of exit packages provided to all staff by the Council, together with total cost per band and total cost of the compulsory and other redundancies are set out in the Table 4 below:

Table 4: Exit Packages in 2020/21 (audited information)

Severance Package Cost Band £'000	2020/21			2019/20		
	Number of Compulsory Redundancies	Number of Other departures agreed	Total Cost £	Number of Compulsory Redundancies	Number of Other Departures agreed	Total Cost £'000
0 - 20	-	-	-	-	-	-
20 - 40	-	-	-	-	-	-
40 - 60	-	-	-	-	-	-
60 - 80	-	-	-	-	-	-
Total	-	-	-	-	-	-



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

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

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

The ranges for the bands for tiered contribution rates are revised by the Department for Communities in April each year in accordance with the increase applied to a pension in payment. The bands, effective from 1 April 2020, were as set out in Table 5 below.

Table 5: Employee Contribution Rates

Band	Range	Employee Contribution Rate
1	£0 - £15,000	5.5%
2	£15,001 - £22,900	5.8%
3	£22,901 - £38,300	6.5%
4	£38,301 - £46,400	6.8%
5	£46,401 - £91,900	8.5%
6	More than £91,900	10.5%

Employers’ contribution rates are determined by the fund’s actuary every three years at the triennial valuation. As part of the March 2019 valuation the actuary certified the employers’ contribution rates for the three years from 1 April 2020. Most employers participate in a pooled employers’ contribution rate. As the Fund currently has a surplus, no deficit contributions are payable by the main group. The contribution rates for the Council for the three year period are as set out in Table 6.



Table 6: Employer Contribution Rates

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

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

Councillors have been able to join the Scheme since May 2011 and therefore have not accrued significant benefits thus far. However, the in-year pension contributions made by the Council for all Councillors during 2020/21 were £118,021 (2019/20 £120,152).

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

Table 7: Pension Benefits of senior staff in 2020/21 (audited information)

Officers	Accrued Pension at pension age as at 31/3/21 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/21 £'000	RESTATED CETV at 31/3/20* £'000	Real increase in CETV £'000
S Reid Chief Executive	160 - 165	7.5 – 10.0	1,146	1,047	84
G Bannister DCW	100 - 105	2.5 – 5.0	669	617	41
S Christie DFP	0 – 5	0 – 2.5	54	30	17
D Lindsay DE	105 – 110	2.5 – 5.0	749	691	47
S McCullough DRDP	85 – 90	2.5 – 5.0	574	525	39
W Swanston DODA	60 – 65	2.5 – 5.0	551	501	40

* Due to changes by the Government Actuary Department during the 2020/21 year, some CETV calculations for the 2019/20 year have been re-run and provided as the starting input CETV value for the 2020/21 year.



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
20 September 2021

Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31 March 2021 on pages 1 to 120 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 56 to 75.
- (b) in my opinion the Statement of Accounts 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 ending 31 March 2021.



Chief Executive and Chief Financial Officer
20 September 2021

Council Approval of Statement of Accounts

These accounts were approved by resolution of the Audit Committee on 20 September 2021.



Chairman
20 September 2021



Independent Auditor's Report to the Members of Ards and North Down Borough Council

Opinion on financial statements

I have audited the financial statements of Ards and North Down Borough Council for the year ended 31 March 2021 under the Local Government (Northern Ireland) Order 2005. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement, and the related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting on the United Kingdom supported by International Financial Reporting Standards (IFRS) as adopted by the European Union.

I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21, of the financial position of Ards and North Down Borough Council as at 31 March 2021 and its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Department for Communities' directions issued thereunder.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of Ards and North Down Borough Council in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2019, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

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



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

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

Other Information

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

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

I have nothing to report in this regard.

Opinion on other matters

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

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Department for Communities' directions made under the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015; and
- the information given in the Statement of Accounts for the financial year ended 31 March 2021 is consistent with the financial statements.



Matters on which I report by exception

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

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

- in my opinion:
 - the Annual Governance Statement:
 - does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21;
 - does not comply with proper practices specified by the Department for Communities;
 - is misleading or inconsistent with other information I am aware of from my audit; or
 - adequate accounting records have not been kept; or
 - the statement of accounts and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
 - I have not received all of the information and explanations I require for my audit, or
- I issue a report in the public interest under Article 9 of the Local Government (Northern Ireland) Order 2005; or
- I designate under Article 12 of the Local Government (Northern Ireland) Order 2005 any recommendation made to the Council; or
- I exercise the other special powers of the auditor under Article 19 to 21 of the Local Government (Northern Ireland) Order 2005.

Responsibilities of the Chief Financial Officer for the financial statements

As explained more fully in the Statement of Council's and Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for:

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to Ards and North Down Borough Council through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Local Government (Northern Ireland) Order 2005;
- making enquires of management and those charged with governance on Ards and North Down Borough Council's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Ards and North Down Borough Council's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition and posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate; and
- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;



- assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
- investigating significant or unusual transactions made outside of the normal course of business.

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

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

Certificate

I certify that I have completed the audit of accounts of Ards and North Down Borough Council in accordance with the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice.



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

29 September 2021

Ards and North Down Borough Council Movement in Reserves Statement

i) For the year ended 31 March 2021

	General Fund	Other Fund Balances & Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£
At 1 April 2020	3,015,480	3,896,115	2,056,161	8,967,756	113,323,136	122,290,892
Movement in reserves during the year:						
Surplus or (deficit) on the provision of services	4,243,465	-	-	4,243,465	-	4,243,465
Other Comprehensive Income and Expenditure	-	-	-	-	(6,123,955)	(6,123,955)
Total Comprehensive Income and Expenditure	4,243,465	-	-	4,243,465	(6,123,955)	(1,880,490)
Adjustments between accounting basis & funding under regulations	6,728,473	475,466	(436,857)	6,767,082	(6,767,082)	-
Net Increase / (Decrease) before Transfers to Reserves	10,971,938	475,466	(436,857)	11,010,547	(12,891,037)	(1,880,490)
Transfers to/(from) Statutory and Other Reserves	(9,460,053)	9,460,053	-	-	-	-
Increase/(Decrease) in Year	1,511,885	9,935,519	(436,857)	11,010,547	(12,891,037)	(1,880,490)
At 31 March 2021	4,527,365	13,831,634	1,619,304	19,978,303	100,432,099	120,410,402



Ards and North Down Borough Council
Movement in Reserves Statement
For the year ended 31 March 2020

Comparative Year

	General Fund	Other Fund Balances & Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£
At 1 April 2019	3,422,012	4,514,194	2,423,946	10,360,152	118,604,809	128,964,961
Movement in reserves during the year:						
Surplus or (deficit) on the provision of services	(9,522,122)	-	-	(9,522,122)	-	(9,522,122)
Other Comprehensive Income and Expenditure	-	-	-	-	2,848,053	2,848,053
Total Comprehensive Income and Expenditure	(9,522,122)	-	-	(9,522,122)	2,848,053	(6,674,069)
Adjustments between accounting basis & funding under regulations	7,912,181	585,330	(367,785)	8,129,726	(8,129,726)	-
Net Increase / (Decrease) before Transfers to Reserves	(1,609,941)	585,330	(367,785)	(1,392,396)	(5,281,673)	(6,674,069)
Transfers to/(from) Statutory and Other Reserves	1,203,409	(1,203,409)	-	-	-	-
Increase/(Decrease) in Year	(406,532)	(618,079)	(367,785)	(1,392,396)	(5,281,673)	(6,674,069)
At 31 March 2020	3,015,480	3,896,115	2,056,161	8,967,756	113,323,136	122,290,892

Ards and North Down Borough Council
Comprehensive Income and Expenditure Statement
For the year ended 31 March 2021

	Note	2020/21			2019/20		
		Gross Expenditure	Gross Income	Net Cost	Gross Expenditure	Gross Income	Net Cost
		£	£	£	£	£	£
Services Expenditure							
Community & Wellbeing HQ	2	369,465	(1,348)	368,117	252,414	(1,367)	251,047
Environmental Health	2	2,423,641	(576,611)	1,847,030	2,707,844	(632,544)	2,075,300
Community & Culture	2	3,230,718	(1,874,401)	1,356,317	3,911,472	(1,752,806)	2,158,606
Leisure and Amenities	2	14,466,785	(863,568)	13,603,217	13,642,972	(3,563,531)	10,079,441
Environment HQ	2	643,815	-	643,815	218,177	-	218,177
Waste and Cleansing Services	2	17,273,846	(834,745)	16,439,101	16,720,790	(973,140)	15,747,650
Assets and Property Services	2	8,271,652	(192,598)	8,079,054	9,322,546	(300,234)	9,022,312
Regulatory Services	2	2,828,771	(1,479,212)	1,349,559	3,296,132	(2,309,207)	986,925
Regen, Dev & Planning HQ	2	327,732	-	327,732	521,592	-	521,592
Regeneration	2	1,082,996	(106,030)	976,966	1,595,072	(179,901)	1,415,171
Economic Development	2	2,574,831	(411,308)	2,163,523	2,849,180	(527,942)	2,321,238
Planning	2	2,237,404	(846,542)	1,390,862	2,134,202	(965,693)	1,168,509
Tourism	2	1,236,069	(35,689)	1,200,380	2,094,996	(112,837)	1,982,159
Finance & Performance HQ	2	148,473	(10)	148,463	137,703	(40)	137,663
Internal Audit	2	56,610	-	56,610	56,186	-	56,186
Finance	2	1,041,739	(389)	1,041,350	1,347,108	(1,271)	1,345,837
Strategic Transformation & Performance	2	1,610,848	-	1,610,848	1,916,156	-	1,916,156
Strategic Capital Development	2	343,461	-	343,461	456,156	-	456,156
Organisational Development & Admin HQ	2	240,108	-	240,108	160,136	-	160,136
HR & Organisational Development	2	969,648	-	969,648	1,157,321	(28,410)	1,128,911
Admin & Customer Services	2	3,773,497	(277,669)	3,495,828	3,788,234	(339,141)	3,449,093
Chief Executive	2	392,561	-	392,561	769,690	(2,329)	767,361
Community Planning	2	134,114	(4,000)	130,114	189,987	(4,012)	185,975
Corporate Communications	2	461,601	-	461,601	508,265	-	508,265
Capital Financing	2	-	-	-	-	-	-
Year End Transactions	2	-	-	-	9,000	-	9,000
REFCUS	2	1,321,514	-	1,321,514	14,061	-	14,061
Cost of Services on Continuing Operations	2	67,461,899	(7,504,120)	59,957,779	69,777,392	(11,694,465)	58,082,927



	Note	2020/21			2019/20		
		Gross Expenditure	Gross Income	Net Cost	Gross Expenditure	Gross Income	Net Cost
		£	£	£	£	£	£
Cost of Services on Continuing Operations		67,461,899	(7,504,120)	59,957,779	69,777,392	(11,694,465)	58,082,927
Other Operating Expenditure / Income	8	118,785	-	118,785	(33,518)	-	(33,518)
Financing and Investment Income and Expenditure	9	3,929,338	(127,959)	3,801,379	3,844,084	(249,623)	3,594,461
Surplus/(Deficit) on Discontinued Operations		-	-	-	-	-	-
Net Operating Expenditure		71,510,022	(7,632,079)	63,877,943	73,587,958	(11,944,088)	61,643,870
Taxation and Non-Specific Grant Income	10	-	(68,121,408)	(68,121,408)	324,411	(52,446,159)	(52,121,748)
Surplus/(Deficit) on the Provision of Services		71,510,022	(75,753,487)	4,243,465	73,912,369	(64,390,247)	(9,522,122)
Surplus/(Deficit) on revaluation of non-current assets	12			3,344,045			9,669,970
Impairment losses on non-current assets charged to the Revaluation Reserve	12			-			(153,917)
Re-measurements of the Net Defined Benefit Liability/ (Asset)	22			(9,468,000)			(6,668,000)
Other Comprehensive Income and Expenditure				(6,123,955)			2,848,053
Total Comprehensive Income and Expenditure				(1,880,490)			(6,674,069)

Ards and North Down Borough Council
Balance Sheet
As at 31 March 2021

	Notes	2020/21 £	2019/20 £
Fixed Assets	12	242,431,113	247,172,528
Long Term Debtors	16	609,827	676,399
LONG TERM ASSETS		243,040,940	247,848,927
Short Term Investments	17	-	-
Inventories	15	283,398	340,536
Short Term Debtors	16	6,443,685	6,066,961
Cash and Cash Equivalents	26	10,927,449	4,967,233
Assets Held for Sale	12f	1,800,000	-
CURRENT ASSETS		19,454,532	11,374,730
Bank Overdraft	26	-	-
Short Term Borrowing	18	6,170,269	11,213,710
Short Term Creditors	19	7,300,996	7,665,941
Provisions	20	776,105	730,605
CURRENT LIABILITIES		14,247,370	19,610,256
Long Term Creditors	19	-	-
Provisions	20	363,728	382,293
Long Term Borrowing	18	66,859,972	70,030,240
Other Long-Term Liabilities	22	60,614,000	46,909,976
Capital Grants Receipts in Advance	24	-	-
LONG TERM LIABILITIES		127,837,700	117,322,509
NET ASSETS		120,410,402	122,290,892
USABLE RESERVES			
Capital Receipts Reserve	27a	1,619,304	2,056,161
Capital Grants Unapplied Account	27b	2,739,841	2,143,177
Revenue Grants Unapplied Account	27c	279,305	400,503
Capital Fund	27d	-	-
Repairs and Renewal Fund	27e	-	-
Earmarked Fund	27f	10,812,488	1,352,435
General Fund	27g	4,527,365	3,015,480
		19,978,303	8,967,756
UNUSABLE RESERVES			
Capital Adjustment Account	28a	81,805,589	80,874,228
Revaluation Reserve	28b	79,999,277	79,891,827
Pensions Reserve	28c	(60,614,000)	(46,909,976)
Accumulated Absences Account	28d	(758,767)	(532,943)
		100,432,099	113,323,136
NET WORTH		120,410,402	122,290,892



Ards and North Down Borough Council
Cash Flow Statement
As at 31 March 2021

	Notes	2020/21	2019/20
		£	£
Net surplus / (deficit) on the provision of services		4,243,465	(9,522,122)
Adjustment for non-cash movements	26a	14,527,660	14,266,336
Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	26a	(20,000)	(89,666)
Net cash flows from Operating Activities		18,751,125	4,654,548
Net Cash flows from Investing Activities	26d	(4,577,199)	(3,852,623)
Net Cash flows from Financing Activities	26e	(8,213,710)	2,343,788
Net increase / (decrease) in cash and cash equivalents		5,960,216	3,145,713
Cash and cash equivalents at the beginning of the reporting period	26b	4,967,233	1,821,520
Cash and cash equivalents at the end of the reporting period		10,927,449	4,967,233

Ards and North Down Borough Council

Notes to the Financial Statements

For the year ended 31 March 2021

1A Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. The Council is required to prepare an annual Statement of Accounts in a form directed by the Department for Communities in accordance with regulations 3 (7) and (8) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 also requires disclosure in respect of:

Summary of Significant Accounting Policies

i) Accruals of Income and Expenditure

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 payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

ii) Acquisitions

Guidance issued by CIPFA regarding the accounting treatment for transfers of functions, assets and liabilities resulting from local government reform stated that:



Notes to the Financial Statements

For the year ended 31 March 2021

Paragraph 2.5.2.1 of the Code defines a transfer of function as a 'transfer of an identifiable service or business operation with an integrated set of activities, staff and recognised assets and / or liabilities that are capable of being conducted and managed to achieve the objectives of that service or business operation

The combinations and transfers as a result of Local Government Reform are considered, for accounting purposes, to be *combinations of public sector bodies* (these are most commonly seen in the form of local government reorganisation or other transfers of function from one public sector body to another).

Paragraph 2.5.1.1 of the Code advises that combinations of public sector bodies are deemed to be 'a combination of businesses under common control', and as such are outside the scope of IFRS 3 *Business Combinations*.

This means that the combination of the legacy local authorities into one new authority, and the transfer of functions (in full or in relation to a geographic area) from the responsibility of one authority (or other public sector body) to another, were accounted for using the principles that apply to *Group Reorganisations / Reconstructions*.

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

As both the legacy Councils have already completed the Pay & Grading review under Single Status there is no longer a requirement to make a provision.

iv) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management. Any bank overdrafts are shown within current liabilities on the balance sheet.

v) Contingent Assets

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

vi) Contingent Liabilities

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



vii) Employee Benefits

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, 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, flexi and time off in lieu entitlements 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 appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

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

Post-Employment Benefits

Most 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.



Notes to the Financial Statements

For the year ended 31 March 2021

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 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 liability is analysed into seven components as follows:

1. Within the cost of services:

- **current service cost** – the increase in the present value of the defined benefit obligation (liabilities) resulting from employee service in the current period;
- **past service cost** – (where applicable) the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction in the number of employees covered by the plan);

2. Within Financing Investment Income and Expenditure:

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

3. Within Other Comprehensive Income and Expenditure (Re-measurements):

- **the return on plan assets** – excluding amounts recognised in the Net Interest on the Net Defined Benefit Liability (Asset). 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;



Notes to the Financial Statements

For the year ended 31 March 2021

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

4. 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.

5. Discretionary Benefits

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

The Northern Civil Service Pension Fund

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

viii) Events After the Balance Sheet Date

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

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events;



Notes to the Financial Statements

For the year ended 31 March 2021

- 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 financial statements and is usually the date the Local Government Auditor issues her certificate and opinion. Where material adjustments are made in this period they will be disclosed.

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

ix) Exceptional Items

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

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

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

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

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

xi) Financial Instruments

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

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

However, the bonds issued by the Council in 2019/20 are carried at a lower amortised cost than the outstanding principal, and interest is charged at a marginally higher effective rate of



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interest than the rate payable to bondholders, as a material amount of costs incurred in its issue is being financed over the life of the stock.

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

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

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

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

Financial Assets Measured at Amortised Cost

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

However, the Council has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

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



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

Expected Credit Loss Model

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

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

Financial Assets Measured at Fair Value through Profit or Loss

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

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

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

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

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

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

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

xii) Foreign Currency Translation

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



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xiii) Government Grants and Contributions

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

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

Amounts recognised as due are not credited to the Comprehensive Income and Expenditure Statement until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset 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-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

xiv) Intangible Assets

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

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

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. 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



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Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

xv) Inventories & Long-Term Contracts

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

Long Term revenue contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xvi) Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

xvii) 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 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.



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The Council as Lessee

Finance Leases:

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 charge for the acquisition of the interest in the property – applied to write down the lease liability, and
- 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 provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and impairment losses are therefore replaced by a revenue provision in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases:

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

The Council as Lessor

Finance Leases:

Where the Council grants a 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.



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Lease rentals receivable are apportioned between:

- 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
- 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 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 fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases:

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.

xviii) 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. 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.



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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 Summary 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 fixed 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.

xix) Overheads and Support Services

Overheads and support services are no longer recharged to frontline services, as in previous years. This follows changes to the CIPFA code and the 'telling the story' initiative where the Comprehensive Income and Expenditure Statement is now formatted in the same manner as the Council reports internally.

xx) Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment 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 over £5,000 are initially measured at cost, comprising:

- the purchase price;
- 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;
- 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 will not increase the cash flows of the Council. In the latter case, where the asset



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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
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

Impairment

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

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- where there is no balance in the Revaluation Reserve, 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.



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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 charged on a straight-line basis on each main class of asset as follows:

- buildings and infrastructure assets are depreciated on their current value over the estimated useful life of the asset as advised by a suitably qualified officer. Depending on the type of building, installation or fitting the maximum useful life will be in the range of 3 to 53 years;
- plant, vehicles and equipment are depreciated on historic cost using a life of between 3 and 30 years;
- the Council applies a full year depreciation in the year of acquisition and no depreciation in the year of disposal.

Componentisation

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

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

Revaluations

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

xxi) Heritage Assets

Heritage Assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. They are intended to be preserved in trust for future generations because of their cultural, environmental or historic associations and are 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 policies on impairment (see note xviii in this summary of significant accounting policies). The Council 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 financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

The Council's capitalisation limit for this class of asset is £5,000. Due to the fluctuating nature in value of such assets, the Council will only derecognise assets, once they fall below a value of £2,500.



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Heritage assets are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

The Council's heritage assets can be classified into one of four main headings as follows:

Paintings and Drawings

It is within this category that most of the Council's heritage assets lie, the most significant of which are paintings which are on display around Bangor Town Hall in corridors and offices. The most important collections are those by James Humbert Craig and the gallery copies of Old Masters by Edwin Long. There is also a good selection of renowned Irish artists including William Conor, Maurice MacGonigal, Georgina Moutray Kyle and Charles Lamb.

Artefacts

Most of these items are small pieces relating to North Down from prehistory to modern day. Among the older artefacts is a fair example of a set of giant Irish elk antlers. However, the most valuable item is the Victoria Cross and other medals awarded to Commander Hon. Edward Barry Bingham for his role in the Battle of Jutland.

There are also some important artefacts relating to the families of Bangor Castle. Of interest are the Raven Maps, a 17th century folio mapping the estate of Sir James Hamilton. Other notable artefacts include the Bangor Bell, a bronze hand bell believed to be from the 9th century and some Blair Mayne medals and pictures.

There are also some artefacts, mostly oriental, relating to Sir John Newell Jordan. The majority of these pieces are porcelain or china but there are also scrolls, export chests and a few bronze items including Buddhas

Furniture of historical interest

This not only encompasses chairs and tables but also large pieces such as cabinets and bookcases. There are a number of 17th century chairs originating from the Ward family. Of particular note is a large Regency bookcase in mahogany.

Other Heritage Assets

Civic Regalia

This collection consists of the Mayor's Gold Chain of Office, Deputy Mayor's Gold Chain of Office, Council Mace and other assorted items received or acquired by the Council as part of its Civic role.

Statues, War Memorials and Public Art

These encompass the Blair Mayne Statue (situated in Conway Square, Newtownards), Gillespie's Monument (situated in the Square, Comber), Cenotaph (situated in Court Square, Newtownards), the Bangor Bell Public Art piece and some other less prominent pieces.

The entire collection is relatively static, acquisitions and donations are infrequent. Where they do occur, acquisitions are initially recognised at cost and donations are recognised at valuation. Valuations are ascertained by a suitably experienced expert in their respective fields. However, there are some for which a nominal value is assigned as this would involve a disproportionate cost in comparison to the benefits to the users of the Council's financial statements. This is because of the diverse nature of the assets held and the lack of comparable values.



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xxii) Provisions

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

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

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

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

xxiii) Reserves and Funds

The Council sets aside specific amounts as funds for future policy purposes or to cover contingencies. Reserves are created by appropriating 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, accumulated absences and retirement benefits and do not represent usable resources for the Council – these reserves are explained in the relevant note to the accounts.

xxiv) Charges to Revenue for Non-Current Assets

Charges to revenue (e.g. services, support services and trading accounts) for non-current assets are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service;
- 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
- amortisation of intangible non-current assets attributable to the service.

The Council is not required to raise District Rates to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement equal to an amount calculated on a



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prudent basis determined by the Council in accordance with statutory guidance, referred to as minimum revenue provision (MRP) in the General Fund balance. Depreciation, impairment losses and amortisations are therefore replaced by MRP in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

xxv) Revenue Expenditure funded from Capital under Statute

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

xxvi) Value Added Tax

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

xxvii) Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties 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 authority's financial statements are categorised within the fair value hierarchy, as follows:

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

Notes to the Financial Statements

For the year ended 31 March 2021

1B Accounting Standards that have been issued but have not yet been Adopted

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

The standards that may be relevant for additional disclosures that will be required in the 2020/21 and 2021/22 financial statements in respect of accounting changes that are introduced in the 2021/22 Code (i.e. that are relevant to the requirements of paragraph 3.3.4.3 of the Code) are:

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

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

The CIPFA LASAAC Local Authority Accounting Code Board has agreed to defer the implementation of IFRS 16 Leases in the Code until the 2022/23 financial year. This aligns with the decision at the Government's Financial Reporting Advisory Board to establish a new effective date of 1 April 2022 for the implementation of IFRS 16.

CIPFA LASAAC has taken this decision in response to pressures on council finance teams as a result of the COVID-19 pandemic. CIPFA LASAAC would note that this further deferral is limited to one year only and it will not be granting any further extensions based on lack of preparedness. CIPFA LASAAC would encourage finance teams to continue their preparations for implementation and to look to the adoption of this standard in the 2022/23 financial year.

1C Critical Judgments in Applying Accounting Policies

For the 2020/21 financial year, the Council has not made any critical judgements about complex transactions or those involving uncertainty about future events.

1D Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

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



Notes to the Financial Statements

For the year ended 31 March 2021

The items in the Council's Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

i) Insurance Claims

The Council has made a provision of £333,288 for the settlement of insurance claims, arising from claims submitted to the Council under its self-insurance scheme for public and employee liability. These claims are those that have been received since 1 April 2015 and those claims still outstanding from the legacy North Down Borough Council, which were still outstanding at 31 March 2021.

This is a general provision, based on average settlement rates and represents an estimated liability in respect of claims lodged but being strongly contested by the Council.

ii) Environmental Provision

The Council has made a provision of £95,005 that relates to the need for remedial works to be undertaken to address environmental damage at two properties in the Council area. One relates to consultants fees associated with the required, settled and contracted remedial work whilst the other is remediation work agreed as part of the settlement to militate against future run-off of storm water from Council land into the third party's site.

iii) Pensions 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. The Council's pension provider's actuaries, Aon Hewitt, are engaged to provide the Council with expert advice about the assumptions to be applied.

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate would result in a decrease of 2.0% in the present value of the pension liability. Further information on the effects on the net pension liability of changes in assumptions is disclosed in note 22e on pages 109 and 110.

iv) Holiday Pay Provision

Recent court judgments have established the law as requiring employees to receive overtime payments as part of their holiday pay entitlement, which the Council acknowledges. The Northern Ireland Court of Appeal turned down an appeal by the Police Service of Northern Ireland (PSNI) regarding the potential liability arising to that organisation in this regard. This decision was appealed to the Supreme Court. The hearing previously scheduled for June 2021 has been adjourned. The Council has reached agreement with the recognised trade unions, however individual employees will be required to sign compromise agreements once calculations have been finalised.

Notes to the Financial Statements

For the year ended 31 March 2021

2a) Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, service charges and district rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates and services.

	2020/21			2019/20		
	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 & Wellbeing HQ	348,709	19,408	368,117	227,178	23,869	251,047
Environmental Health	1,609,037	237,993	1,847,030	1,799,035	276,265	2,075,300
Community & Culture	1,153,304	203,013	1,356,317	1,909,971	248,635	2,158,606
Leisure and Amenities	7,259,715	6,343,500	13,603,215	5,634,422	4,445,019	10,079,441
Environment HQ	624,218	19,597	643,815	194,594	23,583	218,177
Waste and Cleansing Services	14,716,366	1,722,735	16,439,101	13,939,532	1,808,118	15,747,650
Assets and Property Services	5,580,758	2,498,295	8,079,053	6,845,138	2,177,174	9,022,312
Regulatory Services	823,506	526,053	1,349,559	401,980	584,945	986,925
Regen, Dev & Planning HQ	306,167	21,565	327,732	499,135	22,457	521,592
Regeneration	736,138	240,828	976,966	1,184,998	230,173	1,415,171
Economic Dev	947,431	1,216,093	2,163,524	1,113,542	1,207,696	2,321,238
Planning	1,322,412	68,450	1,390,862	1,092,163	76,346	1,168,509
Tourism	1,067,822	132,558	1,200,380	1,828,976	153,183	1,982,159
Finance & Performance HQ	133,807	14,656	148,463	119,451	18,212	137,663
Internal Audit	56,610	-	56,610	56,186	-	56,186
Finance	924,413	116,938	1,041,351	1,238,996	106,841	1,345,837
Strategic Transformation & Performance	1,629,628	(18,780)	1,610,848	1,791,837	124,319	1,916,156



Notes to the Financial Statements

For the year ended 31 March 2021

	2020/21			2019/20		
	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
	£	£	£	£	£	£
Strategic Capital Development	315,250	28,211	343,461	435,944	20,212	456,156
Organisational Development & Admin HQ	225,270	14,838	240,108	139,635	20,501	160,136
HR & OD	877,673	91,975	969,648	1,021,374	107,537	1,128,911
Administration & Customer Services	3,122,479	373,350	3,495,829	3,141,451	307,642	3,449,093
Chief Executive	361,121	31,440	392,561	725,163	42,198	767,361
Community Planning	118,797	11,317	130,114	167,225	18,750	185,975
Corporate Communications	411,610	49,991	461,601	445,368	62,897	508,265
Capital Financing	5,415,492	(5,415,492)	-	3,643,731	(3,643,731)	-
Year End Transactions	(41,041)	41,041	-	110,216	(101,216)	9,000
REFCUS	-	1,321,514	1,321,514	-	14,061	14,061
Net Cost of Services	50,046,692	9,911,087	59,957,779	49,707,241	8,375,686	58,082,927
Other Income and Expenditure	(61,018,630)	(3,182,614)	(64,201,244)	(48,097,300)	794,000	(48,560,805)
(Surplus) or Deficit	(10,971,938)	6,728,473	(4,243,465)	1,609,941	7,912,181	9,522,122
Opening General Fund			3,015,480			3,422,012
Surplus/ (Deficit) on General Fund Balance in Year			10,971,938			(1,609,941)
Transfers (to)/from Statutory and Other Reserves			(9,460,053)			1,203,409
Closing General Fund			4,527,365			3,015,480

Notes to the Financial Statements

For the year ended 31 March 2021

2b) Note to the Expenditure and Funding Analysis

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

Adjustments between Funding and Accounting Basis				
2020/21				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Total
	£	£	£	£
Community & Wellbeing HQ	-	18,380	1,028	19,408
Environmental Health	2,897	222,222	12,874	237,993
Community & Culture	53,410	157,245	(7,642)	203,013
Leisure and Amenities	5,637,044	676,770	29,686	6,343,500
Environment HQ	-	18,404	1,193	19,597
Waste and Cleansing Services	847,018	779,927	95,790	1,722,735
Assets and Property Services	2,295,942	195,257	7,096	2,498,295
Regulatory Services	305,832	196,765	23,456	526,053
Regen, Dev & Planning HQ	-	18,381	3,184	21,565
Regeneration	150,753	81,154	8,921	240,828
Economic Dev	1,145,246	72,625	(1,778)	1,216,093
Planning	-	45,172	23,278	68,450
Tourism	21,047	106,672	4,839	132,558
Finance & Performance HQ	-	14,033	623	14,656
Internal Audit	-	-	-	-
Finance	-	100,015	16,923	116,938
Strategic Transformation & Performance	(93,665)	70,600	4,285	(18,780)
Strategic Capital Development	-	27,356	855	28,211
OD & Admin HQ	-	16,297	(1,459)	14,838
HR & OD	-	89,270	2,705	91,975
Administration & Customer Services	75,956	296,266	1,128	373,350
Chief Executive	-	30,021	1,419	31,440
Community Planning	-	13,514	(2,197)	11,317
Corporate Communications	5,952	44,422	(383)	49,991
Capital Financing	(5,415,492)	-	-	(5,415,492)
Year End Transactions	118,785	(77,744)	-	41,041
REFCUS	1,321,514	-	-	1,321,514
Net Cost of Services	6,472,239	3,213,024	225,824	9,911,087
Other Income and Expenditure from the Expenditure and Funding Analysis	(4,205,614)	1,023,000	-	(3,182,614)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	2,266,625	4,236,024	225,824	6,728,473



Notes to the Financial Statements
For the year ended 31 March 2021

Adjustments between Funding and Accounting Basis				
2019/20				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Total
	£	£	£	£
Community & Wellbeing HQ	-	21,205	2,664	23,869
Environmental Health	330	273,949	1,986	276,265
Community & Culture	47,164	196,279	5,192	248,635
Leisure and Amenities	3,564,310	863,102	17,607	4,445,019
Environment HQ	-	22,511	1,072	23,583
Waste and Cleansing Services	910,814	857,565	39,739	1,808,118
Assets and Property Services	1,914,936	254,783	7,455	2,177,174
Regulatory Services	339,686	238,673	6,586	584,945
Regen, Dev & Planning HQ	-	21,224	1,233	22,457
Regeneration	150,269	75,982	3,922	230,173
Economic Dev	1,113,735	86,134	7,827	1,207,696
Planning	-	50,687	25,659	76,346
Tourism	25,804	123,051	4,328	153,183
Finance & Performance HQ	-	16,190	2,022	18,212
Internal Audit	-	-	-	-
Finance	-	114,201	(7,360)	106,841
Strategic Transformation & Performance	37,210	89,322	(2,213)	124,319
Strategic Capital Development	-	20,113	99	20,212
OD & Admin HQ	-	18,850	1,651	20,501
HR & OD	-	106,082	1,455	107,537
Administration & Customer Services	(20,116)	321,709	6,049	307,642
Chief Executive	-	42,287	(89)	42,198
Community Planning	-	15,614	3,136	18,750
Corporate Communications	5,946	52,018	4,933	62,897
Capital Financing	(3,643,731)	-	-	(3,643,731)
Year End Transactions	(33,518)	(67,698)	-	(101,216)
REFCUS	14,061	-	-	14,061
Net Cost of Services	4,426,900	3,890,531	134,953	8,375,686
Other Income and Expenditure from the Expenditure and Funding Analysis	(1,257,505)	794,000	-	(463,505)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	3,169,395	4,607,833	134,953	7,912,181



Notes to the Financial Statements

For the year ended 31 March 2021

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:

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

Other statutory adjustments for services represent the accrual of absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March along with TOIL and flexi balances; along with the reversal of the same accrual from the previous year end.

There were no other differences between amounts debited or credited to the Comprehensive Income and Expenditure Statement and amounts payable or receivable to be recognised under statute.



Notes to the Financial Statements

For the year ended 31 March 2021

2c) Segmental Income and Expenditure

Income and expenditure on a segmental basis are analysed below:

	2020/21									
	Revenue from External Customers	Revenues from Transactions with Other Operating Segments of	Interest Revenue	Interest Expense	Depreciation and Amortisation	Material Items of Income and Expense	Interest in the Profit or Loss of Associates and Joint Ventures Accounted for by the Equity Method	Income Tax Expense or Income	Material Non cash items other than Depreciation and Amortisation	
	£	£	£	£	£	£	£	£	£	
Community & Wellbeing HQ	(1,348)	-	-	-	-	-	-	-	-	-
Environmental Health	(576,611)	-	-	-	-	-	-	-	-	-
Community & Culture	(1,874,401)	-	-	-	-	-	-	-	-	-
Leisure and Amenities	(831,289)	(32,279)	-	-	-	-	-	-	-	-
Environment HQ	-	-	-	-	-	-	-	-	-	-
Waste & Cleansing Services	(791,419)	(43,326)	-	-	-	-	-	-	-	-
Assets & Property Services	(137,698)	(54,900)	-	-	-	-	-	-	-	-
Regulatory Services	(1,479,212)	-	-	-	-	-	-	-	-	-
Regen, Dev & Planning HQ	-	-	-	-	-	-	-	-	-	-
Regeneration	(106,030)	-	-	-	-	-	-	-	-	-
Economic Development	(411,308)	-	-	-	-	-	-	-	-	-
Planning	(846,542)	-	-	-	-	-	-	-	-	-
Tourism	(35,689)	-	-	-	-	-	-	-	-	-
Finance & Performance HQ	(10)	-	-	-	-	-	-	-	-	-
Internal Audit	-	-	-	-	-	-	-	-	-	-
Finance	(389)	-	-	-	-	-	-	-	-	-
Performance & Projects	-	-	-	-	-	-	-	-	-	-
OD & Admin HQ	-	-	-	-	-	-	-	-	-	-
HR & OD	-	-	-	-	-	-	-	-	-	-
Admin & Customer Services	(277,669)	-	-	-	-	-	-	-	-	-
Chief Executive	-	-	-	-	-	-	-	-	-	-
Community Planning	(4,000)	-	-	-	-	-	-	-	-	-
Corporate Comms	-	-	-	-	-	-	-	-	-	-
Capital Financing	-	-	-	-	-	-	-	-	-	-
Year End Transactions	-	-	-	-	-	-	-	-	-	-
REFCUS	-	-	-	-	-	-	-	-	-	-
Total Income Analysed on a segmental basis	(7,373,615)	(130,505)	-	-	-	-	-	-	-	-

Notes to the Financial Statements

For the year ended 31 March 2021

Comparative year (2019/20):

	2019/20									
	Revenue from External Customers	Revenues from Transactions with Other Operating Segments of the Authority	Interest Revenue	Interest Expense	Depreciation and Amortisation	Material Items of Income and Expense	Interest in the Profit or Loss of Associates and Joint Ventures Accounted for by the Equity Method	Income Tax Expense or Income	Material Non cash items other than Depreciation and Amortisation	
	£	£	£	£	£	£	£	£	£	£
Community & Wellbeing HQ	(1,368)	-	-	-	-	-	-	-	-	-
Environmental Health	(632,544)	-	-	-	-	-	-	-	-	-
Community & Culture	(1,751,764)	(1,102)	-	-	-	-	-	-	-	-
Leisure and Amenities	(3,498,332)	(65,199)	-	-	-	-	-	-	-	-
Environment HQ	-	-	-	-	-	-	-	-	-	-
Waste & Cleansing Services	(968,725)	(4,415)	-	-	-	-	-	-	-	-
Assets & Property Services	(254,473)	(45,761)	-	-	-	-	-	-	-	-
Regulatory Services	(2,309,207)	-	-	-	-	-	-	-	-	-
Regen, Dev & Planning HQ	-	-	-	-	-	-	-	-	-	-
Regeneration	(179,902)	-	-	-	-	-	-	-	-	-
Economic Development	(475,651)	(52,291)	-	-	-	-	-	-	-	-
Planning	(965,693)	-	-	-	-	-	-	-	-	-
Tourism	(112,837)	-	-	-	-	-	-	-	-	-
Finance & Performance HQ	(40)	-	-	-	-	-	-	-	-	-
Internal Audit	-	-	-	-	-	-	-	-	-	-
Finance	(1,271)	-	-	-	-	-	-	-	-	-
Performance & Projects	-	-	-	-	-	-	-	-	-	-
OD & Admin HQ	-	-	-	-	-	-	-	-	-	-
HR & OD	(14,700)	(13,710)	-	-	-	-	-	-	-	-
Admin & Customer Services	(339,141)	-	-	-	-	-	-	-	-	-
Chief Executive	(2,329)	-	-	-	-	-	-	-	-	-
Community Planning	(4,012)	-	-	-	-	-	-	-	-	-
Corporate Comms	-	-	-	-	-	-	-	-	-	-
Capital Financing	-	-	-	-	-	-	-	-	-	-
Year End Transactions	-	-	-	-	-	-	-	-	-	-
REFCUS	-	-	-	-	-	-	-	-	-	-
Total Income Analysed on a	(11,511,989)	(182,478)	-	-	-	-	-	-	-	-



Notes to the Financial Statements

For the year ended 31 March 2021

3 Expenditure and Income Analysed by Nature

Expenditure is analysed as follows:

	Note	2020/21	2019/20
		£	£
Employee Benefits Expenses	7	28,058,787	29,065,751
Other Services Expenditure		28,648,433	32,595,357
Depreciation, Amortisation, Impairment		10,754,679	8,116,284
Interest Payments		3,929,338	3,844,084
Other Expenditure		118,785	290,893
Total Expenditure		71,510,022	73,912,369

Income is analysed as follows:

	Note	2020/21	2019/20
		£	£
Fees, Charges and other service Income		(7,504,120)	(11,694,465)
Interest and Investment Income		(127,959)	(249,623)
District rate income	10	(52,815,474)	(48,944,351)
Government grants and Contributions		(15,305,934)	(3,501,808)
Other Income		-	-
Total Income		(75,753,487)	(64,390,247)
(Surplus) or Deficit on the Provision of Services	2	(4,243,465)	9,522,122

In the Narrative Report on Page 10 a table details the COVID-19 funding specifically received from Government Departments in 2020/21. Of this £12.2 million funding £11.48 million is reflected in the Taxation and Non-Specific Grant Income (See Government Grants and Contributions above) line of the Comprehensive Income and Expenditure Statement (CIES) on Page 53 with the remaining £0.73 million DfC Community Support Programmes funding being assigned to the Community and Culture line of the CIES on Page 52.



Notes to the Financial Statements

For the year ended 31 March 2021

4 Adjustments between accounting basis and funding basis under regulations

4a) 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	2020/21 £	2019/20 £
Impairments (losses & reversals) of non-current assets	12a	-	-
Revaluation (increases)/decreases taken to Surplus/Deficit on the Provision of Services	12a/ b	798,188	(1,068,829)
Depreciation charged in the year on non-current assets	12a/ b	9,956,491	9,185,113
		10,754,679	8,116,284
Net Revenue expenditure funded from capital under statute		1,321,514	14,061
Carrying amount of non-current assets sold		138,785	56,148
Proceeds from the sale of PP&E, investment property and intangible assets	26	(20,000)	(89,666)
		1,440,299	(19,457)
Net charges made for retirement benefits in accordance with IAS19	22	8,675,000	9,046,000
Direct revenue financing of Capital Expenditure	13	(468,790)	(136,063)
Capital Grants and Donated Assets Receivable and Applied in year	10	(1,778,081)	(160,902)
Capital & Revenue Grants Receivable and Unapplied in year	27b/ 27c	(2,427,533)	(1,096,603)
Adjustments in relation to short-term compensated absences	28d	225,824	134,953
Statutory provision for the financing of Capital Investment	13	(5,253,949)	(3,533,864)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	22b	(4,438,976)	(4,438,167)
		(5,466,505)	(184,646)
Total Adjustments		6,728,473	7,912,181



Notes to the Financial Statements

For the year ended 31 March 2021

4b) Net transfers (to)/from Reserves:

		2020/21	2019/20
Repairs and Renewal Fund			
Interest	27e	-	-
Other		-	-
		-	-
Other Funds and Earmarked Fund			
Interest	9b	(1,488)	(15,335)
From Other funds		-	-
Other		(9,458,565)	1,218,744
	27f	(9,460,053)	1,203,409
		(9,460,053)	1,203,409

5. The Cost of Services on continuing Operations

5a) General Power of Competence

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

Under Section 79 of the Local Government Act (Northern Ireland) 2014, the Council has the power to do anything that individuals generally may do. Councils have the power to do this without charge. The power of competence is not limited to benefiting the area or its residents nor is it limited by existing powers. The actual expenditure incurred during 2020/21 amounted to £Nil (2019/20: £Nil).

5b) External Audit Fees

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

	2020/21	2019/20
	£	£
Statement of Accounts Audit	48,000	47,000
Performance Improvement Audit	4,750	19,000
Under/(Over) accrual in previous years	(14,225)	8,400
National Fraud Initiative	1,298	-
	39,823	74,400

There were no other fees payable in respect of any other services provided by the appointed auditor over and above those described above.



Notes to the Financial Statements

For the year ended 31 March 2021

6. Operating and Finance Leases

Council as a Lessor

6a) Finance Leases (Council as a lessor)

The Council has a number of properties that are leased on a finance lease with terms ranging from 99 to 10,000 years. As these are long leases they have been treated as disposals for accounting purposes in the year of granting the lease. Any ground rent collected has been recognised in the Comprehensive Income and Expenditure Statement and any residual values are considered immaterial.

6b) Operating Leases (Council as a lessor)

The Council, in accordance with its statutory and discretionary responsibilities, leases out property under operating leases for the following purposes:

- for the provision of community services, advice services and meeting places for clubs and societies;
- for economic development purposes to provide suitable affordable accommodation for small local businesses; and
- for income generation.

Rental income recognised in the Comprehensive Income and Expenditure Statement in the current year amounts to £382,822 (2020: £530,539). No contingent rents were recognised.

The lease terms are between 1 and 95 years. Future minimum lease income is set out below:

	2021 £	2020 £
Minimum lease rentals receivable:		
No later than 1 year	291,813	282,283
Later than 1 year and no later than 5 years	427,675	581,199
Later than 5 years	1,540,575	1,570,401
	2,260,063	2,433,883

All the assets leased by the Council to third parties are Land & Buildings with carrying values of:

	2021 £	2020 £
Cost	9,466,494	9,811,663
Accumulated depreciation and impairments at 1 April	614,520	591,858
Depreciation charge for the year	(614,520)	(591,858)
Impairments/Revaluations	5,857,967	6,068,566
	15,324,461	15,880,229



Notes to the Financial Statements

For the year ended 31 March 2021

Council as a Lessee

6c) Finance Leases (Council as a lessee)

The Council has no finance leases where the Council is a lessee.

6d) Operating Leases (Council as a lessee)

The Council has acquired vehicles and safety cameras by entering into operating leases with typical lives of 5 years for the vehicles. The Council also leases land on which some of its waste management facilities are situated (these leases are for a period of 125 years but with an option to break at the end of 30 years) and foreshore on which it has constructed a marina. The Council leases other land with lease periods varying between 3 years and 35 years.

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

	2020/21		2019/20	
	Land & Buildings £	Vehicles, Plant & Equipment £	Land & Buildings £	Vehicles, Plant & Equipment £
Minimum lease payments	296,622	20,550	301,028	23,179
Contingent rentals	-	-	-	-
Sub- lease payments receivable	(98,836)	-	(116,428)	-
	197,786	20,550	184,600	23,179

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

	2020/21		2019/20	
	Land & Buildings £	Vehicles, Plant & Equipment £	Land & Buildings £	Vehicles, Plant & Equipment £
Minimum lease rentals payable:				
No later than 1 year	288,772	1,466	299,328	12,464
Later than 1 year and no later than 5 years	1,141,317	-	1,160,785	586
Later than 5 years	5,531,688	-	5,784,244	-
	6,961,777	1,466	7,244,357	13,050



Notes to the Financial Statements

For the year ended 31 March 2021

7. Employee Costs and Members' Allowances

7a) Employee Costs

	2020/21	2019/20
	£	£
Salaries and Wages	21,834,599	22,517,244
Employer National Insurance	1,904,254	1,879,978
Employer Pension costs	4,226,571	4,575,240
Apprenticeship Levy	93,363	93,289
	28,058,787	29,065,751

The agency costs incurred during the 2020/21 year amounted to £1,427,058 (2019/20 £2,565,812).

The Council's contribution rate to the NILGOSC scheme in 2020/21 is 19.5%. The Council's contribution rate for 2021/22 is 19.5%. At the last actuarial valuation, dated 31 March 2019, the Fund's assets were £8,039.9M and the past service liabilities £7,203.0M, corresponding to a surplus of £836.9M and a funding level of 112% (2016: 96%).

7b) Average Number of Employees

The average number of full-time equivalent (FTE) employees and the actual number of employees employed by the Council, at 31 March, are set out below.

	2020/21	2019/20
	FTE	FTE
Community & Wellbeing HQ	2.10	2.00
Environmental Health	40.78	44.93
Community & Culture	32.72	34.39
Leisure and Amenities	190.24	198.78
Environment HQ	2.00	1.75
Waste and Cleansing Services	214.69	204.75
Assets and Property Services	50.75	52.75
Regulatory Services	40.08	44.69
Regen, Dev & Planning HQ	2.00	2.00
Regeneration	12.00	11.75
Economic Dev	15.23	16.37
Planning	42.31	38.95
Tourism	22.95	23.46
Finance & Performance HQ	1.00	1.15
Finance	20.69	20.57
Performance & Projects	17.75	16.90
OD & Admin HQ	1.95	1.54
HR & OD	16.57	17.14
Administration & Customer Services	42.47	41.99
Chief Executive	3.25	3.00
Community Planning	2.00	4.78
Corporate Communications	8.44	8.69
	781.97	792.33



Notes to the Financial Statements

For the year ended 31 March 2021

	Actual Numbers	Actual Numbers
Full-time numbers employed	647	676
Part-time numbers employed	209	212
	856	888

7c) Senior Employees' Remuneration

	2020/21 Number	2019/20 Number
£20,001 to £30,000	-	-
£30,001 to £40,000	-	-
£40,001 to £50,000	-	-
£50,001 to £60,000	-	-
£60,001 to £70,000	-	-
£70,001 to £80,000	-	-
£80,001 to £90,000	5	5
£90,001 to £100,000	-	-
£100,001 to £110,000	-	-
£110,001 to £120,000	-	-
£120,001 to £125,000	1	1
	6	6

7d) Members' Allowances

During the year Members' allowances, including Employer's costs, totalled £924,718. The breakdown is as follows:

	2020/21 £	2019/20 £
Basic Allowance	602,678	600,937
Mayor's & Deputy Mayor's Allowance	22,284	22,284
Special Responsibility Allowances	27,409	26,392
Dependents' Carers Allowances	-	-
Employer's Costs	264,463	282,536
Mileage	1,661	16,790
Conferences & Courses	-	2,179
Travel & Subsistence Costs	124	2,209
Miscellaneous	6,099	16,507
	924,718	969,834

7e) Northern Ireland Civil Service Pension Arrangements

As a result of Reform of Local Government on 1 April 2015, 36 staff transferred from Central Government to the Council. These employees are members of the Northern Ireland Civil (NICS) Service Pension Scheme.

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit scheme, but the Council is unable to identify its share of the underlying assets and liabilities. As a result of these arrangements the scheme is accounted for as a defined contribution scheme in line with the Code. The most up to date actuarial valuation was carried out as at 31 March 2016. This valuation is then reviewed by the Scheme Actuary and updated



Notes to the Financial Statements

For the year ended 31 March 2021

to reflect current conditions and rolled forward to the reporting date of the Department of Finance Superannuation and Other Allowances Resource Accounts as at 31 March 2021.

For 2020-21, employers' contributions of £376,574 were payable to the NICS pension arrangements at one of three rates 28.7% (up to £28,299); 30.7% (£28,300 to £56,899) and 34.2% (£56,900 and over) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2016 was finalised by the Actuary during 2019-20. 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 2020-21 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

No persons retired early on ill-health grounds and therefore no additional accrued pension liabilities were incurred during the year.

8. Other Operating Income & Expenditure

Surplus or Deficit on Non-Current Assets	2020/21	2019/20
	£	£
Proceeds from Sale	(20,000)	(89,666)
Carrying amount of non-current assets sold	138,785	56,148
Total	118,785	(33,518)

The surplus on non-current assets represents a gain on the disposal of those assets.

9. Financing and Investment Income and Expenditure

9a Interest Payable and Similar Charges

	2020/21	2019/20
	£	£
Loan Interest	2,884,790	3,031,459

9b Interest and Investment Income

	2020/21	2019/20
	£	£
Bank Interest	(9,166)	(26,615)
Employee Car Loan Interest	(697)	(853)
Northern Ireland Housing Executive Loan interest receivable	(40,922)	(44,053)
Investment income on fund balances		
Earmarked Fund	(1,488)	(15,335)
Other investment Income & Expenditure	1,488	15,335
	(50,785)	(71,521)



Notes to the Financial Statements

For the year ended 31 March 2021

9c Pensions Interest Cost

	2020/21	2019/20
	£	£
Net interest on the net defined benefit liability (asset)	1,023,000	794,000

9d Income, Expenditure and changes in Fair Value of Investment Properties

	2020/21	2019/20
	£	£
Income (including rental income)	(75,686)	(81,268)
Expenditure	3,060	3,291
Net Income from investment properties	(72,626)	(77,977)
Change in fair value	17,000	(81,500)
Total	(55,626)	(159,477)

The net cost of financing and investing activities is due to the net effect of revaluations carried out on all investment properties in 2020/21. See notes 12a and 12b for further details.

	2020/21	2019/20
	£	£
Interest Payable and Similar Charges	2,884,790	3,031,459
Interest and Investment Income	(50,785)	(71,521)
Pensions Interest Cost	1,023,000	794,000
(Surplus) / deficit on trading operations	-	-
Other Investment Income	(72,626)	(77,977)
Changes in Fair Value of Investment Properties	17,000	(81,500)
Total	3,801,379	3,594,461

10. Taxation and Non-Specific Grant Income

10a Revenue Grants

	2020/21	2019/20
	£	£
General	(1,797,344)	(1,787,698)
Other – COVID-19 Funding	(9,181,778)	(143,659)
	(10,979,122)	(1,931,357)

10b Revenue Grants - Unapplied

	2020/21	2019/20
	£	£
Government & Other Grants - Conditions met and not applied in year	279,305	400,503



Notes to the Financial Statements

For the year ended 31 March 2021

10c Capital Grants and Donated Assets - Applied

	2020/21 £	2019/20 £
Government & Other Grants - Conditions met and applied in year	(1,778,081)	(160,902)

The taxation and non-specific grant income includes the recognition of capital grants in the Comprehensive Income and Expenditure Statement, as required by the Code when the conditions attached to those grants have been satisfied.

10d Capital Grants - Unapplied

	2020/21 £	2019/20 £
Government & Other Grants - Conditions met and not applied in year	(2,548,731)	(1,405,549)

10e District Rates

	2020/21 £	2019/20 £
Current year	(51,972,826)	(48,944,351)
Finalisation	(842,648)	324,411
Totals	(52,815,474)	(48,619,940)

Taxation and Non-Specific Grant Income

	2020/21 £	2019/20 £
District Rate Income	(52,815,474)	(48,619,940)
Revenue Grants	(10,979,122)	(1,931,357)
Capital Grants and Contributions	(4,326,812)	(1,570,451)
	(68,121,408)	(52,121,748)

11 Acquired and Discontinued - Operations

The Council has not acquired or discontinued any material operations.



Notes to the Financial Statements

For the year ended 31 March 2021

12a) Fixed Assets

Cost or Valuation	Property, Plant and Equipment						Heritage Assets	Investment Properties	Intangible Assets	TOTAL
	Land	Buildings	Vehicles, Plant & Equipment	Community	PP&E Under Construction	Surplus Assets				
	£	£	£	£	£	£	£	£	£	
At 1 April 2020	26,999,455	202,781,738	21,739,719	76,178	1,001,408	4,048,198	2,367,199	1,897,000	973,118	261,884,013
Additions	-	1,359,811	1,052,938	-	1,993,707	-	-	-	201,548	4,608,004
Revaluation increases / decreases to RR	342,610	(4,953,437)	-	-	-	845,800	-	-	-	(3,765,027)
Revaluation increases / decreases to SDPS	(20,760)	(1,750,162)	-	-	-	-	-	(17,000)	(5,000)	(1,792,922)
De-recognition & Disposals	(1)	-	(1,077,151)	-	-	(80,000)	-	-	-	(1,157,152)
Reclassifications & Transfers	(359,200)	2,481,993	-	-	(2,618,419)	(1,440,800)	136,426	-	-	(1,800,000)
At 31 March 2021	26,962,104	199,919,943	21,715,506	76,178	376,696	3,373,198	2,503,625	1,880,000	1,169,666	257,976,916
At 1 April 2020	-	(5)	13,992,979	-	-	-	-	-	718,511	14,711,485
Depreciation Charge	-	8,103,806	1,765,900	-	-	-	-	-	86,785	9,956,491
Depreciation written out on RR	-	(7,109,072)	-	-	-	-	-	-	-	(7,109,072)
Depreciation written out on SDPS	-	(994,734)	-	-	-	-	-	-	-	(994,734)
Impairment losses to RR	-	-	-	-	-	-	-	-	-	-
Impairment losses / Reversals to SDPS	-	-	-	-	-	-	-	-	-	-
De-recognition & Disposals	-	-	(1,018,367)	-	-	-	-	-	-	(1,018,367)
Reclassifications and Transfers	-	-	-	-	-	-	-	-	-	-
At 31 March 2021	-	(5)	14,740,512	-	-	-	-	-	805,296	15,545,803
Net Book Value At 31 March 2021	26,962,104	199,919,938	6,974,994	76,178	376,696	3,373,198	2,503,625	1,880,000	364,370	242,431,113
Net Book Value At 31 March 2020	26,999,455	202,781,743	7,746,740	76,178	1,001,408	4,048,198	2,367,199	1,897,000	254,607	247,172,528

Notes to the Financial Statements
For the year ended 31 March 2021

12b) Fixed Assets – Comparative Year

Cost or Valuation	Property, Plant and Equipment										TOTAL
	Land	Buildings	Vehicles, Plant & Equipment	Community	PP&E Under Construction	Surplus Assets	Heritage Assets	Investment Properties	Intangible Assets		
	£	£	£	£	£	£	£	£	£	£	£
At 1 April 2019	26,841,205	199,683,945	23,519,485	76,178	247,501	4,060,998	2,367,200	1,815,500	1,206,030	259,818,042	
Additions	-	280,439	1,613,736	-	936,024	-	-	-	-	2,830,199	
Revaluation increases / decreases to RR	135,500	1,694,046	-	-	(165,599)	1,600	-	-	-	1,665,547	
Revaluation increases / decreases to SDPS	12,750	(676,062)	(104,654)	-	-	(4,400)	-	81,500	(95,000)	(788,866)	
De-recognition & Disposals	-	-	(981,400)	-	(10,864)	-	-	-	(137,912)	(1,130,176)	
Reclassifications & Transfers	10,000	1,799,370	(2,307,448)	-	(5,654)	(10,000)	(1)	-	-	(513,733)	
At 31 March 2020	26,999,455	202,781,738	21,739,719	76,178	1,001,408	4,048,198	2,367,199	1,897,000	973,118	261,884,013	
At 1 April 2019	-	1,271,679	14,749,973	-	-	-	-	-	836,818	16,858,470	
Depreciation Charge	-	7,317,700	1,847,807	-	-	-	-	-	19,606	9,185,113	
Depreciation written out on RR	-	(7,838,824)	-	-	(165,599)	-	-	-	-	(8,004,423)	
Depreciation written out on SDPS	-	(1,802,941)	(51,754)	-	-	-	-	-	-	(1,854,695)	
Impairment losses to RR	-	153,917	-	-	-	-	-	-	-	153,917	
Impairment losses / Reversals to SDPS	-	-	-	-	-	-	-	-	-	-	
De-recognition & Disposals	-	-	(975,252)	-	-	-	-	-	(137,913)	(1,113,165)	
Reclassifications and Transfers	-	898,464	(1,577,795)	-	165,599	-	-	-	-	(517,732)	
At 31 March 2020	-	(5)	13,992,979	-	-	-	-	-	718,511	14,711,485	
Net Book Value At 31 March 2020	26,999,455	202,781,743	7,746,740	76,178	1,001,408	4,048,198	2,367,199	1,897,000	254,607	247,172,528	
Net Book Value At 31 March 2019	26,841,205	198,412,266	8,769,512	76,178	247,501	4,060,998	2,367,200	1,815,500	369,212	242,959,572	

Notes to the Financial Statements

For the year ended 31 March 2021

12c) Intangible Assets

Intangible assets are made up of three different classes of asset:

- market trading rights which, due to their indefinite life, are not amortised;
- public path creation agreements; and
- computer software which is depreciated over a useful life of 4 years.

The net book value of each class of intangible asset at 31 March is:

	2020/21 £	2019/20 £
Market Trading Rights	225,000	230,000
Public Path Creation Agreements	7	7
Computer Software	139,363	24,600
	364,370	254,607

12d) Investment Properties

There were no additions to investment properties in year.

	2020/21 £	2019/20 £
Rental Income from Investment Activities	75,686	81,268
Direct Operating expenses	(3,060)	(3,291)
Net gain/(loss)	72,626	77,977

12e) Heritage Assets

	Artefacts £	Paintings & Drawings £	Historical Furniture £	Other £	Total Heritage Assets £
Cost or Valuation:					
At 1 April 2020	669,450	1,286,750	40,000	370,999	2,367,199
Additions/(Disposals)	-	-	-	-	-
Derecognitions	-	-	-	-	-
Transfers	-	-	-	136,426	136,426
Revaluations to Revaluation Reserve	-	-	-	-	-
Revaluations to Surplus/Deficit on the Provision of Services	-	-	-	-	-
At 31 March 2021	669,450	1,286,750	40,000	507,425	2,503,625

The Council's heritage assets are reported in the Balance Sheet at their most up to date insurance valuation, which is based on valuations carried out by independent experts. The last valuation was carried out during the financial year 2019/20. See note 1xxii for further details on the Council's policy for heritage assets.



Notes to the Financial Statements

For the year ended 31 March 2021

12f) Assets held for Sale

	Assets Held for Sale Current £	Total £
Cost or Valuation:		
At 1 April 2020		
Transferred from Non-Current Assets	1,800,000	1,800,000
Disposals	-	-
At 31 March 2021	1,800,000	1,800,000
Net Book Value at 31 March 2021	1,800,000	1,800,000
Net Book Value at 31 March 2020	-	-

In February 2021, the Council received a Notice of Intention to make a Vesting Order from Department for Infrastructure - Roads in relation to lands owned by the Council at the former Ards leisure Centre site in William Street, Newtownards. A subsequent vesting order was made on 31st March 2021 with an operative date of 19th May 2021. Land & Property Services (LPS) have provided a market valuation of £1.8m for this acquisition by vesting order.

12h) Valuations

Valuations of Land and Buildings are carried out externally by Land and Property Services (LPS), in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). As at the valuation date, LPS considers that due to the COVID-19 pandemic, there is a shortage of reliable market evidence for comparison purposes, to inform opinions of value. Therefore, the valuations provided by LPS were reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Global Standards. Consequently, less certainty, and a higher degree of caution, should be attached to the valuations than would normally be the case. However, LPS advised that their material uncertainty clause serves as a precaution and does not invalidate the valuation. LPS also advised that councils are in a strong position, by virtue of the rolling revaluation regime which should hopefully shelter them from significant reductions in value in a single accounting period. Please refer to Note 1xxi for further information on revaluation and depreciation policies.

The revaluation results for land and buildings, including an analysis of the revaluations amounts taken to the Revaluation Reserve and the Surplus or Deficit on the Provision of Services, are detailed in note 12a.

12i) Impairments

Council carried out an impairment review during the year but didn't identify any impairment issues.



Notes to the Financial Statements

For the year ended 31 March 2021

13. Capital Expenditure and Capital Financing

The Capital Financing Requirement measures the Council's underlying need to borrow for a capital purpose.

	Notes	2020/21 £	RESTATED 2019/20 £
Opening Capital Financing Requirement		86,406,472	88,372,630
Capital Expenditure:			
Property, Plant & Equipment	12a & b	4,406,456	2,819,334
Intangible Assets	12a & b	201,548	-
Revenue Expenditure Funded from Capital Under Statute (REFCUS)	28a	1,321,514	14,061
Sources of Finance:			
Capital receipts	27 10c /	(456,857)	(457,451)
Capital Grants & Other Contributions	27b	(3,730,149)	(672,175)
Transfers from Earmarked Fund	28a	-	-
Sums sets aside from Revenue:			
Direct Revenue Contributions	4,27	(468,790)	(136,063)
Minimum Revenue Provision (MRP)	28a	(5,253,949)	(3,533,864)
Closing Capital Financing Requirement		82,426,245	86,406,472

14. Future Capital Commitments

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

	Gross Cost £	Grant Aid £	Net Cost £
Schemes underway	1,164,006	912,686	251,320
Other commitments	414,598	-	414,598
Total	1,578,604	912,686	665,918



Notes to the Financial Statements

For the year ended 31 March 2021

15. Inventories

The stock of goods held at 31 March is:

	2020/21	2019/20
	£	£
Waste Transfer Station, Bangor - Fuel	33,368	39,544
Waste Transfer Station, Bangor - Bins	-	-
North Road Depot, Newtownards - Fuel	21,372	28,362
North Road Depot, Newtownards – Stores	76,864	128,768
North Road Depot, Newtownards – Vehicle Parts	126,656	116,510
North Down Museum & Tourist Information Shops	8,062	9,008
Bangor Visitor Information Centre	6,234	6,645
Groomsport Visitor Information Centre	1,528	1,532
Newtownards Visitor Information Centre	7,878	8,557
Newtownards Craft Centre	-	-
Portaferry Visitor Information Centre	1,436	1,610
Total	283,398	340,536

The cost of inventories recognised as an expense in services at 31 March 2021 amounted to £1,070,577.

16. Debtors

	2020/21	2019/20
	£	£
16a) Long-Term Debtors		
Government Departments	-	-
Employee car loans	3,885	7,909
NIHE loans ¹	605,942	668,490
Total Long-Term Debtors	609,827	676,399
16b) Short-Term Debtors		
Government Departments	1,053,946	185,195
Other Councils	118,558	223,688
Bodies External to General Government	-	-
NIHE loans ¹	62,547	59,007
Employee car loans	4,024	8,282
Revenue Grants	1,342,677	1,489,371
Capital Grants	2,135,321	2,531,333
Value Added Tax	712,512	423,586
Prepayments	553,280	360,570
Other	220,716	271,858
Trade receivables	393,922	670,575
Impairment loss - Trade receivables	(153,818)	(156,504)
Total Short-Term Debtors	6,443,685	6,066,961
Total Debtors	7,053,512	6,743,360

¹ This debtor relates to the Northern Ireland Housing Executive (NIHE) debt brought about by the local government re-organisation in 1972 with establishment of the NIHE. However, the loans relating



Notes to the Financial Statements

For the year ended 31 March 2021

to the assets transferred to the NIHE remain with the Council whilst interest and principal are received annually from NIHE.

17. Investments

17a) Long-Term Investments (more than 12 months)

There were no long-term investments in the reporting period.

17b) Short-Term Investments (more than 3 months)

There were no short-term investments in the reporting period.

The Council also administers deposits held on behalf of third parties, namely the Ards and North Down Mayor's Charity Appeals, the Holywood District Nursing Society and the Blair Mayne Bursary. The total balances held as at the 31 March 2021 amount to £8,835.

18. Borrowings

18a) Short-Term Borrowing

	2020/21 £	2019/20 £
Loans re-payable within one year	6,170,269	11,213,710
Finance Lease Principal	-	-
Total Short-Term Borrowing	6,170,269	11,213,710

18b) Long-Term Borrowing

	2020/21 £	2019/20 £
Between 1 and 2 years	3,135,428	3,170,269
Between 2 and 5 years	10,441,772	9,984,347
Between 5 and 10 years	15,986,188	17,201,748
In more than 10 years	37,296,584	39,673,876
Total Long-Term Borrowing	66,859,972	70,030,240
Total Borrowing	73,030,241	81,243,950

18c) Total Borrowing by Type

	2020/21 £	2019/20 £
Annuity Repayment	27,574,441	29,765,175
Equal Instalments of Principle Borrowings	26,770,128	27,793,104
Maturity Repayment	18,685,672	23,685,671
Total Borrowing	73,030,241	81,243,950

Interest rates on Government Loans range between 2.24% and 11.125%.



Notes to the Financial Statements

For the year ended 31 March 2021

19. Creditors

19a) Short-Term Creditors

	2020/21	2019/20
	£	£
Government Departments	1,432,636	1,531,053
Other Councils	316,338	95,119
Public Corporations and Trading Funds	105,222	119,443
Bodies External to General Government	17,383	457,163
Remuneration due to employees	98,235	120,123
Accumulated Absences	758,767	532,943
Loan Interest Payable	118,548	117,714
Capital Creditors	1,059,515	1,123,420
Receipts in advance	767,924	742,398
Trade creditors	2,626,428	2,812,210
Other	-	14,355
Total Short Term Creditors	7,300,996	7,665,941

19b) Long-Term Creditors

	2020/21	2019/20
	£	£
Total Long-Term Creditors	-	-
Total Creditors	7,300,996	7,665,941

19c) Payment of Invoices

The Council has a target of paying supplier invoices within 30 calendar days. During the year the Council paid 13,252 invoices totalling £44,860,360.

Invoices Paid	2020/21		2019/20
	No.	%	
Within 30 calendar days	12,706	96%	93%
Within 10 working days	10,576	80%	67%
Outside the 30-day target	546	4%	7%

The average number of days taken to pay suppliers during the year was 14.25 calendar days (15.55 days – 2020).



Notes to the Financial Statements

For the year ended 31 March 2021

20. Provisions

Current Year:	At 1 April 2020	Increase in provision during year	Utilised during year	Unused Reversals	At 31 March 2021
	£	£	£	£	£
Insurance	351,853	114,792	(122,556)	(10,801)	333,288
Environmental	95,005	-	-	-	95,005
Legal	30,440	-	-	-	30,440
Other	635,600	45,500	-	-	681,100
	1,112,898	160,292	(122,556)	(10,801)	1,139,833
Current Provisions	730,605	45,500	-	-	776,105
Long Term Provisions	382,293	114,792	(122,556)	(10,801)	363,728
	1,112,898	160,292	(122,556)	(10,801)	1,139,833

Comparative Year:	At 1 April 2019	Increase in provision during year	Utilised during year	Unused Reversals	At 31 March 2020
	£	£	£	£	£
Insurance	530,897	16,738	(85,533)	(110,249)	351,853
Environmental	95,005	-	-	-	95,005
Legal	82,662	1,678	(4,500)	(10,000)	30,440
Other	-	635,600	-	-	635,600
	670,842	652,338	(90,033)	(120,249)	1,112,898
Current Provisions	95,005	635,600	-	-	730,605
Long Term Provisions	575,837	16,738	(90,033)	(120,249)	382,293
	670,842	652,338	(160,201)	(120,249)	1,112,898

Insurance Provision

The Council operates a self-insurance scheme for public and employee liability insurance and has a number of claims which require to be settled. A provision at 31 March 2021 has been made on the basis of Council's and legacy Council's experience of settlement rates over recent years.

Environmental Provision

This provision relates to the need for remedial works to be undertaken to address environmental damage at two properties in the Council area. One relates to consultants fees associated with the required, settled and contracted remedial work whilst the other is remediation work agreed as part of the settlement to militate against future run-off of storm water from Council land into a third party's site.

Legal Provision

This provision relates to legal fees in relation to ongoing legal cases and potential contractual obligations.



Notes to the Financial Statements

For the year ended 31 March 2021

Other

Recent court judgments have established the law as requiring employees to receive overtime payments as part of their holiday pay entitlement, which the Council acknowledges. The Northern Ireland Court of Appeal turned down an appeal by the Police Service of Northern Ireland (PSNI) regarding the potential liability arising to that organisation in this regard. This decision was appealed to the Supreme Court. The hearing previously scheduled for June 2021 has been adjourned. The Council has reached agreement with the recognised trade unions, however individual employees will be required to sign compromise agreements once calculations have been finalised.

21. 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. Authorised institutions for investments under the Council's Treasury Policy are assessed for financial strength and risk exposure. The provision for bad and doubtful debts reflects the Council's assessment of the risk of non-payment by debtors and as such, there is no additional estimated exposure to default and inability to collect.

Liquidity Risk

The Council's net operating costs are funded through district rates and government grants. Capital expenditure is largely financed by borrowing from the Government Loans Fund. The Council is not therefore exposed to significant liquidity risk. The analysis of financial liabilities is included in notes 18 and 19. All trade and other payables are due for payment within one year.

Market Risk

Interest Rate Risk

The Council finances capital expenditure in the longer term through fixed rate borrowings in line with its Treasury Management Strategy Statement and its Medium-Term Financial Plan. The Council takes out short-term loans to benefit from the very low interest rates available. This strategy is carried out with advice from the Council's treasury advisors and reviewed at the end of every term to minimise risk. In addition, Council has a limit of 30% of borrowing to be short-term in nature.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no material exposure to loss arising from movements in exchange rates.



Notes to the Financial Statements

For the year ended 31 March 2021

Employee Car Loans

The Council makes loans for car purchases to employees in the Council who are in posts that require them to drive regularly on the Council's business. Currently there are 5 employees who have loans which are reflected in Note 16.

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

Financial Assets as at 31 March 2021

	Non-Current		Current		Total £
	Investments	Debtors	Investments	Debtors	
	£	£	£	£	
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	-	-	9,000,000	393,922	9,393,922
Fair Value through other comprehensive income - designated equity instruments	-	-	-	-	-
Fair Value through other comprehensive income - other	-	-	-	-	-
Total Financial Assets	-	-	9,000,000	393,922	9,393,922
Non-Financial Assets	-	-	-	-	-
Total	-	-	9,000,000	393,922	9,393,922

Financial Assets as at 31 March 2020

	Non-Current		Current		Total £
	Investments	Debtors	Investments	Debtors	
	£	£	£	£	
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	-	-	4,500,000	670,575	5,170,575
Fair Value through other comprehensive income - designated equity instruments	-	-	-	-	-
Fair Value through other comprehensive income - other	-	-	-	-	-
Total Financial Assets	-	-	4,500,000	670,575	5,170,575
Non-Financial Assets	-	-	-	-	-
Total	-	-	4,500,000	670,575	5,170,575

Notes to the Financial Statements

For the year ended 31 March 2021

Financial Liabilities as at 31 March 2021

	Non-Current		Current		Total £
	Borrowings	Creditors	Borrowings	Creditors	
	£	£	£	£	
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	66,859,972	-	6,170,269	2,626,428	75,656,669
Total financial liabilities	66,859,972	-	6,170,269	2,626,428	75,656,669
Non-financial liabilities	-	-	-	-	-
Total	66,859,972	-	6,170,269	2,626,428	75,656,669

Financial Liabilities as at 31 March 2020

	Non-Current		Current		Total £
	Borrowings	Creditors	Borrowings	Creditors	
	£	£	£	£	
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	70,030,240	-	11,213,710	2,812,210	84,056,160
Total financial liabilities	70,030,240	-	11,213,710	2,812,210	84,056,160
Non-financial liabilities	-	-	-	-	-
Total	70,030,240	-	11,213,710	2,812,210	84,056,160

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

Except for the financial assets carried at fair value (described in the table above) all other financial liabilities and financial assets held by the authority are classified as loans and receivables and long-term debtors and creditors and are carried in the Balance Sheet at amortised cost. The fair values calculated are as follows.

Financial Assets / Liabilities	31st March 2021		31st March 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	£	£	£	£
Financial liabilities held at amortised cost	73,030,241	87,451,579	81,243,950	96,355,336
Financial assets held at amortised cost	9,000,000	9,000,312	4,500,000	4,500,000



Notes to the Financial Statements

For the year ended 31 March 2021

22. Retirement Benefits

22a) Participation in the Northern Ireland Local Government Officers' Pension Fund

As part of the terms and conditions of employment of its 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 (commonly known as NILGOSC). 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.

22b) Transactions relating to Retirement Benefits – Comprehensive Income & Expenditure Statement

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

However, the charge the Council is required to make against District rates is based on the cash payable in the year, and the real cost of retirement benefits is reversed out in the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement during the year:

	2020/21 £	2019/20 £
Net cost of services:		
Current service cost	7,652,000	8,243,000
Past service cost/(gain)	-	9,000
(Gains)/Losses on settlements and curtailments	-	-
Net operating expenditure:		
Net Interest on the net defined liability (asset)	1,023,000	794,000
Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	8,675,000	9,046,000
Movement in Reserves Statement:		
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code	(8,675,000)	(9,046,000)
Actual amount charged against the general fund balance for pensions in the year:		
Employers' contributions payable to scheme	4,438,976	4,438,167
Net Adjustment to the General Fund	(4,236,024)	(4,607,833)

The service cost figures include an allowance for administration expenses of £0.103m or 1.35% of current service cost.



Notes to the Financial Statements

For the year ended 31 March 2021

Re-measurements recognised in Other Comprehensive Income and Expenditure	2020/21	2019/20
	£	£
Liability gains/(losses) due to change in assumptions	(41,874,000)	3,976,000
Actuarial gains/(losses) due to changes in demographic assumptions	-	6,209,000
Liability experience gains/(losses) arising in the year	1,647,000	(3,912,000)
Actuarial Gains/(Losses) on plan assets	30,759,000	(12,941,000)
Other	-	-
Total Gains/(Losses) recognised in Other Comprehensive Income and Expenditure	(9,468,000)	(6,668,000)

22c) Assets and Liabilities in relation to Retirement Benefits

Reconciliation of present value of the scheme liabilities:	2020/21	2019/20
	£	£
Balance as at 1 April	184,474,170	181,038,170
Current service cost	7,652,000	8,243,000
Interest cost	4,223,000	4,326,000
Contributions by members	1,314,000	1,295,000
Re-measurement (gains) and losses:		
Actuarial gains/losses arising on liabilities from changes in financial assumptions	41,874,000	(3,976,000)
Actuarial gains/losses arising from demographic changes	-	(6,209,000)
Actuarial gains/losses arising on liabilities from experience	(1,647,000)	3,912,000
Other	-	-
Past Service Costs / (gains)	-	9,000
Losses/(gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Estimated unfunded benefits paid	(75,000)	(73,000)
Estimated benefits paid	(3,592,170)	(4,091,000)
Balance as at 31 March	234,223,000	184,474,170

Reconciliation of present value of the scheme assets:	2020/21	2019/20
	£	£
Balance as at 1 April	137,564,194	145,404,027
Interest Income	3,200,000	3,532,000
Contributions by members	1,314,000	1,295,000
Contributions by employer	4,363,976	4,361,469
Contributions in respect of unfunded benefits	75,000	76,698
Re-measurement gains/(losses)	30,759,000	(12,941,000)
Assets distributed on settlements	-	-
Unfunded benefits paid	(75,000)	(73,000)
Benefits paid	(3,592,170)	(4,091,000)
Balance as at 31 March	173,609,000	137,564,194

Notes to the Financial Statements

For the year ended 31 March 2021

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 £33,959,000 (2019/20 loss of £9,409,000).

Fair Value of Plan Assets:	2020/21	2019/20
	£	£
Equity investments	80,380,967	58,602,347
Bonds	61,978,413	53,237,343
Property	15,451,201	13,756,419
Cash	9,201,277	6,465,517
Cash & Other	6,597,142	5,502,568
	173,609,000	137,564,194

The above asset values are at bid value as required by IAS 19. The bid values were provided by NILGOSC, the administering authority. The amounts included in the fair value of plan assets for property occupied by the Council was £nil.

The Council's share of the Net Pension Liability (included in the Balance Sheet):	2020/21	2019/20
	£	£
Fair Value of Employer Assets	173,609,000	137,564,194
Present value of funded defined benefit obligation	(233,219,000)	(183,459,170)
Pension asset/(liability) of Funded Scheme	(59,610,000)	(45,894,976)
Present Value of Unfunded defined benefit obligation	(1,004,000)	(1,015,000)
Net Asset/(Liability) arising from the defined benefit obligation	(60,614,000)	(46,909,976)
Amount in the Balance sheet:		
Liabilities	(234,223,000)	(184,474,170)
Assets	173,609,000	137,564,194
Net Asset/(Liability)	(60,614,000)	(46,909,976)

22d) Scheme History

Analysis of scheme assets and liabilities	2020/21	2019/20
	£	£
Fair Value of Assets in pension scheme	173,609,000	137,564,194
Present Value of Defined Benefit Obligation	(234,223,000)	(184,474,170)
Surplus/(deficit) in the Scheme	(60,614,000)	(46,909,976)



Notes to the Financial Statements

For the year ended 31 March 2021

Amount recognised in Other Comprehensive Income and Expenditure:	2020/21	2019/20
	£	£
Actuarial gains/(losses)	(40,227,000)	6,273,000
Expected Return on Plan Assets	30,759,000	(12,941,000)
Re-measurements recognised in Other Comprehensive Income and Expenditure	(9,468,000)	(6,668,000)
Cumulative actuarial gains and losses	(16,522,000)	(7,054,000)
History of experience gains and losses:		
Experience gains and (losses) on assets	30,759,000	(12,941,000)
Experience gains and (losses) on liabilities	1,647,000	(3,912,000)

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £234,223,000 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a net liability of £60,614,000.

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

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

	31/03/2022	31/03/2022
	£	% of pay
Projected current cost	10,811,000	50.5%
Net Interest on the net defined benefit liability (asset)	1,228,000	5.7%
	12,039,000	42.1%

Allowance for administration expenses included in Current Service Cost £107,000 and estimated pensionable payroll over the period £21,395,000.

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 2022 is £4,552,000.

History of experience gains and losses

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

	2020/21	2019/20
	%	%
Experience Gains and (losses) on Assets	17.72	(9.41)
Experience gains and (losses) on Liabilities	(0.70)	2.12



Notes to the Financial Statements

For the year ended 31 March 2021

22e) Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit 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 Ltd, 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.

Mortality assumptions:		2020/21	2019/20
<i>Longevity at 65 current pensioners:</i>	Men	21.9 years	21.8 years
	Women	25.1 years	25.0 years
<i>Longevity at 45 for future pensioners:</i>	Men	23.3 years	23.2 years
	Women	26.5 years	26.4 years
Inflation/Pension Increase Rate		2.70%	2.00%
Salary Increase Rate		4.20%	3.50%
Discount Rate		2.10%	2.30%
Pension Accounts Revaluation Rate		2.70%	2.00%
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 financial statements are sensitive to the assumptions used.

The approximate impact of changing key assumptions on the present value of the funded defined benefit obligation as at 31 March 2021 is set out below.

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

Discount Rate Assumption

	+0.1% p.a.	-0.1% p.a.
Adjustment to discount rate		
Present value of the total obligation (£Ms)	£228.788	£237.650
% change in the present value of the total obligation	-1.90%	1.90%
Projected service cost (£Ms)	£10.465	£11.168
Approximate % change in projected service cost	-3.20%	3.30%



Notes to the Financial Statements

For the year ended 31 March 2021

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 (£Ms)	£234.385	£232.286
% change in the present value of the total obligation	0.50%	-0.40%
Projected service cost (£Ms)	£10.811	£10.811
Approximate % change in projected service cost	0.00%	0.00%

Rate of Increase to Pensions in Payment, Deferred Pensions Increase Assumption and rate of Revaluation of Pension Accounts Assumption

Adjustment to pension increase rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation (£Ms)	£236.484	£229.721
% change in the present value of the total obligation	1.40%	-1.50%
Projected service cost (£Ms)	£11.168	£10.465
Approximate % change in projected service cost	3.40%	-3.20%

Post Retirement Mortality Assumption

Adjustment to the mortality age rating assumption *	-1 Year	+1 Year
Present value of the total obligation (£Ms)	£241.618	£224.823
% change in the present value of the total obligation	3.60%	-3.60%
Projected service cost (£Ms)	£11.254	£10.379
Approximate % change in projected service cost	4.10%	-4.00%

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

22f) Major categories of plan assets as percentage of total plan assets

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

	31/03/2021	31/03/2020
Equity investments	46.30%	42.60%
Bonds	35.70%	38.70%
Property	8.90%	10.00%
Cash	5.30%	4.70%
Other	3.80%	4.00%
	100.00%	100.00%

22g) 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 and therefore has accounted for this scheme as a defined contribution scheme. The most up to date actuarial valuation was carried out as at 31 March 2016. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled



Notes to the Financial Statements

For the year ended 31 March 2021

forward to the reporting date of the DoF Superannuation and Other Allowances Resource Accounts as at 31 March 2021.

23 Donated Assets Account

The Council does not have any donated assets for which conditions have not been met.

24 Capital Grants Received in Advance

There were no capital grants received in advance during 2020/21.

25 Contingencies

25a) Self-Insurance Scheme

The Council operates a self-insurance scheme for public and employee liability insurance. As at 31 March 2021, claims with a total value of £914,550 had been lodged but continue to be actively challenged. Whilst the Council continues to strongly contest liability in respect of each of these claims, a provision has been made based on the Council's experience of settlement rates over the previous years. Movement on the Insurance Provision during the year is set out in note 20.

25b) Residual Waste Treatment Project

The arc21 Joint Committee has, with the approval of its participant Councils, entered into a Contingent Liability Undertaking with the bidding consortium in the procurement for a Residual Waste Treatment Project and Ards and North Down Borough Council has agreed its share of the contingent liability. The risks of any potential financial penalties associated with the procurement process are limited but payments, if any, become due in accordance with this undertaking, they will be funded by the participant Councils. No further information on this agreement can be disclosed due to the commercial sensitivity of the procurement process.

25c) Special Legal Regime – VAT Tribunal

On 17 October 2020, the First-tier Tribunal issued its decision in relation to a dispute concerning the VAT liability of charges paid by members of the public for access to sport and leisure facilities provided by Mid-Ulster District Council. HMRC contended that the charges should bear VAT at the standard rate, while Mid Ulster District Council contended that the charges in dispute did not attract VAT as they were provided by the Council in its role as a public authority acting under a special legal regime, within the meaning of the EU Principal VAT Directive.

The appeal by Mid Ulster District Council was allowed and now the quantum has to be agreed between both parties. However, pursuant to Rule 39 of the Tribunal Procedure (First-tier Tribunal) (Tax Chamber) Rules 2009, any party dissatisfied with the decision has a right to apply for permission to appeal not later than 56 days after the date of this decision. HMRC appealed the decision and the proceedings continue.

25d) General

The Council has a number of other general litigious matters ongoing. It is uncertain whether these matters will proceed to court or if they do, whether the courts will have reached a decision in relation to them before the Council's financial statements have been certified and published. Council is of the opinion that, in the majority of matters, it is not probable that an outflow of resources will be required to settle the claim. Council is also of the opinion that, in any event, it is not possible to make a sufficiently reliable financial estimate of potential contingent liabilities for disclosure purposes.



Notes to the Financial Statements

For the year ended 31 March 2021

26 Other Cash Flow Notes

26a) Analysis of Adjustments to Surplus/Deficit on the Provision of Services

	No	2020/21	2019/20
	tes	£	£
Adjustment to surplus or deficit on the provision of services for non-cash movements:			
Depreciation	4	9,956,491	9,185,113
Impairment & downward revaluations (& non-sale de-recognitions)	4	798,188	(1,057,964)
(Increase)/Decrease in Inventories		57,138	(18,032)
(Increase)/Decrease in Debtors		(713,770)	559,847
Increase/(Decrease) in impairment provision for bad debts		(2,686)	18,194
Increase/(Decrease) in Creditors		56,486	481,669
Increase/(Decrease) in Interest Creditors		(25,931)	(8,528)
Pension Fund Adjustments	22	4,236,024	4,607,833
Carrying amount of non-current assets sold	4	138,785	56,148
AUC written off to Net Cost of Services		-	-
Contributions to Other Reserves/Provisions		26,935	442,056
Movement in value of Investment Properties		-	-
Amounts posted to CIES from Donated Assets Account	22	-	-
		14,527,660	14,266,336
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities:			
Proceeds from the sale of PP&E, Investment Property and Intangible Assets		(20,000)	(89,666)
		(20,000)	(89,666)

26b) 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:

	31/03/2021	31/03/2020
	£	£
Cash and Bank balances	1,927,449	467,233
Short Term Investments (considered to be Cash Equivalents)	9,000,000	4,500,000
Short Term Deposits (considered to be Cash Equivalents)	-	-
Bank Overdraft	-	-
	10,927,449	4,967,233

26c) Cash Flow Statement - Operating Activities

	2020/21	2019/20
	£	£
The cash flows from operating activities include:		
Interest received	50,785	71,521
Interest paid	2,884,790	3,031,459



Notes to the Financial Statements

For the year ended 31 March 2021

26d) Cash flows from Investing Activities

	2020/21 £	2019/20 £
Purchase of PP&E, investment property and intangible assets	4,993,211	2,911,672
Proceeds from the sale of PP&E, Investment Property and Intangible Assets	(20,000)	(110,334)
Capital Grants and contributions received	(396,012)	1,051,285
Net Cash flows from Investing Activities	4,577,199	3,852,623

26e) Cash flows from Financing Activities

	2020/21 £	2019/20 £
Cash Receipts from Short and Long-Term Borrowing	6,000,000	21,000,000
Repayment of Short and Long-Term Borrowing	(14,213,710)	(18,656,212)
Net Cash flows from Financing Activities	(8,213,710)	2,343,788

27 Usable Reserves

27a) Capital Receipts Reserve

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

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

	Notes	31/03/2021 £	31/03/2020 £
At 1 April		2,056,161	2,423,946
Movement			
Disposal of Non Current Assets/ Capital Sales	4,26	20,000	89,666
Capital Receipts used to finance capital expenditure	28a, 13	(456,857)	(457,451)
At 31 March		1,619,304	2,056,161



Notes to the Financial Statements

For the year ended 31 March 2021

27b) 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.

	Notes	31/03/2021 £	31/03/2019 £
At 1 April			
		2,143,177	1,244,901
Movement			
Received in year		2,548,731	1,409,549
Transferred to CAA in year		(1,952,068)	(511,273)
At 31 March		2,739,841	2,143,177

27c) Revenue Grants Unapplied account

Where a revenue 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 Revenue Grants Unapplied Account (within the usable reserves section of the balance sheet), reflecting its status as a 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 Revenue Grants Unapplied Account to the General Fund, reflecting the application of revenue resources to finance expenditure. This transfer is also reported in the Movement in Reserves Statement or in the notes to the accounts.

	Notes	31/03/2021 £	31/03/2019 £
At 1 April			
		400,503	713,449
Movement			
Received in year		53,845	30,729
Released from reserve		(175,043)	(343,675)
At 31 March	10b	279,305	400,503



Notes to the Financial Statements

For the year ended 31 March 2021

27d) Capital Fund

The Council has established a Capital Fund under Section 9(1) of the Local Government Finance Act (NI) 2011 for the purposes of defraying future capital expenditure. There were no transactions to or from the Fund during the financial year.

27e) Repairs and Renewals Fund

The Council has established a Repairs and Renewals Fund under Section 9(1) of the Local Government Finance Act (NI) 2011 for the purposes of defraying expenditure to be incurred in repairing, maintaining, replacing and renewing any buildings, works, plant, equipment or articles belonging to the Council. There were no transactions to or from the Fund during the financial year.

27f) Earmarked Reserve

The Council has established an Earmarked Reserve under Section 9(1) of the Local Government Finance Act (NI) 2011 for the purposes of setting aside funds required for future purposes, for example to set up an innovation fund or to smooth the cost of elections.

	Notes	31/03/2021 £	31/03/2020 £
At 1 April		1,352,435	2,555,844
Transfers between statutory & other reserves & the General Fund	4b	9,460,053	(1,203,409)
Transfers between Capital Fund, Renewal & Repair Fund & CAA to finance capital expenditure	12	-	-
At 31 March		10,812,488	1,352,435

The Earmarked Fund balance has increased during the year as part of the Council's arrangements to build resilience, for reform and for managing the financial impact of COVID-19 in the 2021/22 financial year and beyond. The Council received COVID-19 Funding Support of £7.222M from the Department for Communities. The amount of unspent funding in 2020/21 which has been allocated to Earmarked Reserves to provide support going forward is £3,075,249, which includes £101,000 for marketing and promotion.



Notes to the Financial Statements

For the year ended 31 March 2021

27g) 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.

	Notes	31/03/2021 £	31/03/2020 £
At 1 April		3,015,480	3,422,012
Applied Capital Grants	4,10c	(1,778,081)	(160,902)
Unapplied Capital Grants received in year	10d	(2,548,731)	(1,409,549)
Unapplied Revenue Grants rec'd in year		121,198	312,946
Direct Revenue Financing	4, 13	(468,790)	(136,063)
Depreciation and Impairment adjustment	4	10,754,679	8,116,284
Statutory Provision for financing Capital Investment	4	(5,253,949)	(3,533,864)
Net Revenue expenditure funded from capital under statute	4, 13	1,321,514	14,061
Surplus/(Deficit) on the Provision of Services	CIES	4,243,465	(9,522,122)
Transfers between Statutory and Other Reserves and the General Fund		(9,460,053)	1,203,409
Net movements on Pension Reserve	4, 22	4,236,024	4,607,833
Disposal of Fixed Assets/Capital Sales	4, 8	118,785	(33,518)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	28d	225,824	134,953
Other Movements		-	-
At 31 March		4,527,365	3,015,480

28 Unusable Reserves

28a) 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.



Notes to the Financial Statements

For the year ended 31 March 2021

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.

	Notes	31/03/2021 £	31/03/2020 £
At 1 April		80,874,228	81,459,106
Applied Capital Grants	4,10c	1,778,081	160,902
Unapplied Capital Grants transferred to CAA in year	27b	1,952,068	511,273
Direct Revenue Financing	4, 13	468,790	136,063
Depreciation & Impairment adjustment	12	(10,754,679)	(8,116,284)
Statutory Provision for financing Capital Investment	4	5,253,949	3,533,864
Net Revenue expenditure funded from Capital under statute	4, 13	(1,321,514)	(14,061)
Disposal of Fixed Assets/ Capital Sales	4, 8	(138,785)	(56,148)
Capital Receipts used to finance capital expenditure	13,27a	456,857	457,451
Other Movements		3,236,594	2,802,062
Transfers between Capital Fund or Repairs and Renewals Fund & CAA to finance capital expenditure	13	-	-
At 31 March		81,805,589	80,874,228

28b) 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.



Notes to the Financial Statements

For the year ended 31 March 2021

	Notes	31/03/2021 £	31/03/2020 £
At 1 April		79,891,827	73,177,836
Revaluation & Impairment	12	3,344,044	9,516,053
Other Movements		(3,236,594)	(2,802,062)
At 31 March		79,999,277	79,891,827

28c) Pension Reserve

Full details on the Pension Reserve are disclosed in Note 22.

	Notes	31/03/2021 £	31/03/2020 £
At 1 April		(46,909,976)	(35,634,143)
Net Movements on Pension Reserve	4, 22b	(4,236,024)	(4,607,833)
Revaluation & Impairment	22b	(9,468,000)	(6,668,000)
At 31 March		(60,614,000)	(46,909,976)

28d) Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Comprehensive Income and Expenditure Statement 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 in place to ensure that the impact on the Comprehensive Income and Expenditure Statement is neutralised by transfers to or from this Accumulated Absences Account.

	Notes	31/03/2021 £	31/03/2020 £
At 1 April		(532,943)	(397,990)
Adjustments in relation to short term accumulated absences	4	(225,824)	(134,953)
At 31 March		(758,767)	(532,943)

29. Significant Trading Operations

The Council did not operate any significant trading operations during the 2020/21 financial year.

30. Related Party Transactions

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



Notes to the Financial Statements

For the year ended 31 March 2021

relationship between the Council and the entity is solely an Agency agreement, this is not deemed to be a Related Party Transaction.

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

All transactions detailed below have been entered into in full compliance with the Council's Standing Orders.

Organisations in which Councillors have an interest

Councillors have direct control over the Council's financial and operating policies. During the year, the Council paid for works and services amounting to £1,133k (2020: £740k) from organisations in which individual Councillors have an interest. In the majority of cases this was not a personal interest, but rather they were representing Council. The main recipient within this total are £1,127k (2020: £723k) to the Northern Community Leisure Trust.

The Council also paid grants and contributions of £633k (2020: £402k) to a number of organisations in which Councillors represented the Council's interest. The main grants and contributions were £450k was paid to Community Advice Ards and North Down; £50k paid to the Northern Ireland Local Government Association and £57k paid to Urban Property Solutions Limited in relation to the Donaghadee Townscape Heritage Initiative. These grants and contributions were made with proper consideration of declaration of interests.

Joint Committees and Other Councils

The Council is a member of the arc21 Joint Committee which is established for the purposes of managing waste. arc21 accounts for its funding by the provision of a statement of accounts which is prepared under the Local Government (Accounts and Audit) Regulations 2015. During the year the Council incurred expenditure of £6,651k (2020: £6,002k) and received income of £51k (2020: £163k).

Council also received services amounting to £320k (2020: £288k) from other Councils and provided services of £325k (2020: £368k) to other Councils.

Details of all amounts outstanding to Councils and Joint Committees at 31 March 2021 are set out in notes 16 and 19.

During the year Council received short-term loans of £6,000k from other local authorities £3,000k of which was repaid during the financial year. The £7,000k balance outstanding at the beginning of the year was also repaid leaving £3,000k which is included within note 18a.

Other Public Bodies

In the course of the year, the Council incurred expenditure of £1,986k (2020: £1,861k) to other public bodies. £598k (2020: £783k) was in respect of property rates; £84k (2020: £367k) was in relation pension contributions. The balance of the amounts mainly relates to services received and the Council contribution towards the development and configuration of the regional planning IT system (£245K). The Council received other income of £578k (2020: £727k) from other public bodies for services provided.



Notes to the Financial Statements

For the year ended 31 March 2021

The Council made principal and interest loan repayments of £6,737k to the Department of Finance. An analysis of amounts outstanding to both the Department and other institutions at 31 March 2021 are set out in note 18b.

Details of amounts outstanding are set out in notes 16 and 19.

Council received grants from other public bodies of £15,306k (2020: £2,984k), including Department for Communities £9,297k (2020: £2,374k).

31. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Chief Executive on 20 September 2021. There were no events occurring after the 31 March 2021 which require adjustment to the Council's financial statements or additional disclosures.

Accounts Authorised for Issue Certificate

The Chief Financial Officer authorised these for issue on 29 September 2021.

